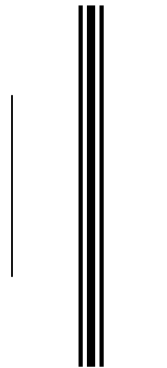
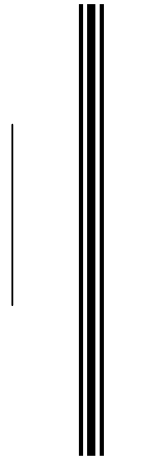


ECONOMIC SURVEY



FISCAL YEAR
2003/04



HIS MAJESTY'S GOVERNMENT
MINISTRY OF FINANCE
JULY 2004

FOREWORD

The Economic Survey 2003/04 has been brought out to the public in order to present an analytical review of the achievements and changes experienced in the sectors of the economy owing to the implementation of the budget (Statement of Public Expenditure) of the fiscal year (FY) 2003/04. The Survey contains principally a comparative analysis of macro economic indicators observed during the first eight months of both the fiscal years, 2003/04 and 2002/03, and also covers the actual progress and achievements gained in the last FY 2002/03. In what follows are some of the highlights of the Survey:

- FY 1994/95 has been considered as the base year while presenting data on Real Gross Domestic Product and major food and cash crops. Accordingly, data on various economic activities have been updated at best and several new data have also been included on the basis of their availability.
- With a view to making the Survey more comprehensible, analytical, informative, objective and inclusive as well, fair attempts have been made and due efforts have been laid to incorporate various activities and information relating to the national economy.
- Priority has been given to major policy dimensions of public significance followed by His Majesty's Government and other concerned agencies especially during the last trimester of the last FY and the first two trimesters of the current FY.
- Attempt has also been made to address emerging issues and challenges of the respective sectors in the light of the changed internal and external context.

I believe that the Survey will be worthwhile to all those interested in knowing the trends and challenges of the Nepalese economy, including intellectuals, professionals, economists, researchers, teachers, students, industrialists, businessmen and also to the common citizens.

I am immensely thankful to the officials and the staff from the Ministry of Finance as well as from Nepal Rastra Bank directly involved in preparing this document. All the concerned agencies - both within and outside the government-deserve, as ever, earnest appreciation for providing timely information and generous cooperation.

July 2004

Bharat Mohan Adhikari
Deputy Prime Minister and Minister for Finance

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1. Global and National Economic Performance: An Overview

Global Economy at a Glance

- 1.1 Global economic growth in 2001 was limited to 2.3 percent due to world-wide impact (of the emergence) of a number of distortions. In the year 2002, however, the growth rate improved to 3 percent. This revival was due to improvements in the trade of goods and services and efficiency in macro-economic management. Non-economic incidents like that of 9/11 in the USA and emergence of SARS virus epidemic created short and medium term crises of confidence and also caused economic slowdown. But, economies regained momentum as a result of the expansionary fiscal and monetary policies of the United States and the East Asian countries. Notably, the success of the US policy was due to the robust fiscal management and ample headroom for monetary expansion. As a result, global economy registered 3.9 percent growth in 2003.

- 1.2 Unpredictable facets such as geopolitical risks, terrorist attacks and oil prices continue to remain potent questions in the global prospects. Noticeable improvement in the management of risks is manifested by the continued increase in global industrial output, rising consumers confidence though in a limited scale, spiraling world trade, dynamism in the financial markets, encouraging gain in the economies of the US and of the emerging economic giants of Asia. IMF has projected world economic growth of 4.6 percent for 2004 with a note that this is the record economic dynamism observed during the past decade. Its forecast of 4.4 percent growth for the year 2005 is based on the assumption of continued economic reforms. There are, nonetheless, challenges and risks ahead for the world economy. Wide current account deficit of the US vis-à-vis surpluses in such accounts of many other countries, knotty financial situations experienced in many of the industrial and market economies in the medium term, and managing the upsurge of interest rate are some of the emerging issues and challenges of the world economy ahead. Hence, policy vision of major players in the global economic arena need to be focused on sustaining economic reforms, addressing the issues of imbalances in the spirit of partnership and confidence building, and guarding against undesirable shocks. Developing countries' endeavor should be to reap benefit from

this improved situation with efforts geared towards sustained economic growth through the continued structural reforms. In addition, economic policies of these countries should be so flexibly designed to resist the pressure of protectionism.

- 1.3 Asian developing countries, according to IMF, registered economic growth rate of 7.8 percent in 2003 with the projections of 7.4 percent in 2004 and 7.0 percent in 2005 respectively. Growth rates of South Asian countries were 7.0 percent in 2003 with projections of 6.5 percent and 6.0 percent for 2004 and 2005 respectively. Among Nepal's neighboring countries, India and China were able to achieve growth rates of 7.4 percent and 9.1 percent respectively in 2003. Appreciable growth rates of both India and China were caused, among others, by favorable monsoon and low domestic interest rate in India, and phenomenal increase in investment and sizable expansion in foreign trade of China. India is projected to achieve growth rates of 6.8 percent and 6.0 percent and China to achieve 8.5 percent and 8.0 percent in the year 2004 and 2005 respectively.

Table 1 (a)
World Economic Growth Rates (in percent)

	2001	2002	2003	Projection	
				2004	2005
World Production	2.3	3.0	3.9	4.6	4.4
Developed Economies	0.9	1.7	2.1	3.5	3.1
Major Developed Economies*	1.1	1.4	1.7	2.9	2.6
Other Developed Economies	1.6	2.8	1.9	3.2	3.5
Developing countries	3.9	4.6	6.1	6.0	5.9
Developing Asia	5.7	6.4	7.8	7.4	7.0
ASEAN –4**	2.6	4.3	5.0	5.4	5.4
China	7.3	8.0	9.1	8.5	8.0
South Asia***	4.1	4.6	7.0	6.5	6.0
Bangladesh	5.3	4.9	5.4	5.8	6.3
India	4.2	4.7	7.4	6.8	6.0
Pakistan	3.6	4.4	5.5	5.4	5.7

*USA, Japan, Germany, France, UK, and Canada

** Indonesia, Malaysia, the Philippines, and Thailand

*** Bangladesh, India, Maldives, Nepal, Pakistan, and Sri Lanka

Source: *World Economic Outlook*, IMF, Washington, D.C, April 2004, pp. 3 and 33.

- 1.4 World trade volume, which remained negative in 2001, registered a growth of 3.1 percent in 2002 due to sustained improvement in global economic performance. In the year 2003, growth rate improved further

by 1.4 percentage point against the year 2002 to reach 4.5 percent. Greater degree of contraction in trade volume of developed countries has been observed in comparison to developing countries. IMF has projected the world trade volume to grow by 6.8 percent and 6.6 percent in 2004 and 2005 respectively.

Table 1 (b)
World Trade
(Annual change in percent)

	2001	2002	2003	Projection	
				2004	2005
World Trade Volume (Goods and Services)	-0.1	3.1	4.5	6.8	6.6
Imports					
Developed countries	-1.1	2.3	3.5	5.7	5.4
Developing countries	2.2	6.2	8.9	10.2	9.4
Exports					
Developed Countries	-1.0	1.9	2.7	6.3	6.1
Developing Countries	3.3	6.5	8.7	8.1	8.7

Source: *World Economic Outlook*, IMF, Washington, DC, April, 2004, p.3

- 1.5 In 2003, consumer prices rose by 1.8 percent in developed countries, 6.1 percent in developing countries and 3.9 percent in South Asia. In 2004, such prices are projected to increase by 1.7 percent, 5.7 percent and 4.4 percent respectively. Price forecasts corresponding to these countries for the year 2005 are 1.7 percent, 5.0 percent and 4.1 percent. Prices in India increased by 3.8 percent in 2003. Projected price increases in India for 2004 and 2005 are 4.3 percent and 4.1 percent respectively. In China, price increased by 1.2 percent in 2003 while it has been projected to rise by 3.5 percent and 3.0 percent in 2004 and 2005.

Table 1 (c)
World Prices
(Annual change in percent)

	2001	2002	2003	Projection	
				2004	2005
Oil*	-13.0	2.5	15.8	3.8	-10.0
Non Fuel goods	-5.4	0.5	7.1	7.6	-0.8

Consumer Price					
Developed economies	2.2	1.5	1.8	1.7	1.7
Developing economies	5.8	6.0	6.1	5.7	5.0
ASEAN –4	6.6	5.8	3.9	3.7	3.3
China	0.7	-0.8	1.2	3.5	3.0
South Asia	3.8	4.2	3.9	4.4	4.1
Bangladesh	1.6	3.8	4.9	5.1	3.5
India	3.8	4.3	3.8	4.3	4.1
Pakistan	3.1	2.9	3.6	4.0	4.0

*Average prices crude oil at Brent (UK), Dubai and West Texas (USA)

** As indicated in Table 1(A)

Source: *World Economic Outlook*, IMF, Washington, DC. April, 2004, pp.3 and 33

National Macro-economic Situation

- 1.6 From the standpoint of peace and security, FY2003/04 has not been comfortable. Compared to FY2002/03, however, overall economic indicators have continued to improve. HMG continued the implementation of several reform programs initiated in the past years. In addition, efforts put on for the implementation of programs of economic reform and legal reform; accession to the World Trade Organization (WTO); Poverty Reduction Growth Facility (PRGF); Poverty Reduction Strategy Credit (PRSC); and holding of NDF 2004 Meeting, have achieved meaningful outcomes. Resolving the persistent problem of violence and terrorism through political dialogue remained as preoccupying agenda of HMG. Enduring peace and security, however, are yet to be restored. Despite these adversities, improvement in aggregate economic performance and growth rate has been observed in FY2003/04 in comparison to FY2002/03.

Table 1(d)
Gross Domestic Product (Annual change in percent⁺)

Sectors by Origin		Fiscal Year		
		2001/02	2002/03*	2003/04**
1	Agriculture, Fisheries, and Forestry	2.2	2.5	3.7
2	Mining	1.6	1.9	2.5
3	Manufacturing Industry	-10.0	2.0	2.5
4	Electricity, Gas, and Water	12.8	7.5	7.6
5	Construction	1.1	1.7	0.3
6	Trade, Restaurants and Hotels	-10.1	4.1	5.8

7	Transport, Communication and Storage	1.6	3.9	5.6
8	Finance and Real Estate	3.3	2.8	2.8
9	Community and Social Services	1.7	2.4	3.1
	Agriculture Domestic Product	2.2	2.5	3.7
	Non-Agriculture Domestic Product	-1.9	2.9	3.3
10	Gross Domestic Product (at factor cost)	-0.3	2.7	3.5
11	Banking Service charges (-)	3.0	4.1	-1.7
12	Gross Domestic Product	-0.4	2.7	3.6
13	Net Indirect Taxes (+)	-2.8	8.3	5.0
14	Gross Domestic Product (at producer price)	-0.6	3.1	3.7

+ At FY1994/95 prices

*Revised estimate

**Preliminary estimate

Source: Central Bureau of Statistics

- 1.7 Nepalese economy in FY2003/04 is estimated to register aggregate growth rate of 3.6 percent against 2.7 percent in FY2002/03. During FY2003/04, Agriculture and Non-Agriculture GDP¹ are estimated to have grown by 3.7 percent and 3.3 percent corresponding to 2.5 percent and 2.7 percent growth rates registered by these sectors in FY2002/03. Given the growth in FY2002/03 as a base, the growth rate in FY2003/04 should have been expectedly higher to the range of 4.3 to 4.5 percent. The favorable monsoon and execution of various policy initiatives and programs of HMG largely contributed to achieve the growth at that level as the economy has yet to come out of domestic and external effects. Main indicators of the economic performance are exhibited in Table 1(E).
- 1.8 According to the trend analysis of sectors of GDP, growth rates of both Agriculture and non-Agriculture in FY2003/04 were higher than that of FY2002/03. Agriculture achieved 3.7 percent growth in FY2003/04 against 2.5 percent of the previous fiscal year. Reasons behind higher growth rate of Agriculture GDP are the noticeable increase in the production of paddy (rice), potato and fish despite decreased production of barley, sugarcane, tobacco, jute, fruits and vegetable crops and normal increase in production of other crops. Electricity, gas and water in non-agriculture sub-sectors contributed the most by registering estimated growth of 7.7 percent in FY2003/04 to be seen as a continuation of growth by 7.6 percent in the previous year due to commissioning of all units of Piluwa Kholu (3 MW) and Chilime (20 MW) were added to the electricity generation capacity in FY2003/04. Growth rate of 4.1 percent achieved by trade, restaurant and hotel sub-

¹ At factor cost net of bank service charges

Table 1(e)
Main Indicators of Economic Activities[@]

/1/

S. N.	Indicators	Unit	Fiscal Year									
			1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04*
1	GDP (at Producers' Price of 1994/95)	Annual Change in %	3.3	5.3	5.3	2.9	4.5	6.1	5.5	-0.6	3.1	3.7
2	Gross Domestic Product A	..	2.7	5.4	4.8	3.3	4.5	6.1	4.7	-0.3	2.7	3.5
	a. Agriculture	..	-0.9	3.7	4.2	0.8	2.8	4.9	5.5	2.2	2.5	3.7
	b. Non-agriculture	..	5.1	6.5	5.2	4.7	5.3	6.8	4.3	-1.9	2.9	3.3
3	GDP (at Current Producers' Price)	..	10.0	13.6	12.7	7.2	13.7	10.9	8.2	2.8	7.7	8.8
4	Gross Domestic Product B	..	9.6	14.0	12.6	7.5	13.9	11.0	7.5	3.1	7.4	8.5
	a. Agriculture	..	6.2	13.2	12.3	3.4	17.7	9.6	4.1	6.0	6.8	7.2
	b. Non-agriculture	..	12.1	14.5	12.8	10.3	11.5	11.9	9.7	1.2	7.7	9.3
5	GNP (at Current Price)	..	10.3	12.7	12.9	7.6	15.0	11.2	8.7	3.2	6.9	7.8
6	Major Agricultural Production C	..	-	4.2	4.3	0.8	2.8	4.9	4.3	2.4	2.3	3.7
	a. Food Crops	..	-	16.1	0.7	0.6	2.0	7.9	2.8	0.7	1.2	5.5
	b. Cash Crops	..	-	7.7	4.7	-2.3	13.9	6.5	9.1	7.6	1.9	5.2
7	Major Industrial Production (1986/87=100)	..	9.2	9.7	3.0	37.6	14.6	6.1	6.3	2.0	-7.1	2.8
8	GDP Price Index C	..	6.7	7.9	7.2	4.0	8.9	4.6	2.6	3.4	4.5	4.8
	a. Agriculture	..	7.2	9.1	7.6	2.5	14.4	4.5	-1.3	3.7	4.2	3.3
	b. Non-agriculture	..	6.3	7.6	6.5	5.0	5.5	4.7	5.2	3.2	4.7	5.8
9	Consumer Price Index, annual average (1995/96=100)	..	7.7	8.1	8.1	8.4	11.4	3.5	2.4	2.9	4.8	4.0
10	Gross National Saving/Gross National Product Ratio	%	17.0	15.4	15.7	15.8	16.6	18.6	18.9	16.4	15.2	14.8
11	Ratio with GDP at current producers' price											
	a. Gross Domestic Savings	%	14.8	13.8	14.0	13.8	13.6	15.2	14.9	12.0	11.6	12.2
	b. Total Investment	%	25.2	27.3	25.3	24.8	20.5	24.3	24.0	24.1	25.8	26.7
	c. Domestic Savings & Investment gap	%	-10.4	-13.5	-11.4	-11.1	-6.9	-9.1	-9.1	-12.1	-14.2	-14.5
	d. Total consumption	%	85.2	86.2	86.0	86.2	86.4	84.8	85.0	88.0	88.4	87.8
	e. Total Government Expenditure	%	17.8	18.7	18.1	18.6	17.4	17.5	19.4	19.0	18.5	
	f. Regular Expenditure	%	8.8	8.7	8.6	9.0	9.1	9.1	10.4	11.5	12.1	
	g. Development Expenditure	%	9.0	10.0	9.5	9.6	8.3	8.4	9.0	7.5	6.4	
	h. Total revenue	%	11.2	11.2	10.8	10.9	10.9	11.3	11.9	12.0	12.4	
	i. Tax revenue	%	9.0	8.7	8.7	8.6	8.4	8.7	9.5	9.3	9.4	
	j. Non-tax revenue	%	2.2	2.5	2.1	2.3	2.5	2.6	2.4	2.6	3.0	
	k. Budget Deficit	%	-4.8	-5.6	-5.1	-5.9	-5.3	-4.7	-5.9	-5.4	-3.6	
l. Receipt of Foreign Loan	%	3.3	3.8	3.2	3.7	3.5	3.1	2.9	1.8	1.0		

Contd.

S. N.	Indicators	Unit	Fiscal Year										
			1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04*	
	j. Receipt of Foreign Loan & Grant	%	5.1	5.7	5.4	5.5	4.7	4.6	4.6	3.4	3.5		
	k. Outstanding Domestic Loan	%	14.6	13.8	12.8	12.8	14.5	14.3	14.6	17.4	18.6		
	l. Outstanding Foreign Loan	%	51.6	51.4	47.1	53.6	49.6	50.2	48.8	52.2	49.1		
	m. Total Outstanding Loan	%	66.2	65.2	59.9	66.4	64.1	64.5	63.4	69.6	67.7		
	n. Total Exports (goods)	%	8.0	8.0	8.1	9.1	10.4	13.1	13.5	11.1	11.0		
	o. Total Imports (goods)	%	29.1	30.0	33.4	29.6	25.6	28.6	28.2	25.4	27.3		
	p. Merchandise Trade Decifit	%	-21.1	-22.0	-25.3	-20.4	-15.2	-15.5	-14.6	-14.3	-16.4		
	q. Current Account Deficit	%	-5.4	-8.6	-5.9	-5.0	0.1	4.5	4.9	4.3	2.6		
12	Outstanding Foreign Loan/Government	%	459.8	459.0	434.9	489.4	454.9	444.6	412.2	436.4	397.4		
13	Outstanding Foreign Loan/Total Exports	%	640.6	644.0	583.5	585.9	474.8	382.6	360.1	468.9	447.5		
14	Total Government Revenue	% Change	25.5	13.5	8.9	8.4	13.1	15.1	14.0	3.2	11.5		
15	Regular Expenditure	..	55.2	11.9	12.1	12.4	14.3	11.2	23.9	13.6	13.1		
16	Development Expenditure	..	9.3	26.2	6.2	9.0	-1.4	11.3	16.7	-15.1	-7.8		
17	Total Government Expenditure	..	16.3	19.2	9.0	10.6	6.2	11.2	20.5	0.3	4.9		
18	Debt Service (Principle & Interest Payments)/Regular Expenditure	%	31.6	31.1	31.1	28.3	28.1	29.1	24.3	25.1	29.4		
19	Money Supply M ₁	% Change	15.7	10.6	5.4	17.4	13.1	19.4	15.7	9.3	8.6		
20	Money Supply M ₂	..	16.1	14.4	11.9	21.9	20.8	21.8	15.2	4.5	9.8		
21	Share of Private Sector in the total Outstanding Credit of the Banking System	%	58.7	62.2	64.1	66.3	67.3	69.3	67.5	64.3	66.1		
22	Total Exports	% Change	-8.5	12.6	13.8	21.5	29.6	39.6	11.7	-15.6	6.4		
23	Total Imports	..	23.5	17.0	25.6	-4.8	-1.6	23.9	6.6	-7.2	15.8		
24	Exports/Imports Ratio	%	27.7	26.7	24.2	30.9	40.7	45.9	48.1	43.7	40.2		
25	Current Account	D	Rs. crore	-1178.6	-2154.2	-1650.8	-1518.8	23.5	1708.4	2014.9	1816.11	1161.5	1384.9#
26	Balance of Payments	D	..	-31.4	-108.1	320.2	1096.6	984	1444.8	522.1	-334.5	436.4	1450.0#
27	Foreign Exchange Reserves	..	4308.5	4443.8	4854.1	6515.8	7665.1	9385.8	10517.3	10590.1	10822.9	12193.0	
28	Exchange Rate	E	US\$1=Rs.	50.7	56.5	57	67.9	68.5	70.9	75.0	78.3	75.1	73.8
29	Total Population	In '000'	20053	20533	21023	21526	22040	22567	23151	23670	24200	24740	

@ The statistics of this FY could be different from the statistics presented in the economic survey of past years since the statistics included in this table are updated on the basis of the updated information from concerned sources.

+ Revised annual estimate

• Preliminary annual estimate (based on first eight months)

Preliminary annual estimates (based on first six months)

A Factor Cost at constant price prior to the deduction of the imputed value of the bank service charge.

B Factor Cost at current price prior to the deduction of the imputed value of the bank service charge.

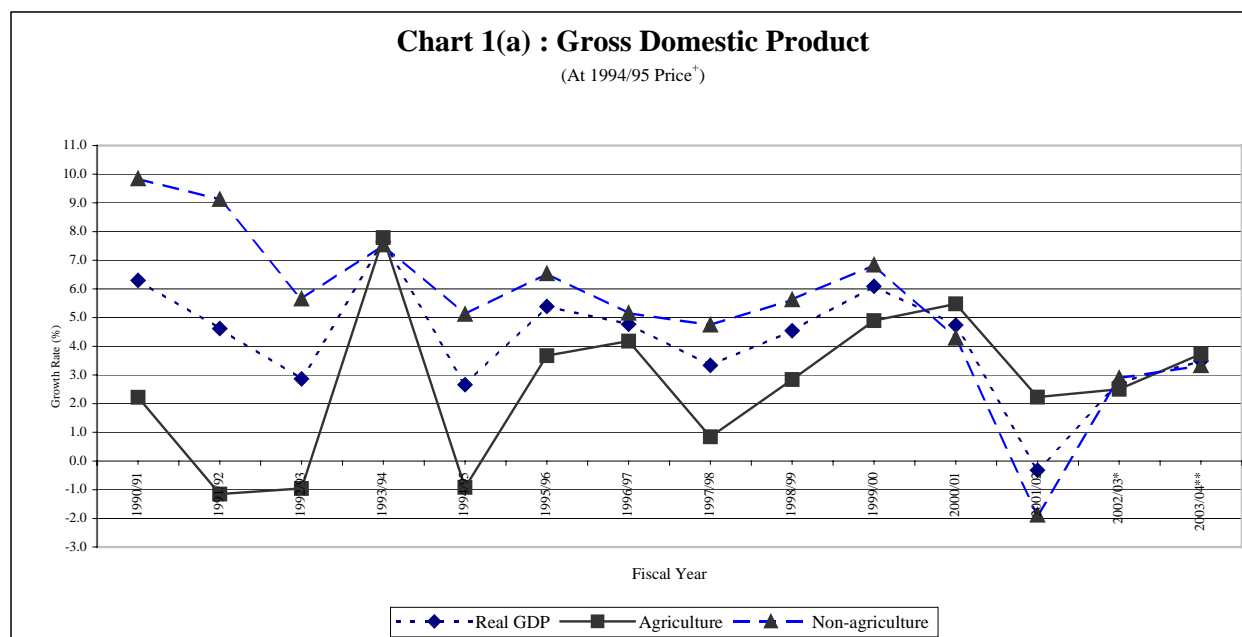
C Change of the Base Year.

D Estimated remittance income has been included in the new format of the balance of payments since FY 1999/00.

E Average of buying and selling rates in mid-July.

sector in FY2002/03 is estimated to rise further up by 5.8 percent in FY2003/04. Positive gains achieved in agriculture sector, increase in tourist arrivals as well as in the supply of imported and domestic goods mainly contributed to higher growth rate this year. Similarly, growth in transport, communication and warehousing sub-sector is estimated to scale up to 5.6 percent compared to 3.9 percent in FY2002/03. Private sector participation in telecommunication and expansion of services of Nepal Telecommunication Corporation has also contributed to this growth.

- 1.9 Not only the total government expenditure, but also the development expenditure has increased during the first eight months of FY2003/04. As a corollary of this, community and social sector is estimated to grow by 3.1 percent in FY2003/04 as against 2.4 percent of FY2002/03. It is due mainly to general increase in government expenditure and significant increase in development expenditure. Upsurge in the construction of houses and land transactions is expected to have continued in FY2003/04 due to relatively better security situation in urban areas, expansion in domestic credit by financial sector, rapid growth in construction of houses in urban areas, rise in land prices and the positive attitude observed in the financial service sector. As a result, the growth of 2.8 percent recorded in this sector in FY2002/03 is estimated to have continued through this fiscal year. Manufacturing sub-sector's GDP is estimated to have risen by 2.5 percent as compared to 2.0 percent of FY2002/03 despite the fact that production of a number of goods had declined. This contribution of the sub-sector to GDP was, however, due to sustained production level of manufactured goods made possible by noticeable increase in development expenditure, rise in number of items imported from India by payment of US dollar, simplified payment system as well as increase in the borrowing limit. Construction sub-sector's growth, however, is estimated to downslide to 0.3 percent as against 1.7 percent growth in FY2002/03. Mining and quarrying sub-sector's growth is estimated to move up to 2.5 percent as against 1.9 percent of FY2002/03.
- 1.10 GDP in FY2002/03 at current producers' price was Rs. 454.93 billion, which is estimated to reach Rs. 494.88 billion in FY2003/04 with an increase of Rs. 39.95 billion over the year.
- 1.11 Shares of agriculture and non-agriculture to GDP of both FY2002/03 and FY2003/04 have been around 39.0 percent and 61.0 percent respectively at constant prices of factor cost.



1.12 In FY2002/03, per capita GDP at current producers' price was Rs. 18,799 (equivalent to US dollar 242). After adjusting the population growth of 2.2 percent, per capita GDP in FY2003/04 rose by 6.4 percent totaling Rs.20,003 (equivalent to US dollar 269). In US dollar terms, per capita GDP is estimated to have grown noticeably by 11.2 percent. The major reason for this higher GDP growth during FY2003/04, in US dollar terms, is due to appreciation of Nepalese currency vis-à-vis US dollar. In constant price at factor cost, per capita GDP is estimated to have increased by 1.5 percent against 0.8 percent of the last fiscal year.

National Production

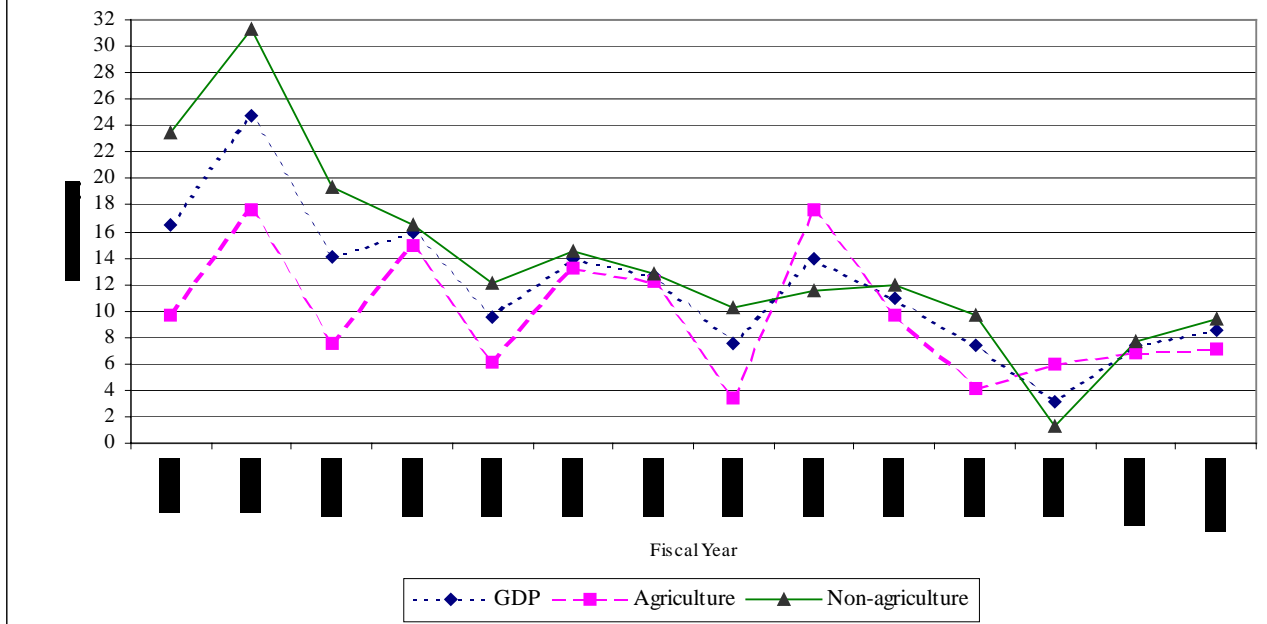
1.13 Gross National Product (GNP) in FY2003/04, at current prices, is estimated to be Rs. 507.84 billion compared to Rs. 471.13 billion in FY2002/03. Per Capita GNP after adjusting the population growth of 2.2 percent is estimated to increase by 5.4 percent. In Rupee terms, it amounts to Rs. 20,527 (equivalent to US dollar 276) compared to Rs. 19,468 (equivalent to US dollar 250) in FY2002/03. Rise in per capita GNP in US dollar terms is estimated at 10.4 percent for FY2003/04.

Utilization of Resources

1.14 In the GDP of FY2002/03 at current producer price, gross consumption ratio was 88.4 percent. This ratio in FY2003/04 is estimated to have decreased to 87.8 percent. Ratio of private sector consumption to gross consumption was 78.2 percent in FY2002/03. This ratio has also decreased to 77.6 percent in FY2003/04 while the ratio of public sector consumption in both FY2002/03 and FY2003/04 has been around 10.2 percent. Rate of increase in gross consumption during FY2002/03 was 8.3 percent, which is estimated to decline to 8.0 percent in FY2003/04. Such rate for private sector consumption both in FY2002/03 and FY2003/04 stood at 8.0 percent while that for public sector changed from 10.2 percent in FY2002/03 to 8.1 percent in FY2003/04. As a result, there was a slight improvement in the ratio of gross investment to GDP in FY2003/04, which rose (26.7 percent) against that of FY2002/03 (25.8 percent). Gross domestic savings to GDP ratio increased marginally from 11.6 percent of FY2002/03 to 12.2 percent in FY2003/04. As a result of positive gap between domestic savings and gross investment, savings-investment gap increased to 14.5 percent from 14.2 percent in the previous year. Gross national savings to GDP ratio of 15.2 percent marginally changed to 14.8 percent in FY2003/04. Gross investment to GDP ratio during the review period increased slightly. But, as a little decline in the gross national savings to GDP ratio was observed during this period, gross national savings-gross investment gap widened from 10.6 percent to 11.9 percent. It may be noted that gross national savings-investment gap is less by 2.6 percentage point than the gross domestic savings-investment gap.

Chart 1 (b) : Gross Domestic Product

(At Current Price^{*)}



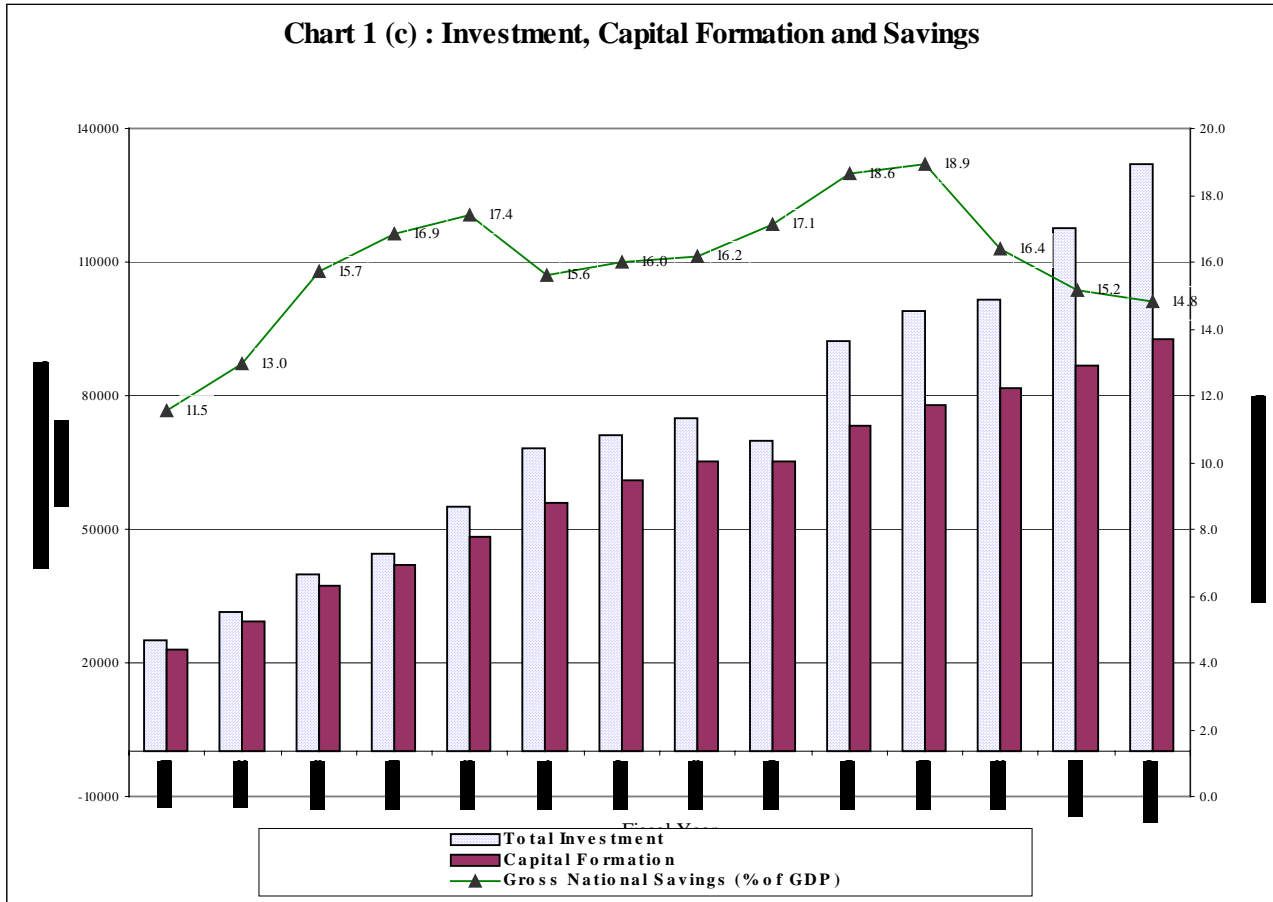
1.15 Ratio of goods and services export to GDP at current producers' price increased from 16.7 percent of FY2002/03 to 17.3 percent in FY2003/04. Ratio of import of such goods to GDP also increased to 31.7 percent from 30.9 percent of FY2002/03. This has resulted in slight increase in export/import ratio of 53.9 percent of FY2002/03 to 54.4 percent in FY2003/04.

1.16 Indication of stabilization in the trend of gross capital formation has been observed during both FY2002/03 and FY2003/04. As a result, formation of fixed capital is estimated to have grown at a constant rate of about 6.5 percent during these both fiscal years. Obviously due to impending disturbances, the private sector capital formation suffered. Consequently, the rate of increase declined to 6.5 percent in FY2003/04 compared to 12.4 percent increase in FY2002/03. Although public sector has to face a binding constraint of spending additional resources on peace and security and on other consumption, public sector capital formation phenomenally rose by 6.5 percent in FY2003/04 compared to the decline by 2.5 percent year before. It points to the fact that the efforts of public and private sectors combined

succeeded in bringing about such result. On the other hand, growth of GDP at current producer price is higher than that of gross fixed capital formation. It implies that the ratio of gross capital formation to GDP marginally declined from 19.1 percent of FY2002/03 to 18.7 percent. Similarly, public sector gross fixed capital formation/ GDP ratio also declined marginally from 6.9 percent of FY2002/03 to 6.7 percent in FY2003/04. Private sector capital formation was not an exception either as its ratio also declined from 12.3 percent to 12.0 percent. In the gross fixed capital formation, share of private and public sector remained at 64.1 percent and 35.9 percent respectively during the review period. Increases in GDP, GNP, gross consumption, gross investment and the volume and utilization of resources observed in FY2003/04 beacon to the clear tendency of improvement in macro-economic front.

- 1.17 Analysis of income and expenditures of HMG for the first eight months of FY2003/04 reveals that despite prevailing unusual security situation in the country, regular expenditure has, increased marginally and its share in total expenditure has declined, while development expenditure has increased significantly. Accordingly, development expenditure share in total expenditure has gone up significantly and revenue collection has also increased significantly. Thus overall macro-economic indicators have remained positive as compared to the corresponding period of FY2002/03. In the first eight months of FY2003/04, general expenditure has increased by only 4.5 percent as compared to 11.1 percent in the corresponding period of FY2002/03. Similarly, during the review year of FY2003/04, development expenditure has gone up by 11.7 percent as compared to 2.6 percent increase during the first eight months of FY2002/03. In the review period of FY2003/04, the share of general and development expenditure has remained 75.2 percent and 24.8 percent respectively of total expenditure as compared to 76.4 percent and 23.6 percent respectively in the first eight months of FY2002/03. In the same manner, during the first eight months of FY2003/04, revenue collection has significantly increased by 15.2 percent to Rs.35.97 billion as compared to 7.1 percent increase in the corresponding period of FY2002/03.

Chart 1 (c) : Investment, Capital Formation and Savings



Challenges

- 1.18 It is imperative to break vicious circle of factors, which is an impediment to efficient use of available resources for achieving the productivity level of South Asia region, and achieve broad based and sustainable higher economic growth. Also, raising the size of total resources and its sources, which has not increased as expected, has remained another structural challenge.
- 1.19 As contribution of agriculture to GDP is still significant, the balance of overall production will be subject to fluctuations until the agricultural output is stabilized. In a bid to enhance the production and productivity of agriculture sector, a number of structural weaknesses have been identified. For instance, soil fertility is diminishing due to continued

indiscriminate application and also of sub-standard chemical fertilizers; dependency on monsoon rain persist lacking dependable irrigation facilities; domestic production being substituted by the cheaper and substandard products from the border areas; vulnerability of price and market for produces due to lack of agriculture/rural roads; and unabated lack of safe and adequate warehousing and cold storage facilities are daunting challenges being faced by the agriculture sector. Similarly, some daunting challenges faced by the livestock sub-sector are: inadequate supply of high breed stocks; lack of adequately staffed veterinary service centers; and unaffordable insurance premium. Overall development of agriculture sector has been a persistent challenge as such an important livestock sub-sector could not be developed as a modern profession under the agriculture sector.

- 1.20 Ratio of gross domestic savings to GDP needs to be sustained at higher level and directed to investment to attain sustainable and higher economic growth rate. In Nepalese context, savings are low because of the low economic growth and vice-versa. Relation between gross domestic saving to GDP should be seen both as cause and effect. Because the level of income is low, level of consumption of essentials is also low. Consequently, increase in level of income induces further consumption. Narrowing the gap between savings and investment remains another daunting task ahead.
- 1.21 Nepal's export trade is more dependent on facilities and concessions being received under the trade treaties with trading partners than on comparative and competitive advantages. There is no alternative to enhancement of competitiveness as Nepal has already ushered into the World Trade Organization regime as its member. Nepal is gradually loosing its competitiveness even in traditional agro-based products. Identification of imported raw materials based exportable products targeted to the markets of big neighboring countries and other nations having large population needs priority attention on longer term. Challenges underlying Nepal's export front is how to establish a sound export base for agriculture and other labor-intensive manufactured goods so as to simultaneously cope with the trend and volume of import and to promote export.
- 1.22 Private sector investment facilitates technology transfer and development of modern management system as essentials of competitiveness drive. To attract such investment, it is high time that the policy framework and the laws are made more investment friendly. Improvement in investment will help improve ratio of investment to GDP as well. The task ahead, therefore, is to promote investment based

on enhanced domestic savings, which requires economic policy reform and its implementation.

- 1.23 In order to reap advantages from the improved trends in the global economy and to sustain economic growth at a higher level, Nepal needs to undertake a flexible and appropriate structural reform measures.
- 1.24 There has been a negative impact on overall production, supply, price, deposit mobilization, credit disbursement and implementation of development projects due to several problems emanating from conflict and unfavorable security situation. These problems are like massive destruction of physical infrastructure, slackness in private sector investment and development expenditure, banks and cooperatives heading towards closure or merger, and obstruction in the operation of NGOs and INGOs, which are in greater number, and unpredicted closures and blockades and so on. Also there has been growing pressure on urban migration in a bid to move to safer places clearly reflected in declining rural self-employment. Therefore, the foremost challenge of today is to, address conflict through dialogue based on national consensus and regain momentum in the overall economic development of the country.

2. Public Finance

Fiscal Development and Budget

- 2.1. In FY2001/02, ratio of revenue mobilization to GDP accounted for 12 percent. In FY2002/03, it increased to 12.4 percent, an increase of 0.4 percentage points. Total expenditure in relation to GDP in FY2001/02 amounted to 19.0 percent. It declined by 0.5 percentage point in FY2002/03 to 18.5 percent of GDP apparently due to the decline in development expenditure. This narrowed the revenue and expenditure gap in FY2003 by 0.9 percentage point to 6.1 percent from 7.0 percent of the previous year.

Table 2 (a)
Ratios of Government Expenditure and Revenue to GDP
(at Current Producers Price)

Fiscal Year	Government Expenditure			Revenue Collection	Expenditure and Revenue Gap
	Regular	Development	Total		
1995/96	8.7	10.0	18.7	11.2	7.5
1996/97	8.6	9.5	18.1	10.8	7.3
1997/98	9.0	9.6	18.6	10.9	7.7
1998/99	9.1	8.3	17.4	10.9	6.5
1999/00	9.1	8.4	17.5	11.3	6.2
2000/01	10.4	9.0	19.4	11.9	7.5
2001/02	11.5	7.5	19.0	12.0	7.0
2002/03	12.1	6.4	18.5	12.4	6.1

Sources: FCGO and CBS.

- 2.2 Revenue surplus in FY2000/01 was 5.9 percent of development expenditure, which declined by 1.6 percentage point in FY2001/02 to 4.3 percent. This was due to higher rate of increase in regular expenditure compared to less than expected growth rate of revenue collection. Reason for this declined revenue surplus can be attributed to reduced economic activities caused by security disturbances on the one hand and continued rise in regular expenditure on the other. As compared to FY2000/01, regular expenditure in FY2001/02 increased by 13.1 percent, while revenue collection increased only by 11.5 percent.
- 2.3 In FY2001/02, the share of deficit financing after revenue surplus and foreign grant was 72.9 percent of development expenditure. In

FY2002/03, it fell to 56.6 percent. Deficit financing and the sources meeting it are shown in the table below:

Table 2 (b)
Development Expenditure and the Sources of Financing

Heads	Fiscal year				
	1998/99	1999/2000	2000/01	2001/02	2002/03
A. Total Development Expenditure (Rs. in billion)	28.53	31.75	37.04	31.48	39.09
B. Financing sources (in percent)					
a. Revenue surplus	21.7	26.4	16.5	5.9	4.3
b. Foreign grant	15.2	18.0	18.2	21.2	39.1
c. Deficit financing	63.1	55.6	65.3	72.9	56.6
1. Foreign loan	(41.5)	(37.2)	(32.5)	(24.5)	(15.6)
2. Internal loan	(16.5)	(17.3)	(18.9)	(25.4)	(30.6)
3. Change in cash balance	(5.1)	(1.1)	(13.9)	(23.0)	(10.4)

Sources: FCGO and CBS.

Government Finance

- 2.4 Total government expenditure rose by 4.9 percent in FY2002/03 against that of previous year to the total of Rs. 84.01 billion. Regular expenditure increased by 13.1 percent, while the development expenditure declined by 7.8 percent in relation to those of FY2001/02. In the total expenditure of FY2002/03, development expenditure occupied 34.6 percent compared to 39.3 percent in FY2001/02 obviously due to security disturbances hindering the project implementation while the regular expenditure continued to increase.
- 2.5 Of the total expenditure of Rs. 80.072 billion in FY2001/02, 63.0 percent was met from revenue collection, 8.4 percent from foreign grant, 9.6 percent from foreign loan, 10.0 percent from internal loan and 9.0 percent from change in cash balance. In FY2002/03, contribution of these sources were: 66.9 percent by revenue collection, 13.5 percent by foreign grant, 5.4 percent by foreign loan, 10.6 percent by internal loan and 3.6 percent by the change in cash balance. It may be noted that foreign loan and the change in cash balance as sources of meeting total expenditure declined by 4.2 percentage point and 2.4 percentage point respectively in FY2002/03 compared to those of previous year.

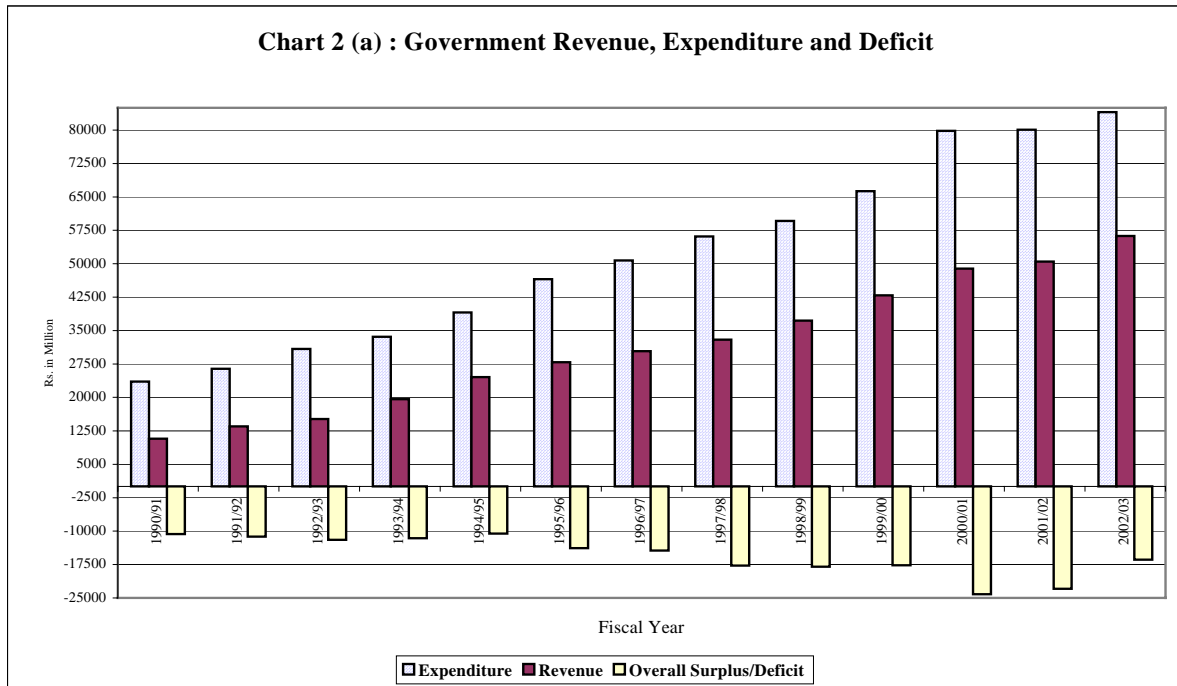
Regular Expenditure

- 2.6 Compared to FY2001/02, Regular expenditure in FY2002/03 rose by 13.1 percent to the total of Rs. 54.97 billion. Debt servicing obligations rose by 32.6 percent and occupied 29.4 percent of the total expenditure while Social Services occupied 25.0 percent, Economic Services 3.7 percent and Miscellaneous category 9.3 percent of expenditure in the review period. Under the functional headings of regular expenditure, 14.2 percent was spent on General Administration, 13.4 percent on Defense, and the rest on other heads. In FY2002/03, Defense expenditure rose by 26.0 percent, expenditure on Social Services increased by 3.0 percent and Economic Services by 7.5 percent against those of FY2001/02. Foreign Services, Revenue Administration, Economic Administration and Planning, and Loan Investment in totality increased by 12.0 percent. Regular expenditure continued to rise during the first 8 months of FY2003/04. It increased by 4.5 percent totaling Rs40,066.6 million as compared to Rs. 38,346.4 million during the same period of FY2002/03.

Development Expenditure

- 2.7 In FY2002/03, Development expenditure decreased by 7.8 percent against that of FY2001/02 totaling Rs. 29.33 billion. In the ratio of regular and development expenditure, tendency of regular expenditure to rise continued through FY2002/03. In terms of ratios, regular expenditure and development expenditure were 60.7 percent and 39.3 percent respectively in FY2001/02. In FY2002/03, regular expenditure ratio increased to 65.4 percent while that of Development expenditure decreased to 34.6 percent. During the first 8 months of FY2003/04, development expenditure, however, increased by 11.7 percent totaling Rs. 13.24 billion compared to Rs. 11.85 billion in FY2002/03. When compared to declining trend in development expenditure in the past 3 years, it is a positive turn.
- 2.8 Under the Development Expenditure, expenditure on Economic Services and General Administration categories declined by 10.7 percent and 60.5 percent respectively in FY2002/03 against those of FY2001/02 while the expenditure on Social Services category increased by 5.7 percent. As compared to FY2001/02, expenditures on local development and drinking water in FY2002/03 increased by 26.7 percent and 25.2 percent respectively while the expenditures on

education and health declined by 0.9 percent and 12.7 percent respectively.



2.9 Under Economic Services head, expenditures on Agriculture declined by 28.5 percent, on Irrigation by 32.0 percent, on Electricity by 11.2 percent and on Transport by 17.6 percent in FY2002/03 compared to those of the previous fiscal year. Total expenditure under this head was 53.7 of the total development expenditures while Social Services shared 42.0 percent and the rest of the categories shared 4.3 percent.

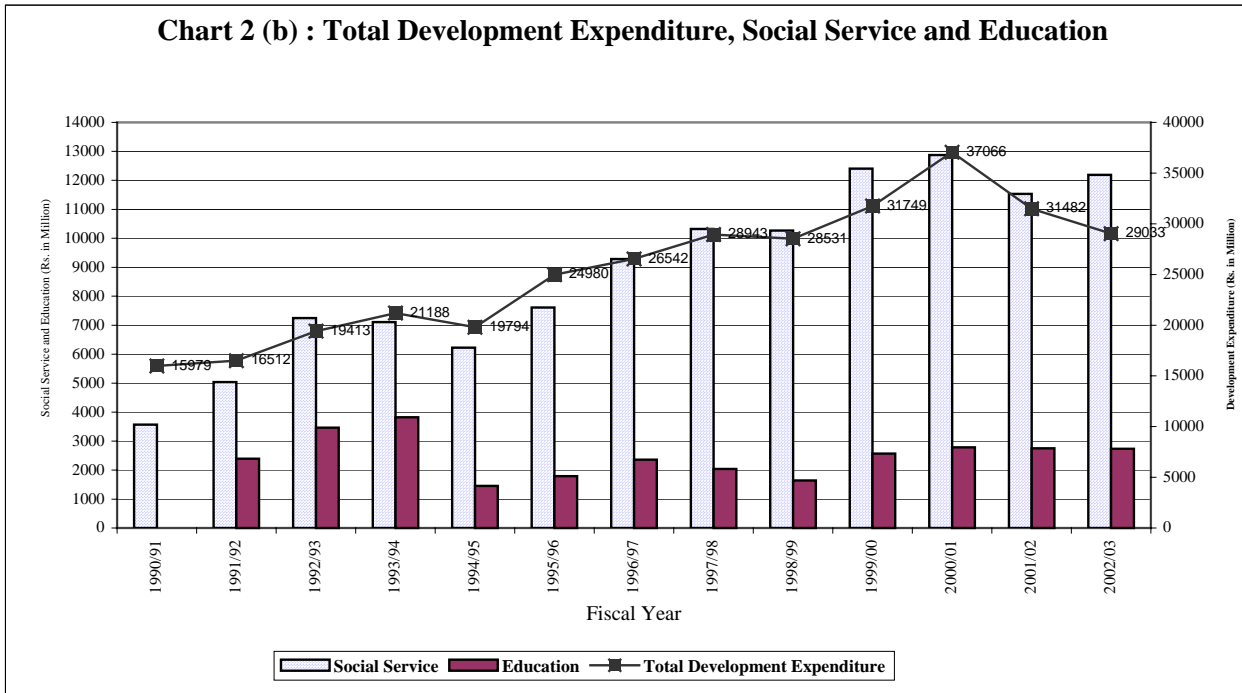
2.10 HMG/N initiated Medium Term Expenditure Framework (MTEF) since FY2001/02 with the objective of preparing 3-year Rolling Annual Program and Budget system linking it to the Tenth Plan goals. Positive indications of its effectiveness are emerging. Budget allocation and implementation process are now more realistic, monitoring and evaluation exercise has become meaningful and the budget release for the projects has become more predictable. Increase of 11.7 percent in development expenditure during the first 8 months of FY2003/04 compared to similar period of FY2001/02 reflects these improvements.

Sources of Financing

Revenue

- 2.11 In FY2002/03, revenue collection increased by 11.5 percent as compared to the previous year totaling Rs. 56.3 billion. Such increase in FY2001/02 was 3.2 percent. Dialogue with the insurgents and the ceasefire in place helped improve peace and security situation. In turn, economic activities revived and contributed to the rise in revenue collection as well.
- 2.12 In the revenue structure, shares of tax revenue and non-tax revenue were 75.7 percent and 24.3 percent respectively in FY2002/03 in comparison to 78.0 percent and 22.0 percent in FY2001/02.
- 2.13 In FY2002/03, tax revenue increased by 8.3 percent to the total of Rs. 42.59 billion. Under this category, revenue from customs increased by 12.5 percent and that from production of goods, services and consumption taxes increased by 13.5 percent. Collection from VAT alone increased by 12.5 percent, while the revenue from income, profit and property taxes together decreased by 8.2 percent. Revenue from income tax alone fell by 15.8 percent.

Chart 2 (b) : Total Development Expenditure, Social Service and Education



2.14 Non tax-revenue in FY2002/03 amounted to Rs. 13.65 billion with an increase of 22.7 percent compared to that of FY2001/02. Main factors contributing to such increase were: revenue from the sales of public goods and services, royalties and public property sale, fees, charges, penalties and seizures. Revenue from royalties and sale of government property together increased by 168.7 percent while the revenue from public services and sale of goods increased by 17.3 percent and the amount collection from fees, charges, penalties and seizures increased by 11.7 percent. Interest and principal receipts fell by 20.7 percent.

Revenue Collection in the first 8 months of FY2003/04

2.15 In the first 8 months of FY2003/04, revenue collection amounted to Rs. 35.97 billion. This is an increase of 15.2 percent over the corresponding period of FY2002/03. This is the total of tax revenue of Rs. 28.28 billion and non-tax revenue of Rs. 7.69 billion. Revenue from taxes increased by 13.4 percent over that of the review period of FY2002/03.

- 2.16 Revenue from customs increased by 4.6 percent to the total of Rs. 90.03 billion during the review period compared to the same period of FY2002/03. Collection of income tax rose by 22.7 percent to the total of Rs. 4.04 billion.
- 2.17 Collection from VAT increased by 1.2 percent totaling Rs. 8.83 billion. Compared to the review period of FY2002/03, revenue from Goods and Services and Consumption Tax increased by 16.9 percent yielding a total of Rs. 12.73 billion. Revenue of Rs. 852.7 million has been realized from Real estate registration with an increase of 19.4 percent over Rs. 714.3 million of FY2002/03.
- 2.18 Non-Tax revenue of this period also went up by 22.5 percent with the total yield of Rs. 7.77 billion compared to Rs. 6.28 billion collected during the same period of FY2002/03.

Foreign Aid

- 2.19 Total amount of foreign aid committed by the development partners for the review period of FY2002/03 went up by 30 percent totaling Rs. 43.20 billion. This total comprised of 63.3 percent grants and 36.7 percent loans as compared to grant portion of 70.2 percent and loan portion of 29.8 percent in the same period of FY2002/03.
- 2.20 The foreign aid committed for the review period of FY2002/03 includes bilateral aid of Rs. 15.31 billion (35.4 percent) and multilateral aid of Rs. 27.89 billion (64.6 percent). Such committed foreign aid constituted 55.5 percent of bilateral and 44.5 percent multilateral aid.
- 2.21 Meeting of the Nepal Development Forum also took place in May 2004 for the second time after February of 2002. Similar to the first meeting, deliberations covered wide spectrum of Nepal's development efforts and the prevailing situation.

Box 2 (1)

Nepal Development Forum (NDF)

- a) NDF meetings took place for the second time in Kathmandu on May 5-6, 2004. As part of the preparation for this forum, consultative meetings with the stakeholders and other groups sharing concern and interest in the social and economic development of Nepal were held between 31 March and 16 April 2004. Deliberations of these meetings were focused on a wide range of sectors and issues covered in 16 working documents prepared and circulated by HMG. As an outcome of the consultations, many suggestions offered by the

participants had been collected.

- b) Unlike the first NDF meeting, this time Nepal chaired the plenary sessions. Representatives of 20 countries, representatives of the UN agencies and 6 international organizations participated in the meeting. In the course of presenting review papers on reform programs implemented in the past or in progress currently, HMG also presented papers on implementation status of the Poverty Reduction Strategy Paper (PRSP), Forward-looking Reform Agenda and Donor Harmonization. US\$560 million was estimated for the implementation of the proposed programme. Donors expressed their commitment to support the program.
- c) Predecessor of NDF was called the Nepal Aid Group organized under the aegis of the World Bank in 1976. Since then, all of its meetings prior to the year 2002 were held outside Nepal. In the meeting of 2000, it was decided to change the name to Nepal Development Forum and to hold subsequent meetings in Nepal. The first meeting held in 2002 in Nepal and co-chaired by the World Bank also decided that the subsequent meetings should be chaired by Nepal. In this meeting, HMG had committed itself to poverty reduction goals and strategies, reform of the public expenditure management, effective management of the reform program implementation, and public accountability and transparency. Donor countries and the agencies, on their part, had endorsed the Tenth Plan/Poverty Reduction Strategy.

Source : Ministry of Finance

Grant and Loan

2.22 In the first 8 months of FY2003/04, disbursement of foreign aid declined by 43.7 percent totaling Rs. 13.75 billion. Of the committed foreign aid, with the grant portion of Rs 6.43 billion and loan portion of Rs. 7.32 billion, ratios of grant and loan to total aid are 46.8 percent and 53.2 percent respectively. Total aid amount includes Rs. 6.28 billion (45.6 percent) in bilateral and Rs. 7.48 billion (54.4 percent) in multilateral aid. Portions of foreign grant and loan in the review period of FY2002/03 were 75.8 percent and 24.2 percent respectively. Of this grant aid, portion of bilateral grant was 39.7 percent and that of multilateral grant was 60.3 percent. In comparison, grant portion declined by 65.3 percent and the loan amount went up by 23.9 percent during the review periods of FY2002/03 and 2003/04. Apparently, the observed drop in the disbursement of committed foreign aid during the period was due to low level of expenditure on foreign aided development projects in the given situation of disturbed peace and security.

Commitment and Disbursement

- 2.23 Approved foreign aid of Rs. 13.78 billion during the review period of FY2003/04 was distributed by sectors as following: Rs. 898.8 million to education (6.5 percent), Rs. 44.3 million (0.3percent) to transport and communication, Rs. 128.1 million (0.9 percent) to rural development, Rs. 126.5 million (0.9 percent) to agriculture, irrigation and forestry, Rs. 176.6 million (1.3 percent) to health, Rs.1.14 billion (14.1 percent) to drinking water and sewerage, Rs. 1.32 billion (9.6 percent) to electricity and Rs 9.01 billion (66.3 percent) to rest of the sectors.
- 2.24 Aid utilization in FY2002/03 had gone up by 10.4 percent totaling Rs. 15.89 billion over that of FY2001/02. Utilization of foreign loan and grant in FY2002/03 amounted to Rs. 4.55 billion and Rs. 1.13 billion respectively. In comparison, the total foreign aid utilized in FY2001/02 was Rs. 14.39 billion, which consisted of Rs. 7.70 billion as loan and Rs. 6.69 billion as grant. Utilization of foreign grant in FY2002/03 compared to that in FY2001/02 shot up by 69.6 percent while the loan utilization dropped by 41.0 percent. In the total foreign aid utilization of FY2001/02, bilateral aid shared 32.5 percent and the multilateral aid shared 67.5 percent. In FY2002/03, shares of bilateral and multilateral aid changed to 63.2 percent and 36.8 percent corresponding to Rs. 10.04 billion and Rs. 5.84 billion.
- 2.25 In FY2002/03, sector-wide aid utilization was as follows: agriculture, irrigation and forestry Rs. 2.18 billion, which is 33.8 percent less than that of FY2001/02; transport, electricity and communication utilized Rs. 7.77 billion, up by 31.6 percent; and Social Services sector spent Rs. 5.32 billion, also up by 13.6 percent. Thus the aid utilization by many sectors improved qualitatively and quantitatively, attributable to the implementation of various policy reform initiatives. In recognition of this improvement, the World Bank has upgraded Nepal from the Low Case to Base Case borrower category.

Total Outstanding Foreign Loans

- 2.26 Trend of regular expenditure outstripping development expenditure in the total budget has been observed since FY1998/99. Revenue surplus available for development budget, therefore, has been shrinking. As a result, shortfall of resources for development expenditure is being met from grant and foreign and domestic borrowing. This has caused the amount of foreign debt to grow. Debt service burden has continued to

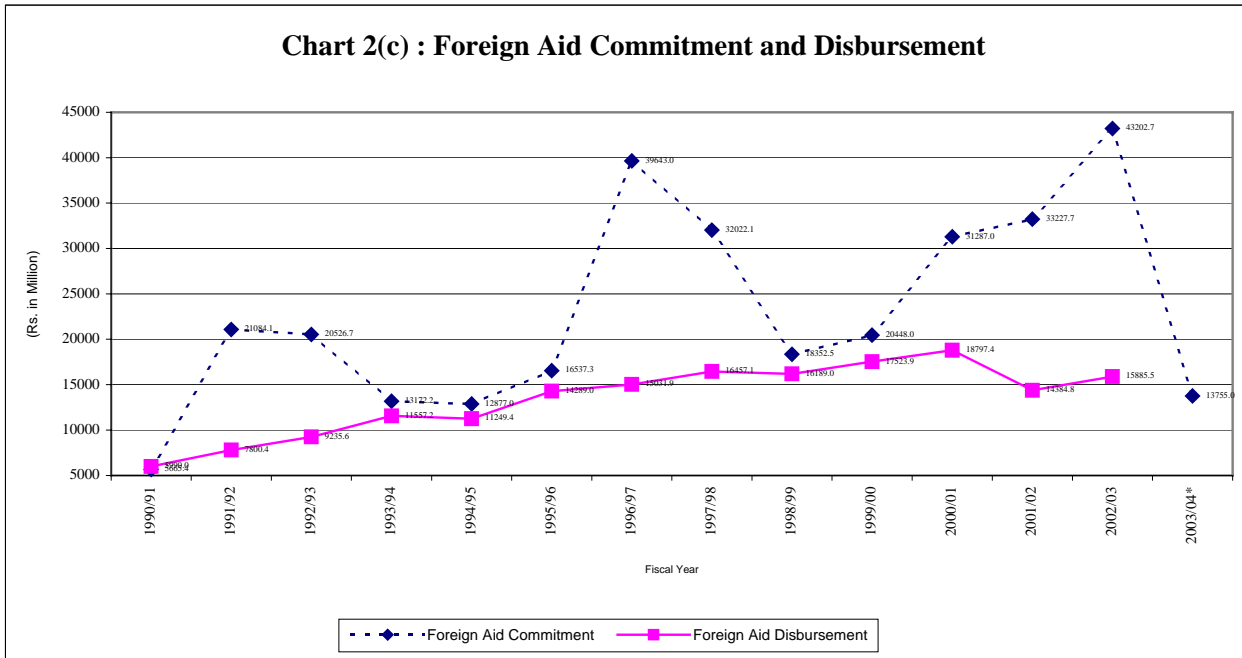
increase also due to gradual devaluation of rupee over the years. Compared to the end of FY2001/02, outstanding foreign loan during the corresponding period of FY2002/03 increased by 1.5 percent reaching Rs. 223.43 billion.

- 2.27 After adjustment of foreign loan receipt and repayment, net outstanding loan by the end of first 8 months of FY2003/04 increased by 10.5 percent to the tune of Rs. 245.21 billion against such loan of Rs. 222.00 billion by the same period of FY2002/03. Receipt of loan during this period totaled Rs. 9.38 billion. Repayment of principal amounted to Rs. 2.71 billion and interest payment was Rs. 1.06 billion during this period.

Total Outstanding Domestic Loans

- 2.28 Between mid-July 2002 and mid-July 2003, domestic loans grew by 15 percent totaling Rs. 84.65 billion. Of the total outstanding domestic loans, 28 percent (Rs. 23.69 billion) is shared by Nepal Rastra Bank; 46.6 percent (Rs. 39.47 billion) by commercial banks; 25.4 percent (Rs. 21.49 billion) by other agencies and the private sector. In addition, share of Development Bond is 19.0 percent (Rs. 16.60 billion), that of National Bond (including Citizens Savings Bond) is 12.5 percent (Rs. 10.56 billion), Special Bond 10.8 percent (Rs. 9.16 billion) and Treasury Bill 57.7 percent (Rs. 48.86 billion).

Chart 2(c) : Foreign Aid Commitment and Disbursement



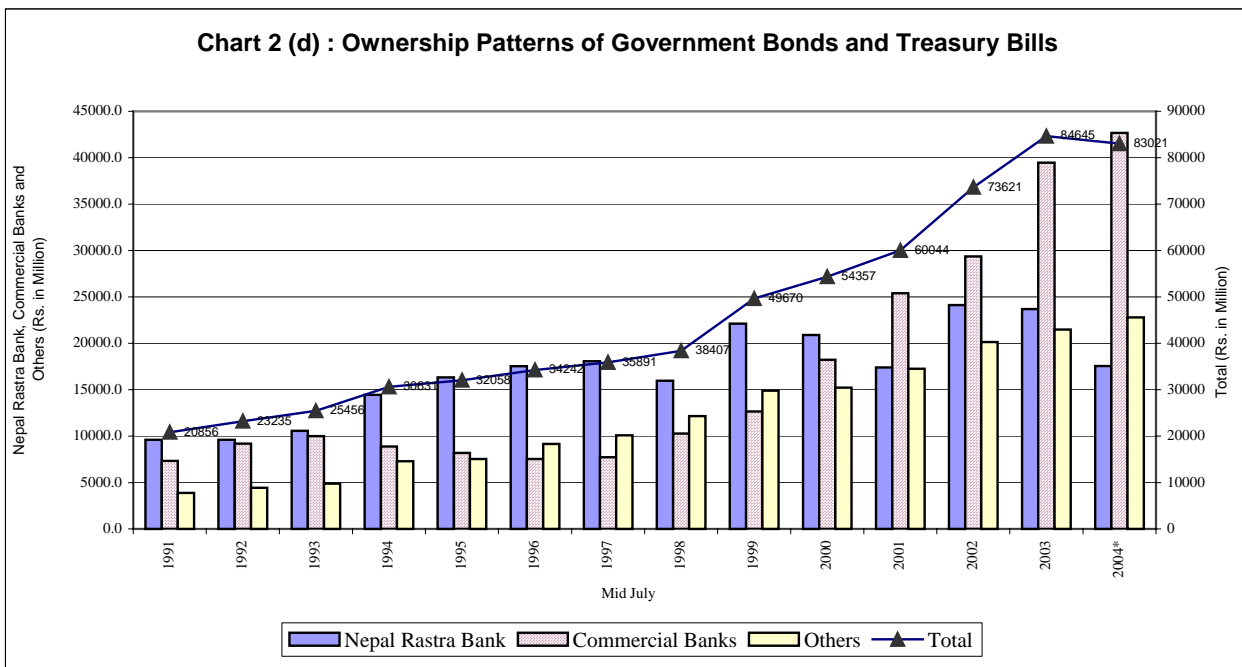
2.29 Total outstanding domestic loans by mid-March 2004 (end of first 8 months of FY2003/04) stood at Rs. 83.02 billion – 1.6 percent more than the total outstanding loan amount of Rs. 81.70 billion by mid March of previous FY. Of the total outstanding loans by Mid-March 2004, Nepal Rastra Bank's share is 21.1 percent, commercial banks' share 51.4 percent and other agencies and private sector's share 27.5 percent. In terms of instruments, Treasury Bill leads with the share of 58.8 percent, Development Bond 19.3 percent, National Saving Certificate 11.6 percent, Special Bond 11.2 percent and Citizen Saving Certificate 1.4 percent.

Public Debt Management

2.30. Public debt plays a critical role in the resource mobilization for meeting the development expenditures. In order to better manage it, there is a need for assessing the debt sustainability, and evaluate proposed new loans from the economy-wide perspectives particularly from the changes in foreign exchange rates. In order to strengthen institutional capacity for effective public debt management, the Government has initiated the works in this direction. The Asian Development Bank has assisted in this effort of the Government. With

a view to strengthening public debt recording and management, a Window version computer software CS-DRMS 2000+ has been installed in the three work stations - Ministry of Finance, Financial Comptroller General's Office, and Nepal Rastra Bank. For developing human resources for the application of this software, altogether 37 officers and other staffs from these three institutions are trained for data entry and bringing out analytical tables.

- 2.31. The other exercise that has been completed for evaluating the debt sustainability is the preparation of the macroeconomic model for the Nepal economy. Nepal Macro Model (NMM) is a mid-sized Model with 37 behavioral (and bridge) equations, 17 identities, 37 endogenous variables, and 22 exogenous variables. It has 5 blocks - final demand block, balance of payment block, prices block, government block, and credit and money block. It has followed the Keynesian demand side approach. One significant feature of this Model is that it has made GDP an endogenous variable determined by exogenous and policy variables. Of the 22 exogenous variables, it has identified 5 policy variables namely revenue (taxes), regular and development expenditures, government borrowing, and exchange rate.



Box 2 (2)

Macro economic Modelling

The Model is a demand side based Keynesian Model. Preliminary estimates are obtained from the database of the period 1975 - 2002. By using the growth rates of these five policy variables at the level of the Tenth Plan for two scenarios, following forecasts emerge, and as can be seen, forecasts here are somewhat different from the estimates made in the Tenth Plan. For example, Tenth Plan expects inflation to limit at 5% per annum while forecasts here suggest it to go little above 6% per annum. In case of GDP in the expected scenario, forecast of 5.6% is significantly less than the Tenth Plan estimate of 6.2 percent.

Forecasts for Key Macroeconomic Variables

(in %)

Variables	FY1998-2002 (Actual)	FY2003-FY2007 (Estimated)		
		Trend	Expected Growth	Normal Growth
GDP	3.7	4.1	5.6 (6.2)	4.4 (4.3)
GDPN	8.5	10.3	11.7	10.6
CPI	5.7	6.4	6.3 (5)	6.4 (5)
CP	3.9	3.4	4.5 (5*)	4.1 (4.8*)
FCG	5.9	-0.4	5.2 (9.8*)	-0.2 (1.9*)
TB/GDPN	-16.0	-12.2	-13.6	-12.6
CB/GDPN	-6.0	-4.5	-6.2	-5.0
OB/GDPN	2.1	0.8	-0.5	0.8
OVSURFG/GDPN	-4.0	3.5	-2.6	-1.9

* For total including both government and private sector. Figures within parentheses are Tenth Plan estimates.

- 1) Except for the ratios with respect to GDPN, the other figures are average annual growth rates.
- 2) GDP: gross domestic product, GDPN: nominal gross domestic product, CPI: consumer price index, CP: private consumption, FCG: government fixed investment, TB: trade account balance, CB: current account balance, OB: overall balance or change in reserves, OVSURFG: overall balance (including grants), XX: exports
- 3) The definitions of some variables are different from those published by the Nepalese government. The reported values are adjusted to conform to IMF guidelines as closely as possible. For example, OVSURFG subtracts payments of principal from the reported overall balance.

The discrepancy between the Tenth Plan estimates and the Model forecasts could be due to different periods considered for making such estimates and forecasts. The Model forecasts are based on the database of the period 1975-2002 while that for the Tenth Plan is guided by the Ninth Plan period. Likewise, Tenth Plan estimates are more prone to inconsistencies as the estimates for different macroeconomic variables are estimated independent of each other. The more realistic

macroeconomic forecasts of the budget can be made once it provides the values of these policy variables. Going by the trend values of the policy variables as explained above, the debt in Nepal is sustainable. The real interest rates and the real GDP growth rates suggest a possible improvement in the debt to GDP ratio while it is vulnerable to exchange rate depreciation.

Source : *Strengthening Institutional Capacity for Effective Public Debt-Management Project, MOF & ADB.*

Fiscal Deficit

2.32 Fiscal deficit, primary deficit and loan/GDP ratios are given below in the Table 2 (c):

Table 2 (c)
Primary and Fiscal Deficit (Rs. in billion)

Fiscal year	Fiscal surplus/(deficit)*	Primary surplus/(deficit)**	Loan/GDP ratio (percent)	Fiscal deficit/GDP ratio (percent)
1998/99	(1.799)	(1.559)	64.1	5.3
1999/2000	(1.767)	(1.441)	64.6	4.7
2000/01	(2.419)	(2.093)	63.4	5.9
2001/02	(2.294)	(1.837)	69.6	5.4
2002/03	(1.644)	(1.073)	67.7	3.6

*Total Revenue + Foreign grant-Total expenditure

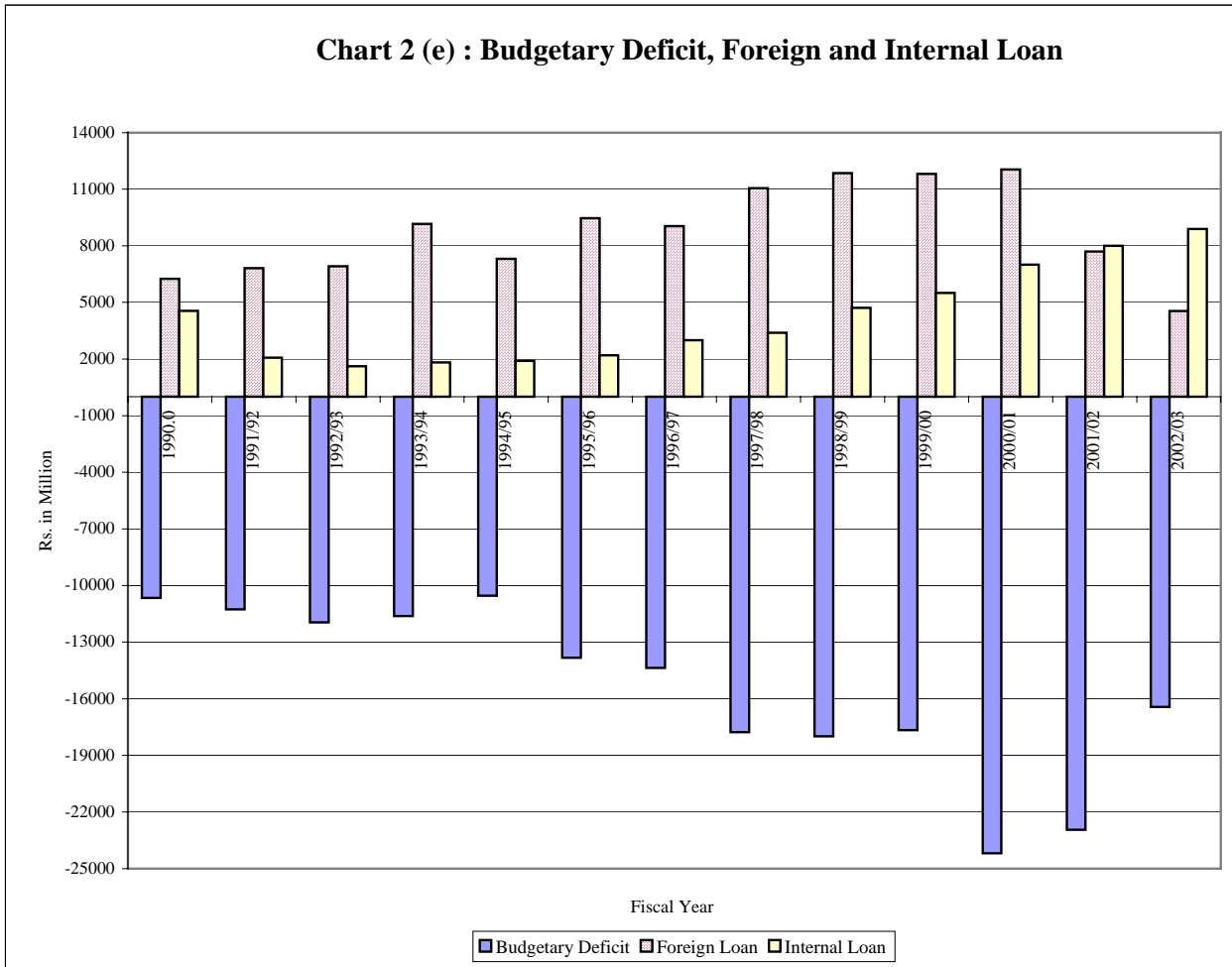
**Fiscal Deficit – net interest income (difference of interest income and payment)

***Based on total loan by the end of fiscal year.

Sources: FCGO and CBS.

Fiscal deficit in FY2001/02 in terms of GDP (at producer's price) was 5.4 percent. This was reduced to 3.6 percent in FY2002/03. Primary deficit in FY2001/02 was 4.4 percent. It dropped to 2.4 percent in the following FY. Loan was 69.7 percent of GDP in FY2001/02. This also dropped to 67.7 percent in FY2002/03. Rising trend of debt burden over the years has eased up in FY2002/03. In foreign aid, ratio of grant has increased. It has been observed that the foreign aid policy at work has contributed to improve debt burden. In FY2002/03, foreign grant exceeded foreign loan by 149.4 percent. Compared to the amount of FY2001/02, grant amount has increased by 69.6 percent while the loan has decreased by 41 percent.

Chart 2 (e) : Budgetary Deficit, Foreign and Internal Loan



Sources of Meeting Fiscal Deficit

2.33 Budget deficit in FY2003 amounted to Rs. 16437.1million. In comparison to the deficit amount of FY2001/02, it came down by 28.4 percent. In FY2002/03, 27.7 percent (Rs. 4546.4) of deficit was met from foreign loan, 54.0 percent (Rs. 8880 million) from internal loan and 18.3 percent (Rs. 3010.07 million) from change in cash balance

Challenges

- 2.34 The ratio of total expenditure to GDP is in increasing trend in comparison to revenue. This is a matter of concern from the long-term perspective of government finance. Development expenditure is set in diminishing trend compared to regular expenditure over the last four years. HMG, therefore, is faced with the task of controlling regular expenditure, enhancing development expenditure for investment in productive sector, and narrowing the deficit through increased revenue mobilization for the ultimate goal of sustained economic growth and stability.
- 2.35 Enhancing revenue mobilization through administrative reform and broadening of tax base by identifying potential areas are yet another challenge before HMG.
- 2.36 As Nepal has become a WTO member, tariff rates need to be adjusted accordingly. In this process, there is no alternative to the means of sustaining the level of revenue collection.
- 2.37 Control of revenue leakages, promotion of tax compliance habit among tax payers, minimization of low invoicing and promotion of billing for VAT are among the important tasks toward broadening tax base.
- 2.38 Automation of taxation system for efficiency and competency and full and effective implementation of ASYCUDA in the Customs is another challenging task.
- 2.39 Enhancing collection and enlarging the base of non-tax revenue by increasing the income from dividends, royalties repayment of principles and interests, etc. and also by reviewing tax rates is equally demanding task.
- 2.40 Managing expenditure to address the task of rebuilding infrastructures destroyed in the course of insurgency activities and the task of providing relief to insurgency victims pose yet another challenge to HMG.
- 2.41 Owing to the lack of peace and security, implementation of development projects continues to be constrained. It is a challenging task to develop and design an integrated mechanism to carry on security and development work simultaneously so as to enhance productivity and level of development expenditure.
- 2.42 Existing gap between commitment and disbursement of foreign aid calls for serious attention in order to meet required resources for poverty reduction programs.

- 2.43 Government needs to address the task of enhancing competitiveness of the private sector through gradual withdrawal of its participation and intervention in the production of goods and services through sound policies and programs. Gradual creation of legislative and institutional infrastructure and reforms in corporate governance for the promotion of the private sector investments is another daunting challenge.
- 2.44 Accordingly, developing a fully decentralized fiscal system at the local level and putting necessary mechanism in place for its effective functioning is yet another major challenge.

3. Price and Supply Situation

Aggregate Consumer Price

- 3.1. Analysis of National Urban Price Index (base year FY1995/96=100) of first 8 months of the FY2003/04 with the corresponding period of FY2002/03, on point-to-point (P-P) basis, shows a marginal decline (of 0.1 percent) as against to (1.5 percent) increase in price. Pressure on aggregate price structure was also observed during the same period. For instance, aggregate price during first eight months of FY2003/04 rose by 5.1 percent, which rose only by 3.6 percent in the corresponding period of FY2002/03, which is a net increase in price by 1.5 percent. Price on P-P basis indicates rise in Kathmandu's price index by 2.3 percent in the review period of FY2003/04, which was the highest rise on regional basis. Price indices in the Terai and the Hills had dropped by 1.1 percent and 1.0 percent respectively. In calendar year term, price indices of the Terai, Hills and Kathmandu had gone up by 2.3 percent, 0.9 percent and 0.6 percent by mid-July 2003.
- 3.2. Decline of 0.1 percent in P-P based price in the review period of FY2003/04 is due to the increase in production and supply of paddy and vegetable and fruits, which carries a heavy weight in the Food and Beverage group. Under this group, price hiked for oil and ghee, sugar and its allied product, spices, meat, fish and egg, restaurant dishes, lentil and milk and allied products. Under the non-food and services group, there was a normal decline in prices of footwear, transport and communication services while prices of rest of the sub-groups rose. Average price increase during this review period, however, is the highest of the last 4 years prices.

Table 3 (a)
Urban Consumer Price Index (Percentage Change on Average)*
 (Base year 1995/96 =100)

Sectors	Weight in percent	Fiscal year			
		2000/01	2001/02	2002/03	2003/04**
Kathmandu	30.82	3.3	1.9	2.6	6.6
Mountain	18.75	9.6	2.7	2.6	4.5
Terai	50.43	0.6	3.6	4.4	4.6
Nepal Kingdom	1000.00	2.1	2.9	3.6	5.1

* Average price increasing rate of first eight months

** unprocessed

Source: Nepal Rastra Bank

Food and Beverage Group

- 3.3 Compared to a marginal decline of 0.1 percent in the review period of FY2002/03, P-P based price of food and beverage group declined by 2.1 percent in the corresponding period of FY2003/04. Despite the price rise in lentil, spices, meat fish and egg, milk and allied products, oil and ghee, sugar and allied products and restaurant dishes as a subgroup ranged from 0.6 percent to 10.1 percent, decline ranging from 0.7 percent to 12.3 percent in the prices of major items like rice, vegetable and fruit and beverage subgroup contributed to the overall decline of price of this group.
- 3.4 Price of grain and grain-based items in FY2003/04 dropped noticeably by 5.8 percent compared to 3.2 percent rise in previous year mainly because of considerable drop in the price of rice - a highly important item of this group. It is explained by the fact that its production jumped by 7.8 percent and supply eased in FY2003/04 in comparison to marginal decline of 0.3 percent in FY2002/03. There was a sharp drop of 12.3 percent in price index of vegetable and fruit subgroup in FY2003/04 because of increase in production of these items in the hinterland of Kathmandu Valley and also in the outlying hill districts. P-P based price of vegetable at mid-March is less than at mid-July due to augmented supply. In the previous year, price of this subgroup dropped by 13.8 percent. Domestic production of liquor decreased. There was a price drop of 0.7 percent as opposed to increase of 5.6 percent in FY2002/03 for the liquor and beverages subgroup due to increase in import and eased supply situation.
- 3.5 Price of lentil increased by 0.6 percent in FY2003/04 because of the third country export despite marginal increase in production as compared to decline in price by 4.9 percent in the previous FY2002/03. Prices of fish, egg, and meat hiked by 2.9 percent in FY2003/04 compared to 1.4 per cent hike in FY2002/03. Although production of fish increased and supply from India was normal, goat (both castrated and non-castrated) and buffalo supply from the Hills and the Terai had decreased. In addition, the fear of bird-flu infection in poultry industry also put pressure on the demand of mutton and buff meat, which eventually contributed to the rise in price level of this subgroup. As regards to the price of milk and milk products, inward pressure continued from 0.5 percent increase in FY2002/03 to 0.6 percent in FY2003/04 mainly due to the strikes, milk holidays, and closures. Similarly, the price of oil and ghee continued to increase from 10.4

percent in FY2002/03 to further 10.1 percent rise in FY2003/04, because of drop in production of milk and milk products combined with their international price on the rise. In addition, increased production cost of mustard had its negative effect on its production.

- 3.6 Price of sugar and its allied products went up by 8.7 percent in the review period of FY2003/04 compared to a considerable fall of 9.2 percent in FY2002/03 due to uncertainties in selling price and factory purchases by the sugarcane producers were discouraged to produce the normal sugarcane crop. Added to this, there was also a shortfall in sugar import. Price of restaurant dishes also continued to rise from 2.8 percent in FY2002/03 and 1.8 percent in FY2003/04 as the price of meat, fish and egg, oil and ghee, and sugar and allied products increased during the period.

Non-Food and Services Group

- 3.7 P-P based price of Non-Food and Services Group increased at the rate of 2.1 percent in FY2003/04 compared to 3.2 percent increase in the previous year. Except footwear, transport and communication subgroup, prices of all other subgroups hiked. Fuel, electricity and drinking water prices increased at the lowest rate of 0.4 percent while those of education, education material and entertainment were highest (4.8 percent). Price of textiles and ready-made garments subgroup increased by 1.9 percent- a range similar to that of previous year due to closure of domestic textile factories and rise in the stitching charges in the domestic market. Price of footwear decreased by 0.3 percent compared to the increase of 0.5 percent in the previous year caused by the plentiful supply of imported varieties.
- 3.8 Price of household items increased by 1.4 percent compared to even higher rate of 2.9 percent a year before due to increase in price of electricity, water supply, house-rent, kerosene, etc. Price of transport and communication subgroup increased by 0.9 percent in FY2002/03 whereas it decreased by 1.7 percent in FY2003/04. Price of drug and personal care items was up by 3.6 percent compared to the increase of 2.4 percent in the previous year 2002/03 as the prices of private health care services and drugs were up.

Table 3 (b)
Urban Consumer Price Index (Percentage Change on point to point)
 (Base year 1995/96 =100)*

Consumable goods	Weight in percent	Fiscal year			
		2000/01	2001/0 2	2002/0 3	2003/04#
Total (A+B)	100.0	-0.1	-0.1	1.5	-0.1
A. Food and Beverages	53.2	-5.8	-2.2	-0.1	-2.1
Food grain and food products	18.0	-14.7	1.5	3.2	-5.8
Pulses (Lentils)	2.7	-1.7	-0.8	-4.9	0.6
Vegetables and fruits	7.9	-18.4	-19.9	-13.8	-12.3
Spices	1.9	0.7	-2.9	-1.5	3.0
Meat, fish and eggs	5.2	1.8	1.2	1.4	2.9
Milk & Milk products	4.0	6.3	-1.1	0.5	0.6
Oil and Ghee	3.1	-1.4	2.9	10.4	10.1
Sugar and sweets	1.2	7.6	-3.6	-9.2	8.7
Beverages	2.3	2.2	4.6	5.6	-0.7
Restaurant meals	6.9	7.5	0.2	2.8	1.8
B. Non-Food and Services	46.8	6.5	2.0	3.2	2.1
Cloth & Garments	8.9	2.7	1.7	1.8	1.9
Footwear	2.2	0.8	1.0	0.5	-0.3
Household goods	14.9	7.6	2.5	2.9	1.4
Transport & communication	4.0	6.9	0.1	0.9	-1.7
Medicines & personal care	8.0	4.3	5.9	2.4	3.6
Education, educational materials, entertainment	7.1	14.3	-1.4	9.2	4.8
Cigarettes	1.7	0.8	4.2	1.8	1.3

*Point-to-point price from July to March

Unprocessed

Source: Nepal Rastra Bank

- 3.9 Price of education, educational materials and entertainment subgroup increased by 4.8 percent in the review period of FY2003/04 mainly due to the price hike in educational materials. Price increase of these items was even higher at 9.2 percent in FY2002/03. Price of cigarette subgroup in FY2003/04 increased by 1.3 percent compared to 1.8 percent increase in the previous year.

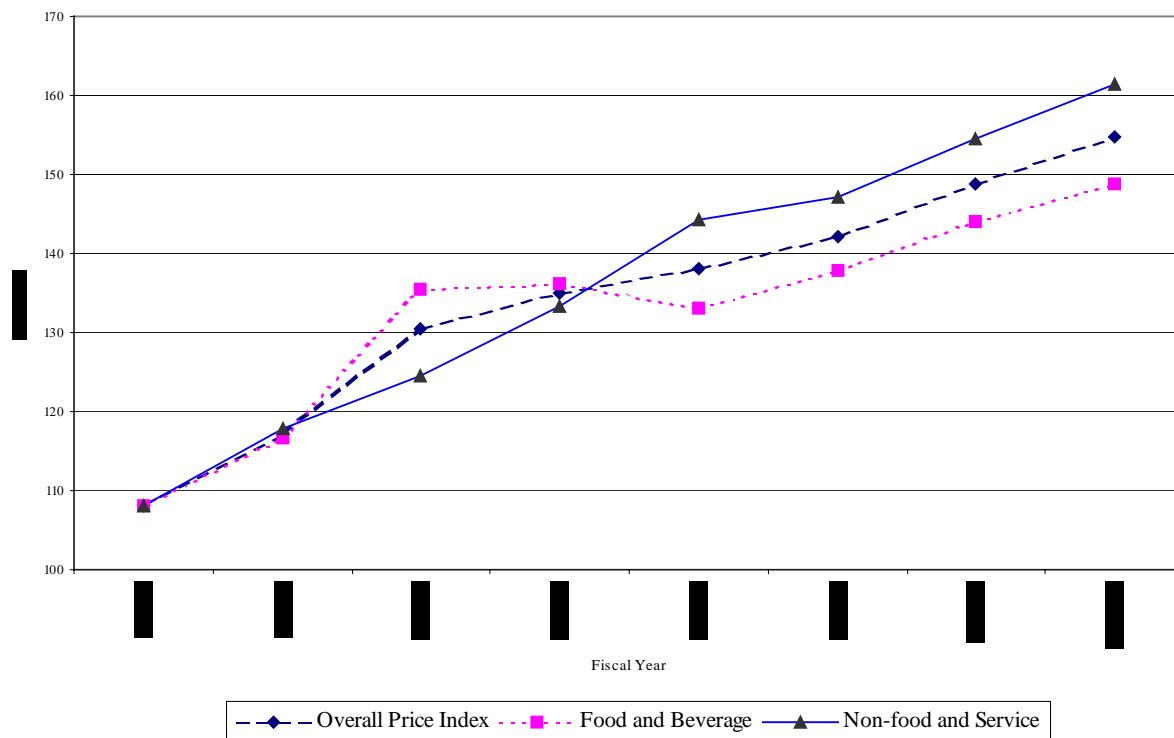
Consumer Price by Region

- 3.10 Region-wise analysis of urban CPI reveals that the price rise in Kathmandu was the highest while that in Terai was the lowest during

the first eight months of FY2003/04. Price hike in Kathmandu is attributed to frequent disruption in transport services due to insurgency situation, increase in number of consumers and disruption of supply due to election in India. Price decline in Terai is attributed mainly to the noticeable increase in paddy production. Subgroupwise, price of food and beverages increased by 0.9 percent in Kathmandu in FY2003/04. During this period, price of this subgroup in the Terai and the Hills went up by 3.8 percent and 2.0 percent respectively. In comparison, prices had dropped by 1.0 percent and 1.8 percent in Hills and Kathmandu respectively during the corresponding period of FY2002/03 whereas there was an increase of 1.3 percent in the Terai. Non-food and services group price in the Hills, Terai and Kathmandu went up by 0.2 percent, 1.9 percent and 3.7 percent during the review period of FY2003/04 compared to increase of 3.1 percent, 3.4 percent and 2.9 percent in the corresponding period of FY2002/03.

Chart 3 (a) : National Urban Consumer Price Index

(Base Year 1995/96 = 100)



Wholesale Price Index

- 3.11 National wholesale price index (Base year FY1999/00=100) on P-P basis increased by 0.7 percent during the first eight months of FY2003/04 compared to the increase of 3.1 percent during the corresponding period of FY2002/03. Agricultural products carry heaviest weight of 49.6 percent in this index. Index of lentil as one of its subgroup rose by 4.0 percent, index of spices as another subgroup also rose by 3.6 percent and that of livestock by 5.7 percent. But prices of all other subgroups carrying more than 2/3 of weight considerably fell. For example, food grain index fell by 7.9 percent, cash crop by 15.8 percent and vegetable and fruit by 1.7 percent, altogether averaging to 3.1 percent. In FY2002/03 also this average was 3.1 percent for the group. Among the items under this group, price fall for cash crop was 22.9 percent while prices of other subgroups rose in the range of 3.2 percent to 15.4 percent.
- 3.12 Domestic manufactured goods carry 20.4 percent of the total weight. Price of this group rose by 6.6 percent during the first eight months of FY2003/04 compared to 3.0 percent increase in the corresponding period of the previous fiscal year. Under this group, price of edible items increased by 3.8 percent, beverages and cigarette by 3.7 percent, construction materials by 15.7 percent and the rest of the items by 4.4 percent. In the previous year, price of beverages and tobacco products had fallen by 0.2 percent as opposed to price rise for all other items under this group in the range of 2.4 percent to 5.7 percent.

Table 3 (c)
National Wholesale Price Index*
(percentage change)
 (Base year 1999/00=100)

Group	Weight (%)	Fiscal Year		
		2001/02	2002/03	2003/04**
Total	100.0	-1.1	3.1	0.7
Agricultural Products	49.6	-4.2	3.5	-3.1
Domestic Manufactured Goods	20.4	4.3	3.0	6.6
Import	30.0	0.5	2.7	2.9

*Mid-July to mid-March P-P based price

** Unprocessed

Source: Nepal Rastra Bank

- 3.13 Imported items carry 30.0 percent weight in the National wholesale price index. There was a rise of 2.9 percent in the first eight months of FY2003/04 in the index of such items compared to the increase of 2.7

percent in the corresponding period of previous fiscal year. Under this group, price of electricity and electrical goods declined by 2.0 percent while that of all other items rose in the range of 0.3 percent to 6.8 percent. Price rise for chemical fertilizers and chemical goods, transport vehicles and machinery, drugs and textile products subgroup was at relatively lower rate. As a result, the price rise of the group as a whole in FY2002/03 was marginal.

Retail Price of Selected Commodities

- 3.14 P-P based prices (between mid-July 2003 and mid-March 2004) of 10 major agricultural commodities of Nepal recorded increase barring a significant price fall in one commodity (potato) by 25.9 percent. Nine Commodities that recorded rise in their prices were: coarse rice (11.2 percent), wheat flour (19.3 percent), black pulses (1.0 percent), pigeon peas (5.9 percent), mustard oil (6.7 percent), clarified ghee (3.7 percent), mutton (6.1 percent), onion (68.6 percent), and ginger (35.9 percent). Prices of coarse rice, wheat flour, pigeon peas, mustard oil, mutton, potato, onion, and ginger had decreased during the corresponding period of FY2002/03, while prices of the remaining two commodities had increased.
- 3.15 In the Hills, average prices of eight (out of ten) of these commodities (coarse rice, wheat flour, pigeon peas, mustard oil, onion, ginger, clarified ghee, and mutton) between Mid July 2003 and Mid March 2004 had increased while prices of remaining two commodities decreased. In comparison, prices of 4 commodities (black lentil, mustard oil, clarified ghee and mutton) went up and the prices of 6 other commodities fell in the review period (first 8 months) of FY2002/03. In the Terai, prices of wheat flour, black and pigeon peas, mustard oil, clarified ghee, mutton, onion, ginger increased and the prices of 2 commodities decreased between the said period. In comparison, prices, in the review period of FY2002/03, of coarse grain rice, wheat flour, both black pulse and pigeon peas, mustard oil, clarified ghee and mutton had increased, and the prices of potatoes, onion, and ginger decreased.
- 3.16 In the Hills, prices between mid -March 2003 and mid-March 2004 increased for 8 of those commodities (coarse rice, wheat flour, black lentil and pigeon peas, mustard oil, mutton, onion and ginger) while the prices of 2 commodities decreased. In the Terai, this P-P based prices for 7 commodities (wheat flour, pigeon peas, mustard oil,

clarified ghee, mutton, onion and ginger) rose and prices of other 3 fell. On nation-wide basis, prices of coarse rice, wheat flour, black lentil, mustard oil, ghee, mutton, onion, and ginger increased, but the prices of remaining 2 commodities declined.

- 3.17 Monthly national average retail prices of 8 of the said 10 commodities during the review period of FY2003/04 rose and the prices of remaining 2 fell compared to the prices of such commodities in FY2002/03. Commodities whose prices increased, included coarse rice (9.7 percent), wheat flour (23.1 percent), pigeon peas (5.6 percent) mustard oil (24.0 percent), mutton (4.5 percent), clarified ghee (1.1 percent), onion (49.2 percent), and ginger (63.1) percent. Prices of black lentil and potatoes had declined by 4.4 percent and 17.7 percent respectively.
- 3.18 Among petroleum products (POL), price of petrol, once up by 7.7 percent in FY2002/03 compared to FY2001/02 decreased by 3.6 percent to Rs. 54 per litre and stabilized at that price. Prices of diesel and kerosene during the same period hiked by 34.0 percent and 64.7 percent respectively. During the same period these prices were decreased in two steps to the current level of Rs. 31/litre and Rs. 24/litre respectively. It is to be noted that the kerosene is also available at the coupon rate of Rs. 20 per liter.

Supply Situation

- 3.19 During first eight months of FY2003/04 in comparison to the corresponding period of FY2002/03, supply of petrol decreased by 1.6 percent to the total of 46,058 Kilolitre (Kl), diesel by 3.5 percent to the total of 181,818 Kl, kerosene by 14.9 percent to 208,033 Kl and furnace oil by 38.4 percent to 6,405 Kl, but the supply of light diesel oil increased 1.5 times to total 556 Kl, aviation fuel supply was up by 30.6 percent and that of LP gas increased by 16.2 percent to the total of 43,871 metric ton.
- 3.20 Under the policy of providing transportation subsidy for supplying food grain at fair prices to the population of remote and without road access hill districts, 39 districts received 59,460 quintals (92.8 percent of the target of 64,050 quintals) in the FY2002/03. During the first

months of FY2003/04, 30 of such districts has been supplied 32,840 quintals (53.84 percent) of food grain against the target of 61,000 quintals. Shortfall in supply is due to strikes and bans particularly on transport of food grain in various districts and at different times. Food grain to these districts has been transported in different quantities available from time to time both by road and air as situation demanded. In the districts like Bajhang, Bajura, Jajarkot, Khotang, though accessible by road, food grain has been airlifted under these circumstances.

Challenges

- 3.21 In the price front, prices of food grain and essential commodities are influenced by the agricultural production domestically as well as in India, and international trade situation. Producers suffer from prices of their products below cost of production and the consumers from the rising prices due to structural weaknesses of agriculture sector. These structural weaknesses responsible for higher cost of production are: low productivity, lack of safe storage capacity, use of green houses, inappropriate use of chemical fertilizers lacking proper soil test suitable to geographic variations, lack of management and improvement of rural roads. Addressing these weaknesses through mechanization and commercialization to make the agriculture sector competitive poses a challenge.
- 3.22 Transportation cost of goods into the Kathmandu valley is high due to the limitation of carriage capacity of existing roads of Nepal. Building an alternative road, unhindered supply of commodities and stabilization of prices in absence of rural roads is equally necessary and a challenging task.
- 3.23 To ensure regular supply of quality products at stable prices of public utilities such as drinking water and sewerage, electricity, telephone and POL products, it has become necessary to augment supply and to put in place a competitive price setting mechanism by encouraging private sector to play an active role.
- 3.24 For stabilization of prices, next order of business is to reform management of public enterprises, rationalization of expenditure, maximization of capacity utilization. In addition, it is also necessary to establish an efficient system of projecting demand of essential goods

that cannot be met by domestic production alone but can be met from efficient procurement in the international market.

- 3.25 Market mechanism alone can ensure competitive price of goods and services, which in turn ensure efficiency in consumption, investment, production and sustainable economic development. It is high time, therefore, to orient macro-economic policy and its management towards this direction.
- 3.26 Monetary policy also has a role to play in price stabilization. Impact of monetary and credit policy and the instruments in use on price level should be evaluated and the core inflation as determined by the monetary trend needs to be identified.

4. Money, Banking and Credit

Monetary and Financial Sector

- 4.1 The Nepal Rastra Bank Act, 2002 mandates Nepal Rastra Bank (NRB) to manage liquidity as necessary to sustain the broad-based economic growth at a higher rate, stabilize rate of inflation, and manage the balance of payments to a favorable position. In addition to its abovementioned primary monetary goal, development of a secure and efficient payments system, while ensuring a stable financial sector, is another of its monetary policy goals. Accordingly, the Bank Act also makes NRB mandatory to make public the monetary policy report, which includes: (a) review of monetary policy performance in the previous year, and (b) policy announcement for the coming year with its rationale explained. Its monetary policy and programs announced for FY2003/04 also mention its stance on the monetary policy and program and tools to be used to reform financial institutions with a view to help stabilize financial system as a whole.

Box 4 (1)

Monetary Policy and Program for FY2003/04

- A. Employ monetary policy to keep inflation rate to a desirable limit; safeguard against undesirable depletion in the foreign exchange reserve; reinforce stability of economic and financial sectors; ensure stability of macro-economic indicators; and maintain interest rate at a desirable level by managing monetary liquidity to the need of the economy through enhancement of efficiency of financial mediation.
- B. With the main objective of tailoring monetary policy to the need of economic growth and stable economy by controlling inflation rate, current regime of fixed exchange rate between Indian and Nepali currency will be maintained and the overall exchange rate will be closely monitored to ensure stability in real exchange rate.
- C. Monetary and credit aggregates to be taken as intermediate target between price stability and strengthened balance of payments as ultimate target on the one hand and financial instruments on the other. To maintain a robust interrelationship between ultimate targets and the intermediate targets, liquidity monitoring and projection will be the part of the monetary program to be put in place. With a view to achieving intermediate target, net domestic assets, which is the main source of reserve money will be used as operating target of monetary policy.
- D. Monetary instruments like open market operations, management of short term interest rates etc., as other tools to achieve ultimate goals of the monetary

policy, will be used to maintain the level of net domestic assets of Nepal Rastra Bank at a desirable limit. In addition, treasury bills repurchase facility in use as a secure liquidity facility for the commercial banks shall be maintained by making its secondary market more efficient.

- E. The requirement for the commercial banks to maintain 2.0 percent of the total domestic deposits in their vaults has been withdrawn, as they have been found efficient to manage their financial resources. Beginning FY2003/04, the mandatory cash deposit ratios to be maintained with the Nepal Rastra Bank has been changed from the present multiple ratios of 7.0 percent of the domestic demand and saving deposit and 4.5 percent of the domestic fixed deposit to a single ratio of 6.0 percent of the total domestic deposit liability.
- F. Currently, the market together with treasury bills repurchase plays a role in the determination of interest rates in the open market. The use of bank rate as part of the monetary policy stance, therefore, will be continued. Keeping in mind the relatively higher inflation rate, other refinance rate will remain unchanged except for the sick industries.
- G. The monetary survey report in its monetary aggregates currently incorporates the data of the central bank and the commercial banks only. As there are many non-banking financial institutions developing and expanding at a faster pace, the survey will be prepared with monetary aggregates incorporating their transactions as well.
- H. Under the treasury bills repurchase facility, the commercial banks are being provided 7 days short-term loan. From now on, the interest rate applicable to such loans will be the rate determined by loading 0.5 percent to the weighted average interest of the treasury bills. The commercial banks are to fulfill their liquidity requirements through inter-bank borrowing and use this facility only as the last resort.
- I. In addition to the current 91 days and 364 days maturity treasury bills, investors will be offered other short term treasury bills by auction. This will help develop yield curve benchmark of the market based interest rate.
- J. Initiative will be taken to issue long-term Government bonds at market determined interest rate through the process of auction.
- K. To attract investor's interest to the government bonds, *Fixed-term Government Bonds Issue Calendar* will be made public. Such bonds will be made marketable in the secondary market in a phased manner including such bonds owned by the Nepal Rastra Bank to the extent prescribed under the (Section 75 of) Nepal Rastra Bank Act, 2058. Additional initiative will be taken for a system of issuing scripless government bonds.
- L. As per the objective of rehabilitation of sick industries (including those under the industrial districts) the commercial banks will be provided a total of Rs. 1.50 million in refinance at the reduced rate of 2.0 percent from earlier 3.0 percent. Accordingly, the commercial banks are to charge reduced interest rate of 5.5 percent instead of 6.5 percent.
- M. Penalty to commercial banks will be waived for up to 25 percent shortfall in their mandatory lending to primary and deprived sector during FY2002/03.

- N. Currently the commercial banks are allowed to reschedule or restructure default loans for which a minimum of 25 percent of the interest owed has been received and due process has been complied with. In addition, they are also required to make loan loss provision of a minimum of 12.5 percent. This arrangement will be continued. Effective from FY2003/04, the commercial banks are allowed to self-reschedule or restructure loans in default of not paying more than 25 percent of due interest provided they make loan loss provision as currently applicable.
- O. The Eastern Rural Development Bank, which went into profit after the structural reform, will also be privatized according to the process followed in the case of the Western Rural Development Bank. In order to promote micro finance in the rural communities by ensuring enough financial resources, loan flow from the commercial banks to such banks will be continued to be deemed as loan resources going to the deprived sector.
- P. In order to meet the long-term loan resources required for the priority sector such as tea, cardamom, cold stores, Nepal Rastra Bank (NRB) will set aside 5 percent of its FY2003/04 profit for the Rural Self-reliance Fund.
- Q. To make the off-site supervision more effective, Information Technology based statistical information system will be established for information flow from the commercial banks. NRB, by continuing the use of a rating system called CAMELS (Capital, Assets, Management, Earnings, Liquidity and Sensitivity), will give priority to broad-based supervision of weak commercial banks.
- R. A concept paper on effectiveness of application of international monitoring and supervision standard in Nepal will be prepared following the New Capital Accord-Basel II prepared by the Basel Committee on Banking Supervision.
- S. Every Nepali citizen holding a passport for foreign travel on his/her private or official visit to any countries (excepting India), will be allowed to exchange up to US dollar 2,000 in one fiscal year for travel to all countries (except India) instead of present two rates e.g. US dollar 1,000 and US dollar 2,000 for (a) and (b) classification of countries.
- T. Some more commodities will be added to the existing list of 33 commodities eligible for payment in convertible foreign currency when imported from India. This system, which is in place since FY1992/93 has been reviewed in the light of the structure of the foreign exchange reserve, potentials, *inter alia*, benefits to industries, value addition to their products, enhancement in their effectiveness and competitiveness and prospect of increase in export.
- U. Revision has been made in the present system of US dollar 50,000 limit of export at a time against LC or cash against document backed by a bank guarantee of 25.0 percent of the export value. Under the new system, this limit has been extended to US dollar 100,000 and the bank guarantee value reduced to 10.0 percent with effect from FY2003/04.
- V. US dollar 3,000 limit for import from a third country through payment by draft/TT has been raised to US dollar 30,000
- W. Usance-LC facility, hitherto available to industries only, will be extended to other importers as well. Validity period of such transaction will be one year.

<p>Banks may discount such document under the existing provisions.</p> <p>X. Manpower agencies engaged in sending Nepali citizens to foreign countries for employment will be allowed to open foreign currency account in the commercial banks of Nepal for the payments received by them in foreign currency under the existing rules</p> <p>Y. Present policy of promoting official remittances of Nepalese working overseas through Nepalese banking, finance and agency services, in collaboration with such agencies and services of the concerned countries, will be continued.</p>

Source : NRB

Cash Reserve Ratio and Refinance Rate

- 4.2 NRB changed the mandatory cash reserve ratio effective mid-July 2003 under the policy of monetary ease for reducing the cost of capital in the broader goal of promoting dynamism in the economic activities. Accordingly, effective from FY2003/04, the mandatory cash deposit ratios to be maintained with the Nepal Rastra Bank has been changed from the present multiple ratios of 7.0 percent of the domestic demand and deposit saving and 4.5 percent of the fixed deposit to a single ratio of 6.0 percent of the total domestic deposit liability. The present requirement for the commercial banks to maintain 2.0 percent of the total domestic deposits in their vaults has also been eliminated in the light of on-going management reform in the Rashtriya Banijya Bank and the Nepal Bank Ltd. while other banks have been found efficient to manage their financial resources. As regards the refinance rate, on going rates of 2.0 percent for the export credit in foreign currency, 4.5 percent for the rural development banks and the export credit in domestic currency, and 5.5 percent for all other loans has been retained. Rate for the loan to the sick industries, however, has been reduced from 3.0 percent to 2.0 percent. Accordingly, the commercial banks have been directed to reduce their interest rate on loans from 6.5 percent to 5.5 percent. Facilities provided to the sick industries will also be extended to the industrial district based (sick) industries. A total of Rs. 1.5 billion has been allocated for the refinance of such industries.

Box 4 (2)			
Changes in the Cash Reserve Ratio			
Item	2058, Poush 5 (Dec. 2001)	2059 Shrawan, 6 (July 2002)	2060 Shrawan, 8 (July 2003)
(a) Cash Deposit mandatory for the commercial banks	-	-	6*
(1) Total domestic current and saving deposit liability	7.0 4.5	7.0 4.5	- -
(2) Total domestic fixed deposit liability			
(b) Cash in vault	3.0	2.0	-

*in aggregate
Source: NRB

Other Monetary Instruments

- 4.3 Since December 2003, treasury bill discount rate is the weighted average of the rates fixed in the secondary market plus the 2.0 percentage point loading on the rate indicated by the yield curve of the outright purchase. Similarly, the repurchase rate used to be fixed at the highest accepted discount rate of the rates offered in the last four auctions of 28 days, 91 days, 182 days and 364 days maturities plus 0.5 percent loading. As the commercial banks were found less interested in repurchase transactions in the ruling situation of gradual decline in the interest rate on treasury bills, on the one hand, and the widening discount rate gap between the short- and long term treasury bills, repurchase rate fixing basis has been changed. Accordingly, this rate is the normal average of the weighted average of discount rates quoted in the last 4 of the auctions of the 91 days maturity treasury bills plus 0.5 percentage point since April 2004.
- 4.4 Periodic government bonds issue table as *Issue Calendar* has been placed in the NRB website since FY2003/04 for the easy information access for investors and efficiency in government bond operations.
- 4.5 With a view to promote efficiency and competitiveness in the services delivered by the commercial banks and finance companies to their clients, the margin of 0.5 percentage point prescribed for the interest rate negotiation between the client and the bank has been eliminated. Similarly, the prescribed difference of upto 1.0 percent between buying and selling rates of foreign exchange by the commercial banks has also been removed in the light of such difference found within the desirable limit for a considerable period of time. These changes are expected to

promote investment opportunities and also increase profits of the banks.

Priority Sector Lending

- 4.6 Directed program of priority sector lending in the context of limited number of commercial banks in the field and controlled financial policy regime was justified. But, in the present context of liberal financial policy and developing and expanding financial sector, such program seems losing its place. In order to make the banks more professional in their management and to utilize the indirect rather than direct tools of monetary management now found to be more effective, this directed program will be gradually phased out by FY2007/08. Accordingly, commercial banks in FY2003/04 are required to lend a minimum of 6.0 percent of the total outstanding loan amount. However, the mandatory loan flow to the deprived class has been continued with variable ratios of 0.25 percent to 3.0 percent for the new and the old banks. Under the directives of NRB, penalty will be waived for up to 25 percent shortfall in the mandatory lending to the priority and deprived sector by the commercial banks in FY2002/03.

Box 4 (3)						
Priority Sector Lending						
	Fiscal year					
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Percent of total outstanding loan	7.0	6.0	4.0	2.0	2.0	Not compulsory

Source: NRB

- 4.7 Under the Financial Sector Technical Assistance Project supported by the World Bank, IOS Partners (a Consulting Company of USA) has been engaged for the re-engineering of NRB. This program includes some important aspects of reform including enhancing efficiency in accounting and auditing; on-site and off-site inspection and supervision; restructuring of manpower management; and reform of Management Information System.
- 4.8 A Corporate and Financial Governance Project (CFG) is under implementation to ensure contribution of the financial sector by making it dynamic, capable and effective. In pursuance of building legal and institutional foundation for effective regulation of the financial sector, the Project is supporting towards introducing a number of legislations. In this process, a number of draft legislations

including Insolvency, Secured Transactions, Securities, Company, establishment of Asset Management Company and Money Laundering Control, are in their final stages. Similarly, several legislations like Competition, establishment of Special Economic Zones, facilities to attract investments from Non-Nepali Residents are in early stages of drafting. Process of amendments and improvement in financial and revenue related Acts including Industrial Act, Foreign Investment and Technology Transfer Act, Export and Import Act and Customs Act are being carried out expeditiously. These steps are expected to address the concerns emerged subsequent to Nepal's accession to WTO, and simultaneously provide ample support to pursue liberal and competitive trade regime.

Box 4 (4)

Reengineering of Nepal Rastra Bank

- A. With effect from December 2003, NRB functions have been classified as foreign exchange, regulatory and monitoring, bank management, and support services. These functions have been allocated to the departments under the restructured organization.
- B. After a review of the manpower need of NRB, voluntary retirement scheme has been offered to the staff in order to address overstaffing in the Bank. In the last two years, such scheme has been offered second time. A total of 476 personnel has opted for retirement under the scheme.
- C. Since the adoption of the revised Inspection and Supervision Manual, inspection and supervision work has become clear and effective. Similarly, the manual of on-site monitoring has also been prepared and adopted.
- D. To introduce International Accounting Standards in NRB, Charts of Account has been completed and the revision of existing accounting manual for making it IAS compliant is in final stage.
- E. Recommendations of the Consultant for the reform of personnel policy are under review.

Source: NRB

- 4.9 Poverty Reduction Growth Facility (PRGF) is a concessional credit availed by the IMF to the low-income countries. This facility is used to implement poverty reduction programs prepared by the country concerned in cooperation with the civil society and the development partners on the basis of Poverty Reduction Strategy Paper (PRSP).

Box 4 (5)**Poverty Reduction Growth Facility (PRGF)**

A. IMF has approved a loan of SDR 499.1 million (US dollar 72.0 million equivalent) for Nepal under PRGF effective from November, 2003.

B. Schedule of loan disbursement and conditions are as follows:

S.No.	Date of Disbursement	Loan amount	Conditions of disbursement
1.	November 10, 2003	SDR7.13 million (US\$10.28 million)	After IMF Board approval
2.	April 30, 2004	SDR7.13 million (US\$10.28 million)	After completion of first review of conditions of performance indicators set for mid-January 2004
3.	October 31, 2004	SDR7.13 million (US\$10.28 million)	After completion of second review of conditions of performance indicators set for mid-July 2004
4.	April 30, 2005	SDR7.13 million (US\$10.28 million)	After completion of third review of conditions of performance indicators set for mid-January 2005
5.	October 31, 2005	SDR7.13 million (US\$10.28 million)	After completion of fourth review of conditions of performance indicators set for mid-July 2005
6.	April 30, 2006	SDR7.13 million (US\$10.28 million)	After completion of fifth review of conditions of performance indicators set for mid-January 2006
7.	October 31, 2006	SDR7.13 million (US\$10.28 million)	After completion of sixth review of conditions of performance indicators set for mid-July 2006

C. PRGF program for FY2003/04 include restructuring of:

- Financial sector reform
- Public sector reform
- Governance reform
- Private sector development

Source: NRB

Nepal's PRSP sharply focuses on broad-based and sustainable economic growth, social sector development, targeted program for the poor and the disadvantaged groups, and good governance. PRGF is in line with Nepal's macro-economic restructuring, economic growth through social sector policy, and the broader concept of poverty reduction. The loan received under this facility carries 0.5 percent

interest, principle to be repayable in 10 years including 5.5 years of grace period.

Commercial Banks

- 4.10 Under the financial sector reform program, management consultants of ICC Consulting of Bank of Scotland Ltd., Ireland are engaged in restructuring of Nepal Bank Ltd. As per the audited financial statement of the Bank, it was at a loss of Rs.3.07 billion in FY2001/02. This loss in FY2002/03 has come down to Rs. 250 million. NRB and the World Bank have approved the budget plan for FY2003/04 and future reform program submitted by the said management group. A detailed manpower resources development plan has been drafted. Manuals of credit policy, assets and liability management of international standard have been put in operation while the loan realization and restructuring after review of Bank's credit portfolio is currently underway. To introduce modern style of credit management, various departments and units have been set up. Non-performing loans amounting to Rs. 2.0 billion have been realized, while efforts are underway for loan restructuring and realizing outstanding loans from big clients through continued follow-up. Additional measures have also been initiated to realize loans. Nonetheless progress so far is less than satisfactory. In pursuance of the process to maintain the Bank manpower at the appropriate level, a total of 1,200 staff have taken retirement under the Voluntary Retirement Scheme.
- 4.11 The Rashtriya Banijya Bank's restructuring by a team of management consultant as part of the above-mentioned program is also underway for last one and half years. The Management group has already introduced management plan, budget plan and operations manual, accounts head classification and a new credit policy. Bank's audit report up to FY2002/03 indicated positive results of reform measures. The loss of Rs. 7.06 billion in FY2001/02 has come down to Rs 4.80 billion in FY2002/03. Management group aims to realize and restructure Rs. 4.00 billion of bad debt in FY2003/04. As a process of rightsizing the manpower in the Bank, a total of 1,020 staff have taken retirement under the Voluntary Retirement Scheme.

Box 4 (6)

Revision of Policy, Regulation and Directives for Establishing Commercial Bank

- A. **Bank Establishment:** According to the revised policy, a commercial bank with its headquarters outside the Kathmandu Valley will be allowed to operate

its office in Kathmandu and in other parts of the country provided that its functioning for 3 years is found satisfactory, its paid-up capital is in the minimum of Rs. 1.0 billion and it has met other conditions as prescribed. Any regional level commercial Bank, which is already in operation will be given permission, on request, to open its offices in the Kathmandu Valley before it completes its 3 years of operation provided that its paid up capital is in the minimum of Rs.1.0 billion and has also entered into a 3-years term technical contract with a foreign bank. Other conditions to be met by the banks operating outside Kathmandu for 3 years have been clearly laid down in the revised policy.

- B. **Regulation and Directives:** Review of its regulation and directives, clarification of ambiguous points and/or elimination and improvisation thereof is a normal process of NRB. Accordingly, a promoter of the bank holding more than 1.0 percent of the total share is not allowed to use loan facility from the same bank. For FY2002/03 only, banks were allowed to restructure those loans for which no interest is due. Loan provision of 1.0 percent was allowed in such an instance only. Loan flow to Small Farmers Development Bank (SFDB) Limited is deemed as loans to the deprived class.
- C. Provision of up to Rs. 10.0 million has been made to protect small and medium industries through the Deposit Insurance and Credit Guarantee Corporation.
- D. Commercial banks and the finance companies have been issued directives on black listing and credit information for transparency and relevancy in their loan operations and to regulate the process of blacklisting of loan defaulters. The directive will also enable accessing information from one single source.
- E. Some of the revisions made to the directives cover bank's paid-up capital increase, credit swaps, formation of audit committee, adjustment of loan loss provisioning, various aspects of institutional governance, loan rescheduling and restructuring etc. In addition, new directives were also issued on financial guarantee issuance, offering promoter's share as collateral, and assumption of non-banking assets by the banks.
- F. In view of present unfavorable circumstances, the commercial banks needed relief. Accordingly, requirement of maintaining a minimum of 12 percent of the total capital fund was relaxed to 11 percent. Accordingly maintaining 6 percent primary capital fund of the total capital fund was also reduced to 5.5 percent. Such a directive was issued in July 2003 to remain effective for FY2003/04 only. The previous system, however, will be resumed onward FY2004/05.
- G. Restriction on inter-bank transaction in Indian currency has been removed recognizing the fact that such a restriction has caused inter-bank market to remain partially inactive. Commission charged to commercial banks for the purchase of Indian currency from NRB has also been waived which, in turn, is expected to help banks to reduce commission charged to the customers. Furthermore, individuals are also licensed to purchase Indian currency.

Source: NRB

Box 4 (7)

Banks and Financial Institutions Ordinance, 2060

This Ordinance has been issued to amend and consolidate the existing banks and financial institution Acts. It aims to ensure reliable and quality banking and financial intermediation services through healthy competition among banks and financial institutions, safeguard and promote the interest of the depositors and people at large in the overall banking and financial system of the country. Strengthening the economy by liberalizing these institutions is also the objective of the ordinance. The Ordinance also aims to facilitate the establishment, operation, management and regulation of these institutions with appropriate legal provisions.

Salient Features of the Ordinance

- A. **Classification:** As per the minimum paid-up capital requirement prescribed by NRB, Banks and financial institutions are to be classified as A, B, C, and D and licenses issued accordingly.
- B. **Foreign Bank and financial institution:** Foreign banks and financial institutions interested in opening their offices in Nepal are required to submit their application in the form and with fees as prescribed. NRB may issue license to such applicant after reviewing existing competition in the banking sector, its likely contribution to the development of banking in Nepal and its status in international banking.
- C. **Conditions:** NRB may prescribe conditions in the license taking the situation of existing banks and financial institutions into account, healthy operation of the financial transaction and the interest of the depositors. Such conditions shall be binding to the licensee.
- D. **Classification upgrading or downgrading:** Well performing bank or financial institution may be upgraded if it has met capital requirement, has been in profit for the last 5 years in a row, total non-performing assets has remained within the NRB prescribed limit and all the prescribed conditions have been met. Similarly, NRB can downgrade any bank or financial institution from 'A' to 'B' or 'B' to 'C' class if its status of performance is found to have turned totally other way around against as prescribed.
- E. **Financial transaction:** Type of financial transaction and other details vary according to the class of the licensee.
- F. **Merger:** One licensed institution may be merged to another by permission of NRB provided both of such institutions have the proposal passed by the General Meetings and submit a joint request to NRB.
- G. **Ban Transactions - Suspend /Rescind License:** NRB has been empowered to take punitive actions against those who violate NRB order or directives. Actions may range, depending on gravity of offense in question, from a simple warning to a written one; have the board sign a promise (KABULIYATNAMA); restricting distribution of dividend or bonus or both; putting a ban on accepting deposit, advancing loans or both; partial or complete ban on transactions and cancellation of the license.
- H. **Freeze Accounts:** NRB may instruct any bank or financial institution to stop any kind of transaction in the account owned and operated by any individual, firm,

company or institution when so needed in the process of investigation, or under threat of national or international terrorist activity or to control organized crime in the interest of safeguarding and protecting the national interest.

- I. **License Required:** All the banks, financial institutions and NGOs licensed to perform banking and financial intermediation, opened and operating under the prevalent laws by the time of this ordinance comes into effect, are required to submit their application to NRB for the licenses to establish and operate financial transactions within two years.
- J. **Repeal:** Upon effectiveness of this Ordinance (a) Agriculture Development Bank Act, 2024, (b) Commercial Bank Act, 2031, (c) Finance Company Act, 2042, (d) Nepal Industrial Development Corporation Act, 2046 and (e) Development Bank Act, 2052 shall remain as repealed.
- K. **Allocation of Shares:** Banks and financial institutions are required to allocate minimum of 30 percent of their shares for sale and distribution to the public. Of such shares, up to 5 percent may be set aside for their own employees.
- L. **Management Board:** There shall be a Board of Management consisting a minimum of 5 or maximum of 7 members including one from the list of professionals maintained and appointed by NRB.

Source : NRB

- 4.12 Management of the Lumbini Bank Ltd. was taken over by NRB and its operation was handed over to the management committee formed under the provisions of the Nepal Rastra Bank Act, 2058 in March 2002. Since then the take-over and operation period have been extended two times, the first extension in March 2003 for a year and the latest extension being in effect from March 2004 for another 8 months. After take-over, overall financial status of the Bank is improving. Last extension was due to difficulties faced by the management committee to sell shares allocated for the public and to hand-over the bank operation to the Board of Directors with public shareholders' representation.

Development Banks

- 4.13 There are 12 development banks operating in Nepal. Excluding the development banks engaged in micro-finance transactions, there are 14 development banks including NIDC and ADB/N established under their respective Acts and those established under the Development Bank Act, 2052 (1995). Six other development banks are permitted to carry financial transactions. There are 9 development banks including 5 rural development banks operating in 5 regions under the joint ownership of HMG and NRB and 4 in the private sector. These banks are carrying out micro-finance transactions. In addition, two national

level banks are also in the field to provide wholesale credit. Thus there are 11 development banks dealing with the wholesale and retail credit to the micro-finance business. Due to deteriorating security situation, commercial bank branches of rural areas are being relocated to secured places while many branches have been closed. Region and district based development banks are, therefore, expected to extend their operations to the rural areas. NRB, therefore, has given priority to those development banks interested to open their branches in the remote hill areas.

- 4.14 Agriculture Development Bank (ADB/N) and Nepal Industrial Development Corporation (NIDC) are the specialized financial institutions for the development of agriculture and industries. These two institutions, according to the Price Water House Coopers study, are mired in the bad financial situation caused by bad debts and piled up non-banking assets. ADB/N's auditor's report for FY2002/03 has pointed out that the Bank has claimed to be operating in profit by showing accrued but unrealized interest as income, loan loss provisioning less than that prescribed by NRB and non-banking assets not written off. These evidences clearly show that the Bank in fact is operating at loss.
- 4.15 In FY2003/04, regulations relating to the capital fund, credit and loans, credit and facilities per customer, sector-wise credit, stock investments, interest rate, goodwill and institutional governance were revised. All development banks are required to operate under the Bank and Financial Institutions Ordinance, 2060. These banks of national and district levels, therefore, are subject to enhance their paid-up capital by mid-July 2009 according to their geographic scope of operations.

Box 4 (8)

Classification of Banks and Financial Institutions Based on Paid-up Capital and Other Provisions

A. According to the Section (31) of the Bank and Financial Institutions Ordinance, 2060, classification of the banks, application fees and license fees based on the paid-up capital are prescribed as below:

Class	Required minimum Paid-up Capital					
	National level*	Regional*	4-10 districts*	1-3 districts*	1 district*	
A	Rs. 1.0 billion	Rs250 million	X	X	X	
B	Rs 320 million	X	Rs 50 million	Rs 20 million	X	
C	Rs150 million+	X	X	X	Rs 20 million Rs10	

	Rs 50 million				million++
D**	Rs 100 million	Rs 60 million	Rs 20 million	Rs 10 million	X

*Excluding Kathmandu valley, bordering districts (minimum and maximum) included.
**Financial institutions involved in micro-credit finance.
+ Applicable only to the leasing companies.
++ Limited to one district each of Mid-western and Far Western Regions.

B. Pursuant to section 4(1) of the above-mentioned Ordinance, proposal letter for the opening of a bank or financial institutions should be accompanied by an amount equivalent to 0.01 percent of the issued capital.

C. According to the Section 29(2) of the Ordinance, proposal letter for the license to carry financial transaction should be accompanied by an amount of 0.02 percent of the issued capital

D. In case of the finance companies which have been given provisional approval upon submission of proposal for license; and those already established as per the prevailing law and have applied for license shall be required to pay the fee as per sub-section (b).

Source: NRB

- 4.16 All financial institutions are required to obtain license under the Section (78) of Nepal Rastra Bank Act, 2058. Earlier, NRB had issued directives pertaining to capital fund, liquidity and institutional governance to all the banks excluding banks operating micro-credit, the ADB/N, and NIDC in January 2001. That directive was repealed and international standard based (1 to 13) directives for commercial banks was issued in January 2003. A "Development Bank Directives, 2060" (as amended), was issued in January 2004 to clarify some ambiguities in the directives issued earlier. Development banks, under the new directives, are required to maintain capital fund of 11.0 percent and 12.0 percent including 5.5 percent and 6.0 percent as primary capital for fiscal years 2003/04 and 2004/05 respectively. They are also eligible to collect fixed, saving, recurring deposits and provident funds, and maintain 1.0 percent of the total deposit liability and provident fund as mandatory cash in hand, and 7.0 percent of the total deposit liability in liquid assets. The directive also mandates the commercial bank to limit its guarantee transactions up to three- fold of primary capital. Institutional good governance directive is also in force reminding the promoters, directors, officers and staff to be professional, disciplined, honest, and of high morale.

Rural Development (Grameen Bikash) Banks

- 4.17 Grameen Bikash Banks are the sources for capital and managing credits for the rural development. For their efficient operations, these banks needed structural reform. Accordingly, with the objective of gradual privatization of these banks, the process for privatization of Western Regional Grameen Bikash Bank is underway. In the process of disposing 51.0 percent shares out of 61.0 percent NRB owned shares, about 90.0 percent (of 51%) has been sold before March 2004. Eastern Region Grameen Bikash Bank, which is earning profit, is the next in line of privatization within FY2003/2004. NRB owns 66.8 percent of this bank's shares. Of this 56.8 percent is to be sold to the bank's group members, micro-credit institutions (MCI) and to the public. It is hoped that the privatization of these banks will help reduce financial burden, which is piling up every year and that the development of professionalism and the sense of competitiveness will improve their efficiency in service delivery to their clients.
- 4.18 With a view to maintain interest rate at a desirable level through efficient management of monetary liquidity, NRB has fixed its refinance rate at 4.5 percent. In addition, for Grameen Banks, which have to operate in rural areas in the present unusual situation, compensatory interest amount charged on defaulted payment of refinanced principal would be waived upon payment of outstanding principal amount prior to the last due date of payments due.
- 4.19 In total, there are 11 Micro-Finance development banks in operation, which are established under the Development Bank Act, 2052. Of these, 5 are regional, 4 in the private sector and 2 at national level, both as wholesale credit operators namely, the Rural Micro-credit Development Center (RMDC) and the Small Farmers Development Bank. Under the revised directives, these banks require to make loan loss provisioning of 1 percent of good rated loan. For the installment based collection of loans and credit, each of such loans are to be classified according to the time elapsed after the due date and make provision for the loan loss accordingly.

Finance Companies

- 4.20 By mid-April, 2004 licensed finance companies under the Finance Company Act, 2042 totaled 59. After coming into force of the Bank and Financial Institution Ordinance, 2060, the said Act has been repealed and all the finance companies are operating under this Ordinance. In FY2003/04, only one finance company has been issued license, while two other have been given provisional approval to

operate. Pursuant to strengthen financial situation of these companies, NRB, in the process of inspection, has taken actions against those not maintaining capital fund based on risk weighted assets, exceeding the loan limit per customer and against member of the Management Board found violating the code of conduct.

- 4.21 Finance companies are allowed to accept saving deposits not exceeding 2.5 times of their primary capital. In the case of mandatory cash deposit ratio of 1.0 percent, they are given an option of depositing such cash in a separate current account in one of the commercial banks of their choice. As regards the mandatory cash in hand and liquid assets, the provision has been revised to the category of "cash in hand as deposit in the development bank (Micro-Finance development bank excluded)". Prior to the credit and loans, and deed property rescheduling or restructuring, minimum of 25 percent of the interest due on such transactions should have been realized and capitalization and restructuring or rescheduling of the balance interest in arrears, is not allowed. Similarly, as regards the loans swapped by the banks and the financial institutions, type of loan swapped should be clearly identifiable in the book with certificates of the bank from which the loan was swapped. Loan loss provisioning requirement will also apply to such loan. Finance companies are forbidden to invest as promoters of any other banks and financial institutions licensed by NRB. They are also required to have a clear policy on offering financial guarantee services with particular mention of limit, security, margin, power of attorney, as well as on information system in place. NRB should be notified of such policy.

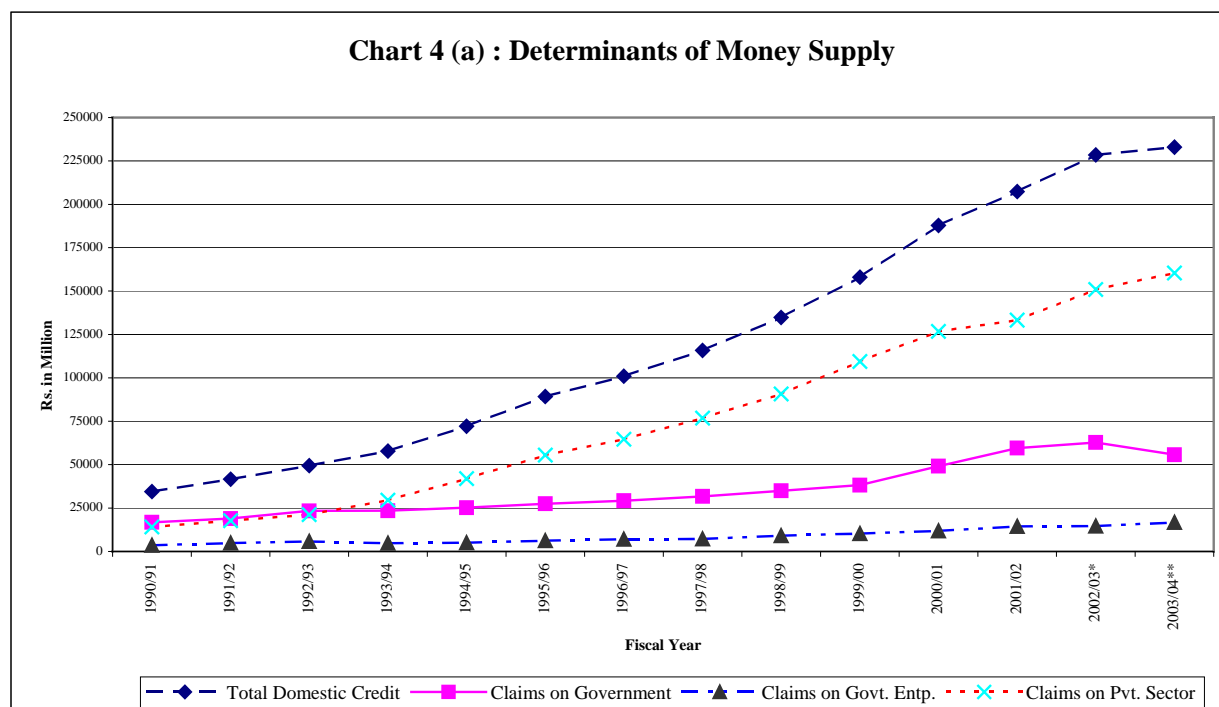
Cooperative Societies

- 4.22 There are 33 Saving and Credit Cooperative Societies licensed by NRB, which are authorized to conduct limited banking transactions. Under the directives, first issued in July 1993, and replaced by new one in July 2003, requires such cooperatives to maintain mandatory cash deposit of at least 0.5 percent (revised from 1.0 percent) of the total deposit and credit fund with NRB or with a commercial bank in places where NRB is not present effective from July 2003. Regulatory, inspection and supervisory services for 11 Small Farmers Cooperatives have been handed over by NRB to the Small Farmers Development Bank effective April 2003. NRB has now decided not to license any more cooperatives.

- 4.23 Financial institutions engaged in micro-credit operations are increasing since the Financial Mediation Institutions Act (first amendment), 2055 became effective. NGO's licensed to perform financial mediation has reached 44 in numbers. The rules under the said Act, after its amendment, has also been revised.
- 4.24 Establishment of Rural Self-reliance Fund (RSF) of HMG (with Rs. 200 million of base capital) is guided by the fact that the Priority Sector Lending Program is in the process of being gradually reduced. There is a need, therefore, to support the program of promoting income and employment generation opportunities for the upliftment of the economically backward and deprived class through the cooperatives, NGOs and Micro-Finance Institutions. In view of the contribution made by the RSF, NRB has deposited Rs. 100 million in the Fund out of the profit earned in FY2001/02. The bank has added Rs. 74.8 million (5.0 percent) to the Fund out of its net profit in FY2002/03. The capital fund contribution of NRB will benefit the long gestation ventures such as tea, cardamom, cold storage, etc. Such long-term capital is to be channeled through the wholesale credit facility operated through ADB/N and Micro-Finance Institutions. It is to be noted that Rs.100 million has been provided to ADB/N from the said Fund for tea cultivation and for setting up tea processing factories at low interest rates of 2.5 percent and 3.0 percent respectively in FY2003/04. It is hoped that this financing will augment the flow of institutional credit at the rural level to the benefit of targeted sector and class of people.

Monetary Situation

- 4.25 During the first eight months of FY2003/04, broad money supply rose by 7.0 percent compared to 5.0 percent rise during the corresponding period of FY2002/03, due mainly to a considerable increase in net foreign assets. Net domestic assets also did increase during the same period, but marginally. Narrow money supply during the review period of both fiscal years rose at the constant rate of 2.5 percent. The reason for this continuous lower growth of narrow money is explained by the significant increase in term-deposits during the period despite a decline in net non-monetary liabilities. Currency, an integral part of narrow money increased by 9.7 percent in FY2003/04 compared to the rate of 5.5 percent growth in the review period of FY2002/03. Demand deposits, another component of narrow money, decreased by 5.7 percent in FY2002/03 and it further dropped by 12.7 percent in the review period of FY2003/04.

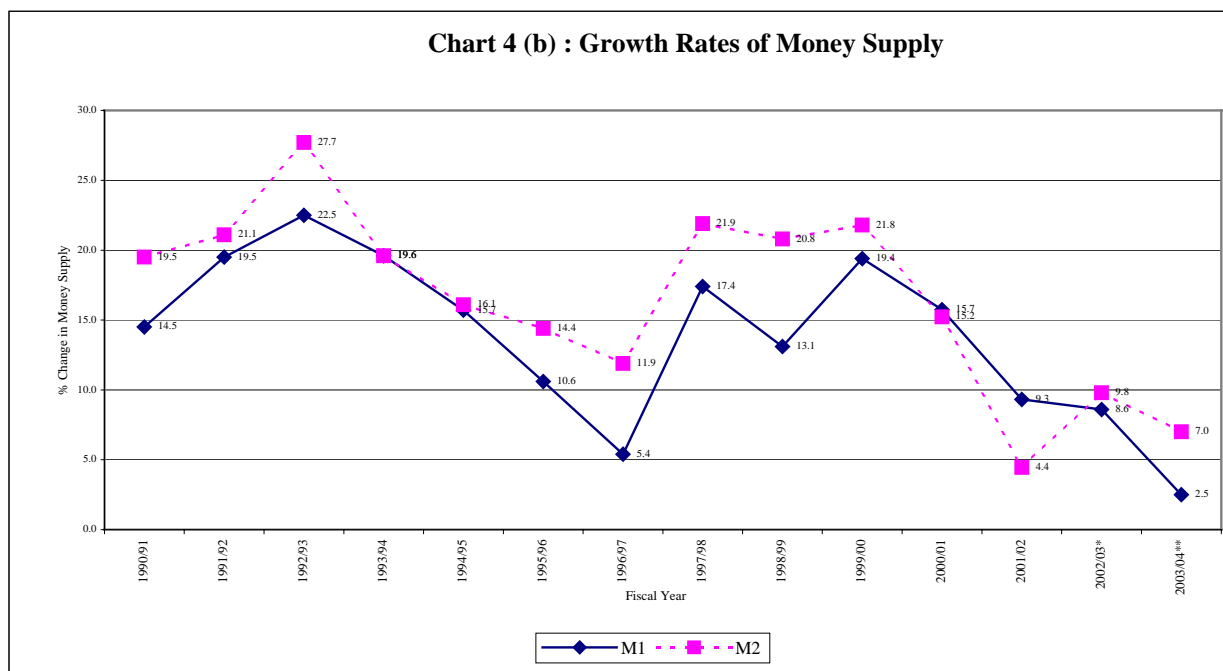


4.26 Net foreign asset of the monetary sector is one of the major contributory factors of expansion in money supply. It grew by 12.4 percent in the review period of FY2003/04 in comparison to a nominal increase of 0.6 percent during the corresponding period of FY2002/03. This increase was due to the continued upward trend in export earning, remittances and the Poverty Reduction Strategy Credit (PRSC) from the World Bank. Net domestic loan, another expansionary factor of money supply, increased by 2.0 percent only totaling Rs. 2.33 billion during the review period of FY2002/03 as against 5.8 percent increase in the corresponding period of FY2002/03. During this period, claims against public enterprises increased at a higher rate than against private sector in comparison to the year before. This was accompanied by a sharp decline in claim against the government account.

4.27 Of the gross domestic credit, net credit to HMG from the monetary sector decreased by 11.2 percent in the review period of FY2003/04 and came down to Rs.55.77 billion by mid-March 2004. This reduction can be attributed partially to the repayment of treasury bills by HMG, sale of some treasury bills outside of the monetary sector and disbursement of the PRSC by the World Bank. This has resulted in a

significantly favorable cash balance, which has caused reduced flow of net credit to the Government. In comparison, credit to HMG for the similar period of FY2002/03 had increased by 2.9 percent. Monetary sector's claim against private sector is another important factor in the gross domestic credit. Such claim increased at the rate of 8.4 percent in the review period of FY2002/03 compared to 6.3 percent in FY2003/04 totaling Rs 160.44 billion by mid-March 2003. Credit for imports in the private sector increased during this period though, slow expansion of claims on the private sector was observed as credit flow to other activities was disturbed due to insurgency situation.

4.28 Claims against public enterprises soared by 14.1 percent during the review period of FY2003/04 compared to the decline of 6.7 percent in the corresponding period of FY2002/03. Such increase in claims was due to the refinance facility used by financial institutions. During the review period of FY2003/04, out of the extended domestic gross credit, there was a decline in credit to HMG but that to the public enterprises and private sector increased. By mid-March 2003 of FY2002/03, the gross domestic credit extended to HMG, public enterprises, and the private sector was 41.8 percent, -0.8 percent, and 93.5 percent corresponding to -157.2 percent, 46.0 percent and 211.2 percent respectively during the corresponding period of FY2003/04.



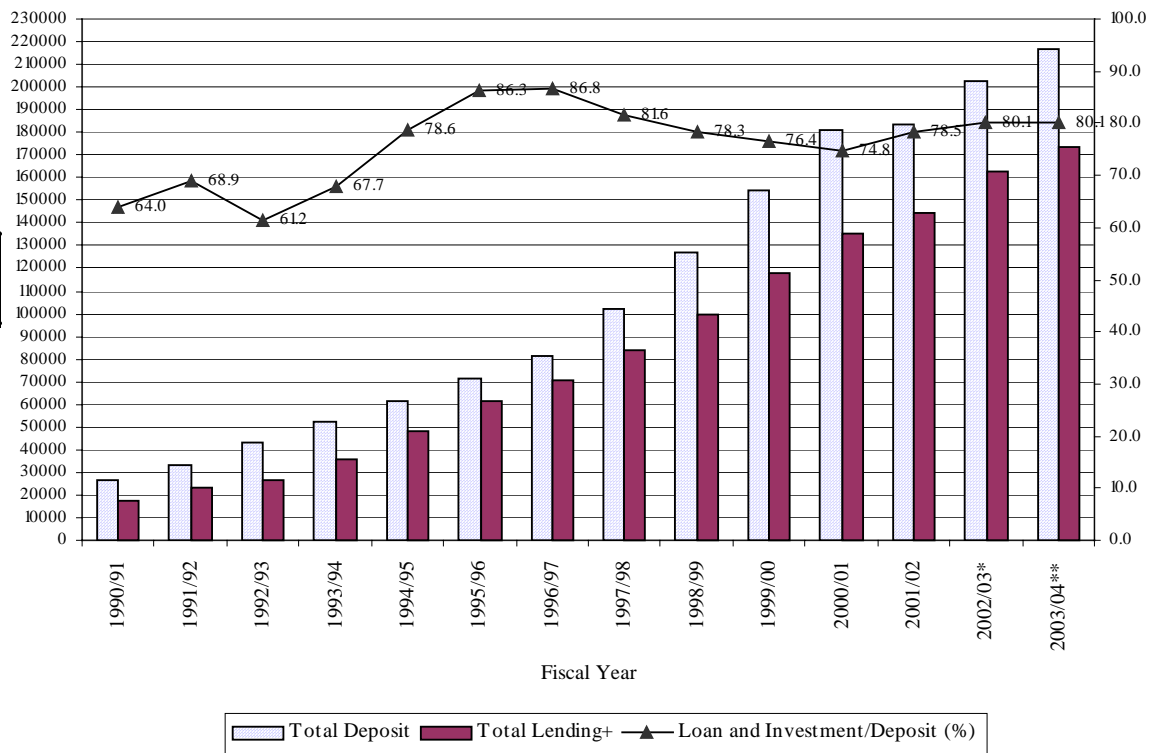
- 4.29 Time deposit, an important part of broad money, increased by 9.3 percent totaling Rs.177.24 billion by the end of the review period (mid-March 2004) of FY2003/04. Such increase during the corresponding period of FY2002/03 was 6.3 percent. This higher rate of increase in time deposit in FY2003/04 was due to continued increase in remittances while the alternative investment opportunities remained limited.
- 4.30 Net non-monetary liability- a contractionary factor in money supply- decreased in the review period of FY2003/04 as opposed to the increase of 2.1 percent in FY2002/03. This reduction in non-monetary liability was largely due to the fall in profit of NRB and commercial banks. Voluntary retirement scheme offered to the employees of NRB, the Nepal Bank Ltd. and the Rashtriya Banijya Bank together contributed to decrease in miscellaneous liabilities towards their employees. Net domestic assets, which increased by 7.8 percent in FY2002/03, increased by 3.8 percent only in FY2003/04. As a result, the net domestic assets increased at a lower rate during this period, as net non-monetary liability decreased and the gross domestic credit expanded at a normal rate.

Status of the Utilization of Commercial Bank Resources

- 4.31 Commercial bank's resources during the first eight months of FY2003/04 grew by 6.1 percent totaling Rs 258.20 billion compared to 5.6 percent growth in the same period of the previous year. Higher rate of resources growth in the current fiscal year was due to rise in savings and fixed deposits despite noticeable decline in current deposits net other resources remained unchanged. As regards the utilization, despite increase in deposit with the NRB and foreign banks, there was only a marginal increase in liquid assets as cash deposits and foreign currency reserve had declined. On credit and investment side, despite decrease in claims on the government, resources utilization during the review period increased at a higher rate due to increased claims on government institutions and the private sector.
- 4.32 Total deposit liabilities of the commercial banks during the first eight months of FY2002/03 had increased by 5.2 percent, but in the same period of FY2003/04, it increased by 6.8 percent. Of the total deposit, current deposits in the review period of FY2002/03 declined by 3.2 percent with further slide of 7.5 percent in FY2003/04. Saving deposits, on the other hand, rose by 10.6 percent in the review period of FY2003/04 compared to 7.2 percent in the corresponding period of

FY2002/03. Fixed deposits also rose at a higher rate of 6.5 percent during the same period in FY2003/04 compared to 5.4 percent rise in the corresponding period of FY2002/03. In comparison to the balance in mid-July 2003, borrowing by commercial banks from NRB fell to Rs. 110 million with a drop of Rs. 830 million by mid-March 2004. There was no change at the level of net other liabilities of commercial banks in FY2003/04 as it increased at the constant rate of 10.9 percent as in FY2002/03. It was also because there was a decline in their profits during the year and many of the employee related liabilities shrunk due to the voluntary retirement scheme used by the employees of Nepal Bank Ltd. and Rashtriya Banijya Bank.

Chart 4 (c) : Loan & Investment and Deposit with Commercial Banks



4.33 Gross liquid assets of the commercial banks in FY2003/04 increased by 1.3 percent compared to the downside at the rate of 14.2 percent in the previous year. Cash deposits and foreign currency reserves as important parts of the liquid assets fell by 18.4 percent and 12.1

percent respectively in FY2003/04 while the deposit with NRB and foreign currency deposit with the overseas banks increased by 8.5 percent and 0.4 percent. In comparison, foreign currency reserve in the review period of FY2002/03 had increased by 35.6 percent in contrast to the declines in cash deposit with NRB (20.6 percent), foreign currency deposit with the overseas banks (7.6 percent) and cash reserves with the banks themselves (27.8 percent). All these together pulled down the aggregate amount of liquid assets due also to curtail of mandatory cash reserve ratio during both periods.

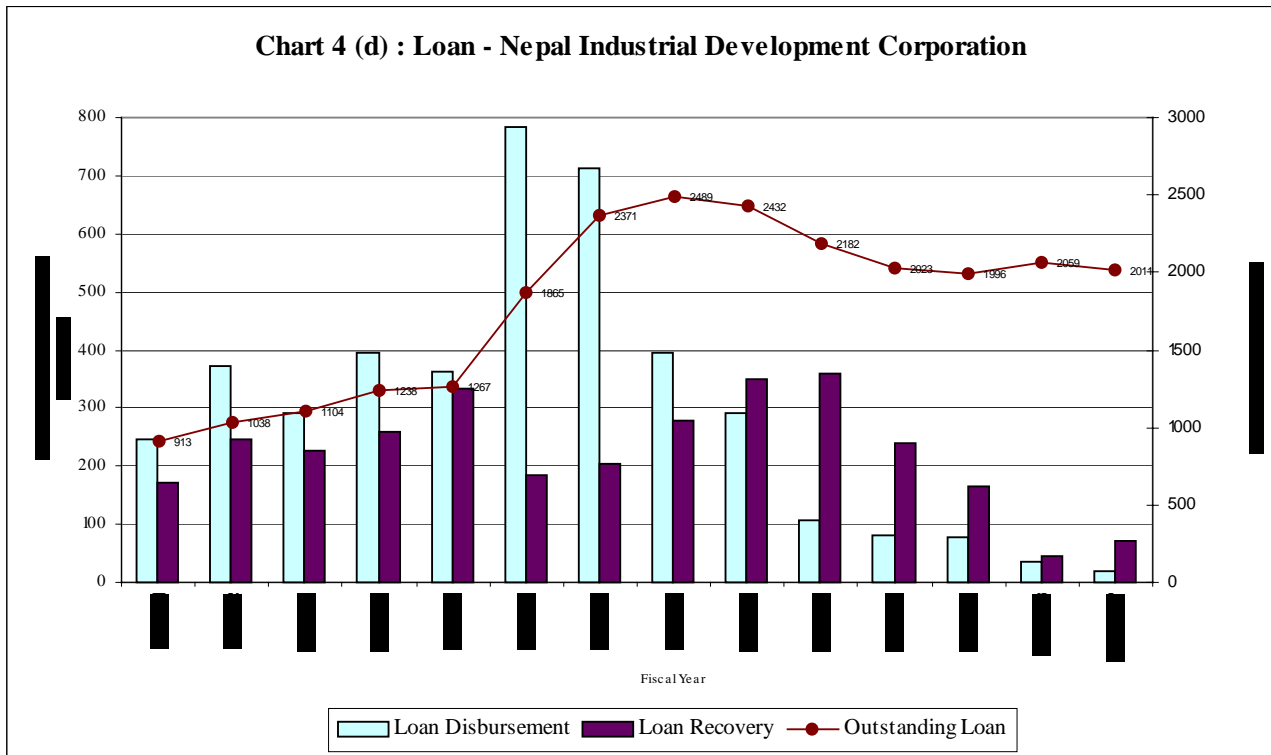
- 4.34 Total loans and investments during the first eight months of FY2003/04 increased at the rate of 7.1 percent compared to the rate of 11.0 percent in the same period of the previous year. Major reasons of such increase were reduction in the mandatory cash deposit requirement by NRB and increase in deposits leading to the expansion in their investment fund. Credit to the government in FY2003/04 was up by 8.1 percent whereas in the previous year there was a significant rise of 25.1 percent. Lending to public enterprises went up by 15.7 percent during the review period of FY2003/04, while it was down by 6.3 percent in the corresponding period of FY2002/03. Their lending to the private sector in the review period of FY2003/04 increased by 6.1 percent compared to 9.5 percent rise in the same period of FY2002/03. Their purchase of foreign bills during the review period of FY2003/04 increased by 5.7 percent compared to 13.6 percent increase in the corresponding period of FY2002/03. In the foreign currency market, NRB intervened 18 times - 7 times to buy excess foreign currency worth Rs.17.30 billion and one time to bridge the shortfall by selling foreign currency equivalent to Rs. 500 million. Net liquidity flow by NRB amounted to Rs 16.80 billion.

Expansion of Commercial Bank Branches

- 4.35 Under the current circumstances, the policy action of NRB are guided by the consideration of not to overload commercial banks with additional liabilities. Such policy actions are meant to help banks to improve their financial standing and to become competitive, opening of any new branch to prove its financial viability, merger of existing branches from the point of view locations, and to putting special efforts to make loss making branches profitable in a specified period of time. Bank and Financial Institution Ordinance, 2060 provides for the merger of any bank or financial institution with another. By mid-April 2004, total number of bank branches reached 381 (428 if ADBN's 47

branches licensed for commercial banking activities are included) from 378 at mid-July 2003. Rastriya Banijya Bank has the largest number of branches with 132 followed by the Nepal Bank Ltd with 116 branches. By mid-April, 2004, bank branches of other commercial banks were as follows: Nepal Bangladesh Bank-18, Nepal Arab Bank-16, Everest Bank- 14 and the Nepal Investment Bank Ltd.-14, Himalayan Bank – 13, Nepal SBI Bank Ltd.-11, Nepal Credit and Commerce Bank Ltd.-11, Standard Chartered Bank, Nepal Ltd. –10, Bank of Kathmandu Ltd.-6, Nepal Industrial and Commercial Bank Ltd. 6, Machhapuchhre Bank Ltd.-1.

Chart 4 (d) : Loan - Nepal Industrial Development Corporation



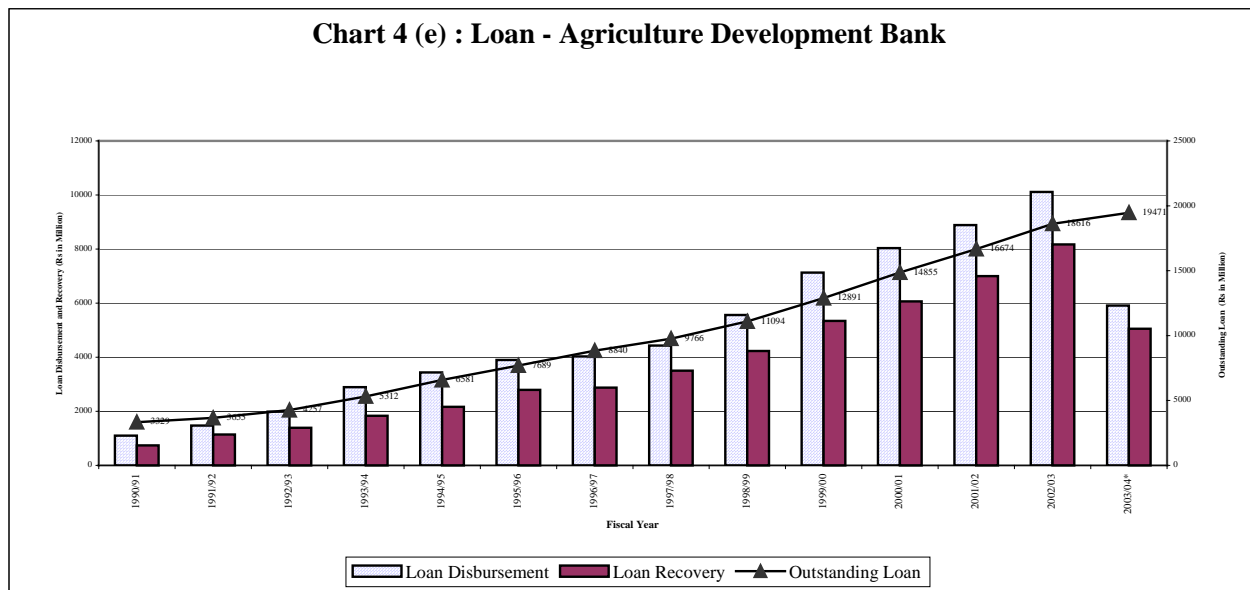
Other Banks and Financial Institutions

4.36 Lending by the ADB/N, NIDC and the Employees Provident Fund (EPF) had increased by 25.2 percent in the review period of FY2002/03. On the contrary, lending by these institutions declined by 8.3 percent in the same period of FY2003/04. Combined total of lending by these three institutions in the review period of FY2003/04 totaled Rs 8.53 billion. Ratios of lending by these institutions were

64.9 percent (ADB/N), 0.2 percent (NIDC), and 34.9 percent (EPF) at mid-March 2003. In comparison, corresponding ratios at mid-March 2004 stood at 69.3 percent, 0.2 percent, and 30.5 percent respectively. Their loan recovery rate had increased by 19.4 percent in FY2002/03, but by 14.9 percent only in FY2003/04 to the total of Rs 6.06 billion. Loan disbursement of these institutions during the first eight months of FY2002/03 had increased by 33.6 percent, while in the corresponding period of FY2003/04 it dropped by 38.6 percent totaling Rs. 2. 47 billion. Outstanding loan jumped by 22.3 percent in FY2002/03 and further jumped by 14.7 percent in FY2003/04 reaching Rs 37.01 billion. The ratios of outstanding loan among the three institutions at mid-March 2003 stood at 55.8 percent (ADB/N), 6.2 percent (NIDC), and 38.0 percent (EPF) with slight changes at mid-March 2004 as follows: 52.6 percent, 5.4 percent and 42.0 percent respectively.

- 4.37 ADB/N's loan disbursement in the review period of FY2003/04 fell by 2.1 percent to the total of Rs. 5.91 billion compared to rise of 14.4 percent in the previous fiscal year. NIDC's loan disbursement slumped by 65.7 percent in FY2002/03 and further by 2.3 percent in FY2003/04 totaling Rs.200 million. The EPF forwarded a total loan of Rs. 2.60 billion, a decrease of 19.7 percent in FY2003/04 compared to the increase of 19.7 percent in FY2002/03.
- 4.38 Recovery of principal by ADB/N in the review period of FY2002/03 had increased by 20.5 percent. During the same period in FY2003/04 such recovery was limited to 7.2 percent totaling Rs. 5.05 billion. NIDC's realization of principal had dropped by 79.2 percent in during the first eight months of FY2002/03, but it increased by three-fold to the totaling Rs. 70 million in the corresponding period of FY2003/04. Realization of principle amount by the EPF continued to rise at a higher pace of 36.5 percent in FY2002/03 followed by 74.9 percent in FY2003/04 totaling Rs. 930 million.
- 4.39 Outstanding loan of ADB/N, in comparison to the amount at mid-March 2002 increased by 11.7 percent in the same period of 2003. The amount further jumped by 8.2 percent to the total of Rs.19.47 billion in FY2003/04. NIDC's such loan stood at Rs. 2.01 billion at mid-March 2004 with an increase of 0.8 percent compared to a fall of 2.0 percent at the same period of previous year. EPF's outstanding loan amounted to Rs. 15.53 billion with an increase of 26.5 percent at mid-March 2004 compared to the increase by 48.5 percent at the same period of the previous year.

4.40 Five Grameen Bikash Banks, one each in 5 regions, are operating with the objective of providing loans to rural people for income generating activities without collateral by forming groups particularly of deprived women. At the end of mid-January 2004, a total of 164,927 members of 43 districts, 968 VDCs, 4882 centers and 34,375 groups have directly benefited through various programs. Between the period these banks began their operations and in mid-January 2004, a total of Rs. 9.87 billion worth of loan has been mobilized among 149,868 members. Out of this loan amount, Rs.8.52 billion has been recovered with Rs.1.34 billion as outstanding. Collective savings and individual savings by these groups amounted to Rs. 430 million and Rs. 400 million respectively by mid-January 2004. Total number of employees under these banks is 1069. Table below exhibits various activities of the rural development banks:



**Table 4 (a)
Activities of Rural Development Banks (mid-January 2004)**

S. No.	Items	Regional Grameen Banks					
		Eastern	Middle	Western	Mid-Western	Far Western	Total
1.	No. of VDCs	262	246	274	106	80	968
2.	No. of centers	1385	1222	1117	551	607	4882

3.	No. of groups	11228	7679	8099	3899	3470	34375
4.	Number of members	49321	37339	40390	19428	18449	164927
5.	Borrowers	48624	36335	37856	15173	11880	149868
6.	Amount of loans (Rs.000)	4318529	1528870	2256033	904805	859399	9867636
7.	Recovery of loan (Rs. 000)	3804117	1285814	1912757	771403	749122	8523213
8.	Outstanding loan (Rs. 000)	514412	243056	343276	133402	110277	1344423
9.	Group saving (Rs. 000)	164712	74326	93216	47587	45887	425728
10.	Individual saving (Rs. 000)	29081	4249	7083	2121	1518	44052
11.	Total saving (Rs. 000)	193793	78575	100299	49708	47405	469780
12.	Employees (no.)	296	261	239	135	138	1069

Districts covered in Each Region

Eastern: Jhapa, Morang, Sunsari, Saptari, Siraha, Udayapur, Ilam., Dhankuta and Panchthar (9)

Middle: Dhanusha, Mahottari, Rautahat, Bara, Persa, Chitwan, Lalitpur, Sarlahi, Makwanpir, Nuwakot, Kabhre, and Dhading (12)

Western: Rupendehi, Nawalparasi, Kapilbastu, Palpa, Syanja, Tanahun, Kaski, Gulmi, Parbat, Baglung, Lamjung, Gorkha, and Arghakanchi (13)

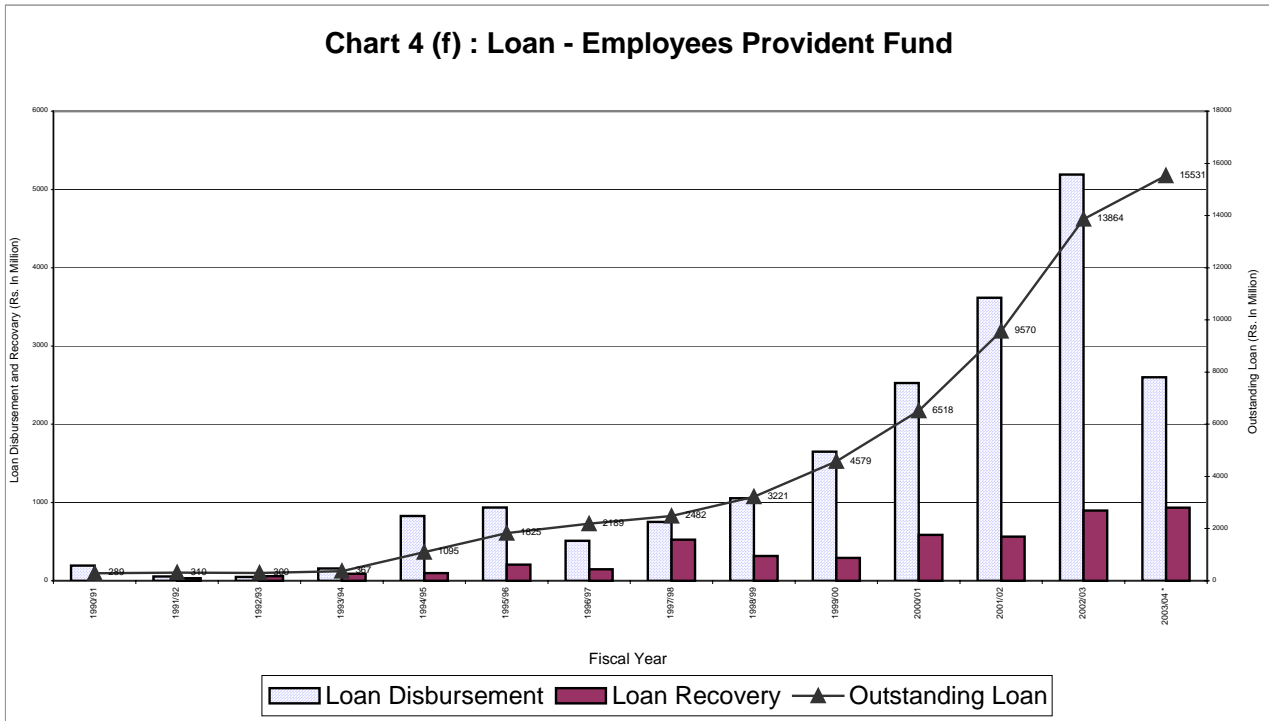
Mid-West: Banke, Bardia, Dang, and Surkhet (4)

Far West: Kailali, Kanchanpur, Dandeldhura, Achham, and Doti (5)

Source : NRB

4.41 Number of other Development Banks established under the Development Bank Act, 2052 is 14. Aggregate resource of these banks was up by 25.4 percent to the tune of Rs. 7.64 billion in the first six months of FY2003/04 compared to the corresponding period of FY2002/03. Aggregate capital fund during this period increased by 17.5 percent totaling Rs. 900 million. Total deposit increased by 15.1 percent to the total of Rs 4.84 billion during the same period. In utilization of resources, credit and loans increased by 29.8 percent to total Rs.5.06 billion and the total liquid assets increased by 4.2 percent totaling Rs.1.19 billion in review period of FY2003/04 compared to the corresponding period of FY2002/03.

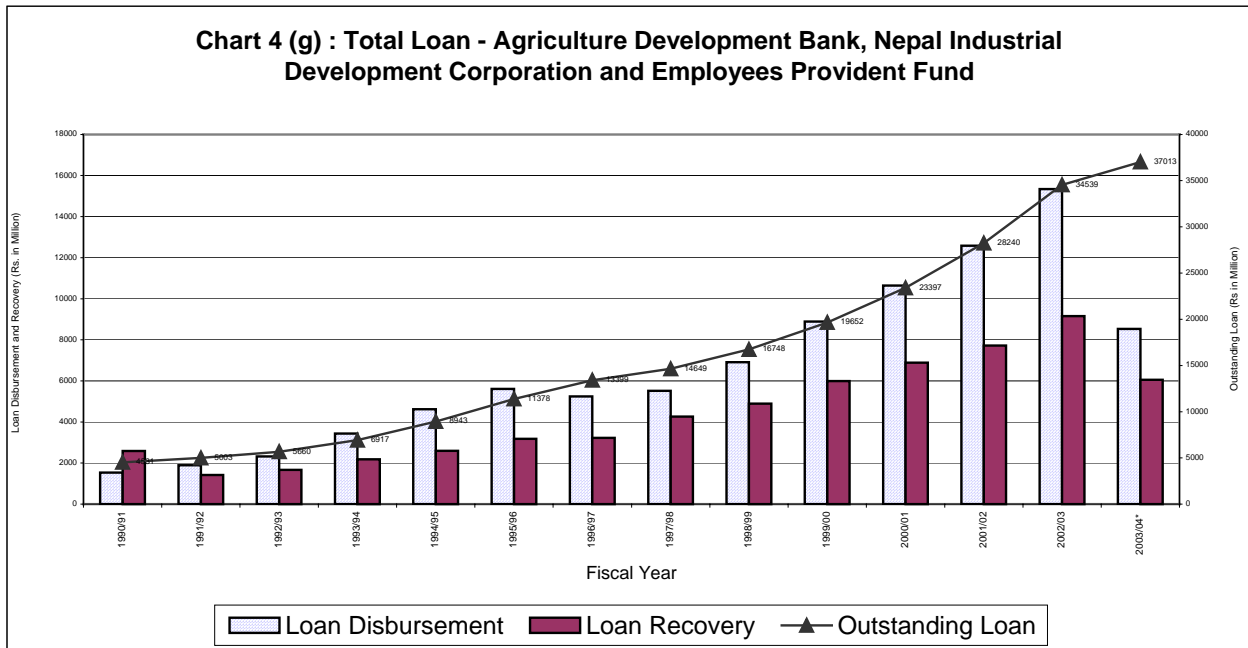
Chart 4 (f) : Loan - Employees Provident Fund



4.42 Total number of Finance companies stood at 59 by mid-January 2004 from 54 at the same date a year before. Between these two dates the financial resources of these companies also increased markedly from Rs.19.93 billion to Rs. 24.78 billion, an increase of 24.4 percent. Deposit, the main source of their resources, increased by 21.9 percent totaling Rs.19.78 billion while their capital fund grew by 23.9 percent totaling Rs.3.60 billion during the period under review. Such deposits and capital fund at mid-January 2003 stood at Rs.14.72 billion and Rs.2.90 billion respectively. Borrowings by these companies at mid-January 2004 stood at Rs.800 million, a two and half fold increase from the previous year. Other resources too increased by 17.4 percent to total Rs.240 million compared to Rs. 210 million in FY2002/03. In utilization of resources, loan investment during this period rose by 25.5 percent to total Rs.16.37 billion compared to Rs.13.05 billion at mid-January 2003. Their investment increased by 21.7 percent to total Rs. 2.58 billion from the total of Rs. 2.12 billion at mid-January 2003. Liquid asset was up by 21.4 percent and stood at Rs. 2.78 billion at mid-January 2004 compared to the total of Rs. 2.29 billion at the same

date of 2003. Other utilization also increased by 23.7 percent to the total of Rs. 3.60 billion at mid January 2004.

- 4.43 Total number of cooperatives licensed by NRB to conduct limited banking transactions went down to 33 by mid-January 2004 from 34 at the same date of the previous year. Total resources of these cooperatives depleted by 4.7 percent and dropped to Rs 2.86 billion in the first 6 months of FY2003/04 in comparison to the corresponding period of FY2002/03. The capital fund, however, showed a marginal increase of 1.2 percent reaching Rs. 290 million. Deposits as one of the main sources of their resource increased by 3.6 percent to total Rs.2.04 billion. Borrowings during the same period declined by 26.9 percent totaling Rs 400 million. Loan investments increased by a margin of 0.7 percent totaling Rs. 1.58 billion at mid-January 2004 compared to the total amount at that date of 2003. Investment by these institutions during the same period increased by 31.1 percent to the tune of Rs. 280 million at mid-January 2004.



- 4.44 By mid-April 2004, total number of insurance companies affiliated with the Insurance Board was 18. Of these insurance companies, Rashtriya Beema Sansthan and National Life and General Insurance

Co. Ltd. both operate life and non-life insurance businesses. Nepal Life Insurance Co. Ltd, American Life Insurance Company limited and Life Insurance Corporation Ltd, Nepal are in the business of life insurance only. Remaining 13 companies exclusively deal non-life insurance business. Deposit Insurance and Credit Guarantee Corporation is currently engaged in credit guarantee and livestock insurance business. It, however, has yet to start deposit insurance scheme. During the first eight months of FY2003/04, these insurance companies collected the total premium of Rs 4.76 billion with an increase of 27.8 percent compared to premium collected during the corresponding period of FY2002/03. Of this total, premium collection from non-life insurance is estimated to increase by 54.2 percent totaling Rs 2.58 billion and that from life insurance by 45.8 percent totaling Rs 2.18 billion. In the review period of FY2002/03, total premium collection from both kinds of insurance stood at Rs.3.72 billion constituting 62.1 percent or Rs. 2.31 billion and 37.9 percent or Rs.1.41 billion for non-life and life insurance premiums respectively. Total resources of these companies is estimated to increase by 11.9 percent to the total of Rs. 13.60 billion in FY2003/04 compared to Rs. 12.15 billion in FY2002/03. Total investment is estimated to increase by 10.2 percent or Rs 12.45 billion compared to the total of Rs11.30 billion in FY2002/03. Earning from such investment in FY2002/03 totaled Rs. 820 million, which is estimated to increase by 2.2 percent reaching a total of Rs. 840 million.

- 4.45 Total resource of the Citizens Investment Trust (CIT) is estimated to increase remarkably by 32.3 percent in FY2003/04 compared to FY2002/03. In FY2003/04, its capital fund is estimated to increase by 12.7 percent totaling Rs 600 million, fund collection by 37.9 percent totaling Rs. 3.79 billion and investment to increase by 59.6 percent totaling Rs. 2.96 billion. Its total investment portfolio constitutes of: government bonds 50.8 percent, fixed deposits 43.8 percent, and the remaining 5.4 shares and debentures. Its credit and loans in FY2003/04 is estimated to increase by 18.0 percent (Rs. 610 million). The bank deposit and cash in hand is, however, estimated to fall precipitously by 40.3 percent (Rs. 250 million).
- 4.46 Non-governmental organizations (NGO) authorized by NRB to operate limited types of banking activities numbered 44 at mid-April, 2004 compared to 38 in the first 6 months of FY2002/03. Total resources of these NGOs in the first 6 months of FY2003/04 grew by 22.0 percent to total Rs 150 million. Credits and loans as their main resource during the said review period of 2002/03 was Rs. 80 million, which sharply

rose by 26.3 percent, reaching the total to Rs100 million in the review period of FY2003/04. Credit flow in the form of micro-credit increased remarkably to Rs 60 million with an increase of 41.8 percent compared to the total amount which stood at Rs 40 million in the said review period of FY2002/03.

- 4.47 Credit investments and repayments of Small Farmers Development Project fell sharply during the first eight months of FY2003/04 compared to the corresponding period of previous fiscal year. During the review period, credit investments dropped by 27.6 percent from the previous year's Rs. 220 million to Rs.160 million. Likewise, repayments of principle dropped by 29 percent from previous year's Rs. 210 million to Rs. 150 million. Outstanding credits, which was Rs.1.62 billion at mid-March 2003 fell to Rs. 670 million, a sharp fall of 58.6 percent within a year.

Challenges

- 4.48 A coordinated role between monetary and fiscal policies is imperative to help stabilize price, exchange rate, balance of payments and domestic payments which play a role in sustainable economic growth at a higher rate and to reduce inequalities in income distribution. Formulation and implementation of appropriate policy towards this end is a challenging task.
- 4.49 To the extent macro-economic stability remains favorable, monetary easing policy helps to increase momentum to the economy. As the trend of overall monetary and credit aggregates such as narrow and broad money and the extension of credit from the banking sector to the private sector is yet to take momentum, there is enough room to make it more flexible and easier.
- 4.50 Although there has been a noticeable progress in the development and extension of financial sector, there is much to improve its efficiency and make the domestic payments system more effective. A steady course of its development provides a sound base to the overall economic growth. For this to happen, its legal bases and structure need to be upgraded to the international standard which is no less a challenge.
- 4.51 In our context, the banking sector, more specifically the government owned banks, is regarded as the most problem-ridden. For their reform,

they have been put under the management contract. Desirable outcome of this arrangement is yet to come about. In the case of other banks and financial institutions, ratio of bad debt remains a problem to be addressed through monetary and financial policies and through an efficient mechanism for bad debt management.

- 4.52 There is a need of access to the financial resources both in the urban and rural areas for it to play its inevitable role in the balanced economic development. For the urban areas, what counts is the access to the financial resources in sufficient quantity and competitive services from the banks and financial institutions. On the contrary, rural areas lack access to the credit facilities. In view of these two realities, policies that relate to the operation of banks and the financial institutions needs to be more practical and balanced.

5. Money and Capital Market

Primary Market

- 5.1 In the first 9 months of FY2003/04, 7 corporate entities have been authorized to mobilize capital from the primary stock market for a total amount of Rs. 730 million by issuing stock of ordinary and preferential shares and debentures. In the previous fiscal year, there were 17 such entities authorized to mobilize capital of Rs 810 million through ordinary and preferential shares and mutual fund.

Table 5 (a)
Trend of Primary Market

(Rs. in million)

Headings	Fiscal year						
	1998 /99	1999 /2000	2000 /01	2001 /02	2002 /03	First 9 months of 2002/03	First 9 months of 2003/04
1 Issue Approval	258.0	537.1	634.3	1416.6	813.7	549.2	732.0
a. Ordinary Shares	148.0	412.5	268.5	528.7	551.5	307.0	392.0
b. Right shares	30.0	124.6	365.8	387.9	162.2	142.2	40.0
c. Preferential Shares	80.0	-	-	140.0	-	-	-
d. Debentures	-	-	-	360.0	-	-	300.0
e. Mutual fund	-	-	-	-	100.0	100.0	-
2 Corporate entities as capital mobilizers (No.)	5	9	9	16	17	12	7

Source : Nepal Stock Exchange Market Ltd.

Secondary Market

- 5.2 With the addition of 5 corporate entities in the first 8 months (review period) of FY2003/04, number of such entities listed in the stock exchange has totaled 113. In the review period of FY2003/04, market capitalization increased by 10.8 percent and reached Rs. 38.05 billions compared to Rs. 34.50 billions during the corresponding period of the previous fiscal year.

- 5.3 Transactions in the Stock Exchange during the review period of FY2003/04 marginally increased (0.3 percent) in relation to FY2002/03 to total Rs. 380 million, total number of shares traded being 1.6 million. In FY2002/03, 1.4 million shares worth Rs. 380 million were traded.
- 5.4 Number of transactions increased by 12.4 percent in the review period of FY2003/04 to total 37,709 transactions compared to 33,538 in the corresponding period of the previous fiscal year.
- 5.5 NEPSE Index dropped by 1.9 percent from 209.7 point to 207.8 points between mid-March 2003 and mid-March 2004.

Table 5 (b)
Trend of Secondary Market

(Rs. in million)

Headings	Fiscal year							
							First 8 months	
	1998/ 99	1999/ 2000	2000/ 01	2001/ 02	2002/ 03	2002/ 03	2003/ 04	
Amount of stock exchange	1500.0	1155.0	2344.2	1540.6	575.8	376.2	377.3	
No. of shares transacted (000)	4857	7674	4989	6005	2428	1400	1600	
Transactions (No.)	15814	29136	46095	42028	25445	33538	37709	
Market Capitalization	23508.0	43123.3	46349.4	34703.8	35240.4	34503.3	38045.6	
Transaction as percent of market capitalization	6.40	2.70	5.10	4.40	1.60	1.10	1.00	
Market capitalization as percent of GDP	7.10	11.80	11.80	8.40	8.22	-	-	
Paid-up value of listed stocks	6487.4	7482.2	8165.2	9685.0	12560.0	10058.0	12972.0	
No. of listed entities	107	110	115	96*	108	100	113	
NEPSE Index (point)	216.90	360.70	348.40	227.50	204.86	209.66	207.80	

*25 companies delisted

Source : Nepal Stock Exchange Ltd.

Securities Exchange Board (SEB)

- 5.6 SEB's activities during the first 9 months of FY2003/04 included approval to issue ordinary and preferential shares and debentures after

their registration; and market supervision, collection of information and reform of policy matters.

Chart 5 (a) : Paid-up Value and Turnover

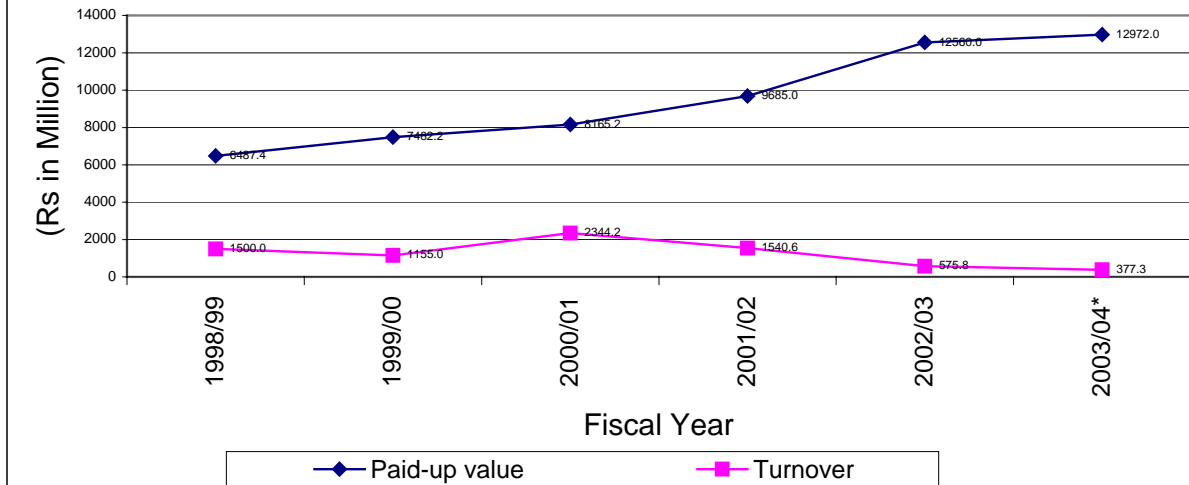


Chart 5 (b) : NEPSE Index

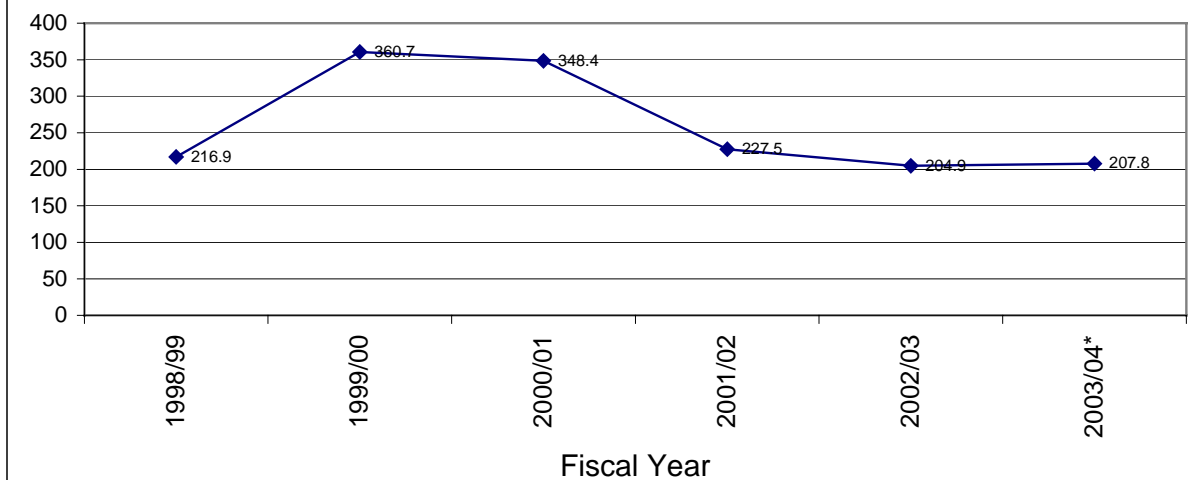


Chart 5 (c) : Issue Approved

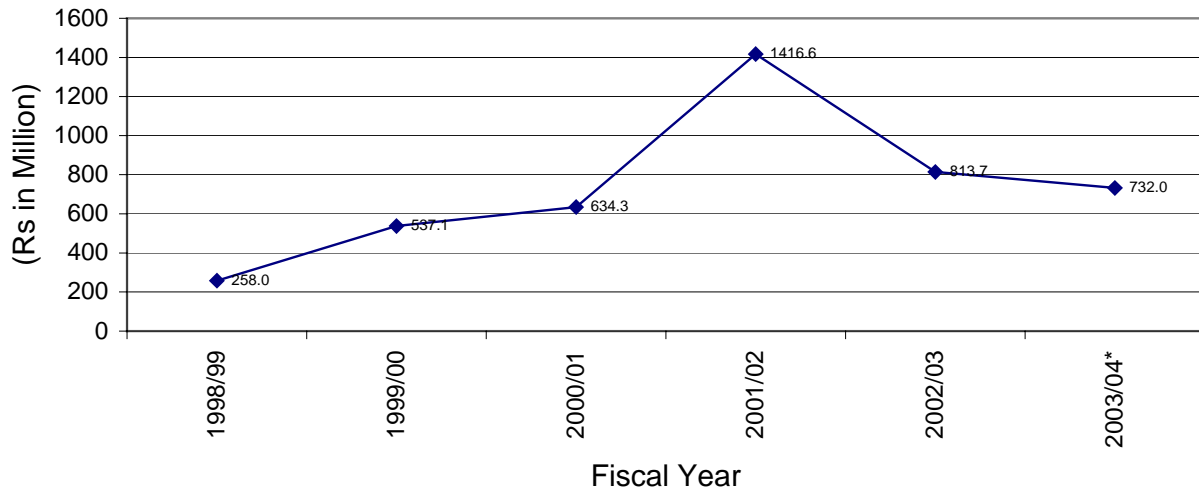
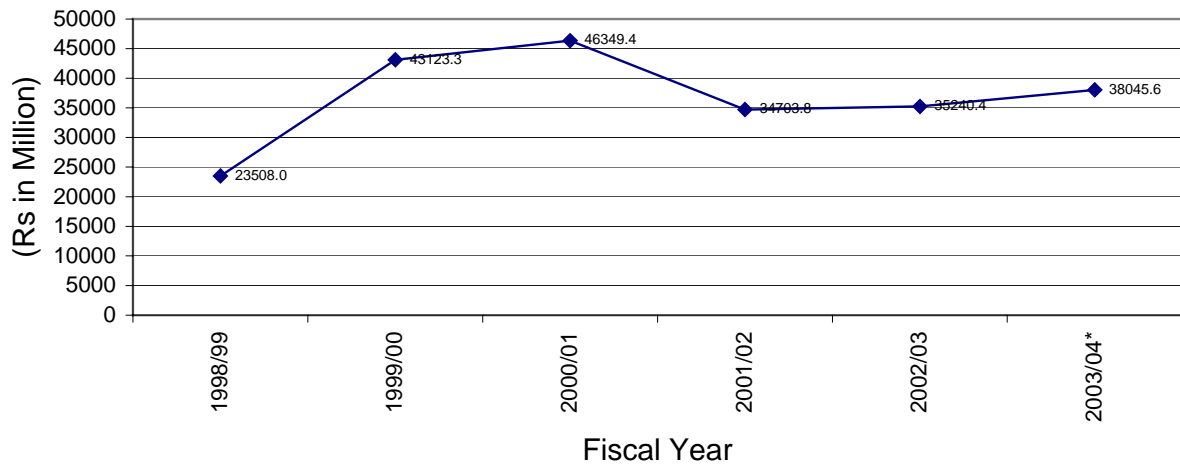


Chart 5 (d) : Market Capitalisation



- 5.7 SEB, in the course of its on-the-spot inspection visits, has issued directives to correct their weaknesses after discovering lapses in two large-scale stock dealer organizations and two other issuance and trading management agencies in their process of issuing stocks. It also has monitored infrastructure and record system, among others, maintained by 6 stockbrokers.
- 5.8 Price change margin set at 10 percent for first stock transaction of the day has been reduced to 5.0 percent and for other transactions such margin has been reduced from 5 percent to 2 percent to check undesirable movement in the market prices of stocks. In addition, the days allowed for clearing the traded stock has been reduced from 5 working days to 3.
- 5.9 With a view to making some specific type of stock transactions competitive and transparent, SEB has issued directives to the Nepal Stock Exchange Market Ltd. There were two specific cases the directives dealt with. One was that the single stockbroker, who receives instruction for trading of a single corporate entity at a single price and the other was the transaction put in the process of hand-over. In order to make the investors aware of the risks of price difference between the price of shares at the time of public issue and the price after being listed in the secondary market, SEB has instructed the companies to include information to this effect in prospectuses published at the time of public issuance. As regards to the authenticity of the information contained in the published prospectuses, accountability of the issuing entities and managers of the issuance and sale of shares has been emphasized by SEB. It has also approved the additional measures taken by the Stock Exchange Market Ltd. in relation to the transfer of shares of the stockbroker companies.
- 5.10 As regards the trading of debentures, the price change margin for the first transaction of the day has been fixed at 0.2 percent and 0.1 percent for the subsequent transactions. This is one of the several measures to regulate such trading. Furthermore, dealers in debentures are required to clear their deals same day of the transaction and the minimum amount of Rs 10,000 have been fixed for every trading in debentures.
- 5.11 In this review period of FY2003/04, preliminary report on the Corporate and Financial Governance Project has been completed. The project aims at addressing some of the important issues of SEB's institutional capacity upgrading, modernization of stock market, development of stock exchange central deposit system and upgrading of the Company Registrar's Office.

Nepal Stock Exchange Market Ltd. (NSEM)

- 5.12 In the review period of FY2003/04, the Nepal Stock Exchange Market Ltd. has completed the study on automation of stock trading to make such trading more organized, transparent and trustworthy. As is in practice in other countries, the legal and policy processes for bringing in the trading of government bonds in the stock market regime are in the process of initiation.
- 5.13 NSEM in the review period of FY2003/04 has also contributed to the government treasury by collecting about Rs 1.0 million worth of capital gain tax from the stock trading. It has also classified 43 of the 113 listed companies under A class according to the Stock Registration Rules, 2053. Out of 100 companies listed in during the corresponding period of FY2002/03, only 36 companies were enlisted as class 'A'.

Stockbrokers

- 5.14 During the review period of FY2003/04, 27 stockbrokers, 9 stock issuance and sales managers and 2 stock dealers have renewed their licenses.

Group Fund and Unit Plan

- 5.15 With additional mobilization of Rs 860 million worth of savings, the Citizens Investment Trust, during the first eight months of FY2003/04, collected funds totaling Rs. 3.17 billion. Various funds in operation by the Trust include citizen unit plan, employee saving incremental retirement fund, provident fund plan, investors account fund, etc. Of the total amount collected, share of employee saving incremental retirement fund is 69.8 percent, citizen unit plan 6.5 percent, investors account plan 4.1 percent and provident fund plan 19.6 percent. The collected amount has been invested in fixed interest instruments (63.8 percent), term deposit (16.9 percent), participatory borrowing (6.5 percent), and shares and debentures of the organized companies (12.6 percent). The Trust, in the review period of FY2003/04, has paid Rs. 210 Million under its Repurchase and Return payments program.
- 5.16 Trading of the units issued by the Fund has begun after its listing in the Nepal Stock Exchange Market Ltd. in September 2003. These units worth Rs.100 millions have been brought into operation by the name of N.C.M. Mutual Fund under the management of NIDC Capital Markets Ltd. and NIDC as its trustee. Of the said amount of investment, share

of NIDC Capital Markets Ltd. is 47.0 percent and that of NIDC is 53.0 percent. At mid-May 2004, total value of the fund has been assessed at Rs 110 millions with net assets valued at Rs. 11.00 per share.

Long-term Government Bonds

- 5.17 Long-term Government Bonds, which totaled Rs. 30.53 billion at the mid-March of 2003, increased by 4.9 percent over the period of a year, and stood at Rs. 32.02 billion by the mid-March of 2004. Of such total Government Bonds, Development Bond led with highest share of Rs. 16.06 billion (50.1 percent), followed by National Savings Bond of Rs. 1.18 billion (30.1 percent), Special Bonds of Rs. 5.15 billion (16.1 percent), and Citizen Bonds of Rs. 1.18 billion (3.7 percent). From ownership aspect, NRB, as an institution owned a single largest chunk of 17.9 percent, followed by financial and other institutions combined 59.8 percent and individual persons owned 22.3 percent.
- 5.18 Volume of purchase of Government Bonds by the market creators through the secondary market during the FY2003/04 dropped by 38.8 percent totaling a mere Rs. 80.0 million, which amounted to Rs. 120.0 million during the corresponding period of the previous fiscal year. Selling of long term Government Bonds by the market creators through the secondary market also fell by 43.6 percent and amounted to Rs.70.0 Million while such transactions during the corresponding period of FY2002/03 had totaled Rs.130 million.
- 5.19 NRB, during the review period of 2002/03, had purchased long term Government Bonds amounting to Rs. 610 million through the secondary market. Such transaction surged by 153.0 percent totaling Rs. 1.56 billion during the corresponding period of the FY2003/04. Sales of such Bonds by NRB during the review period of the FY2003/04 dropped by 22.9 percent totaling Rs. 280 million compared to total sales of Rs. 370 million during the corresponding period of FY2002/03.

Treasury bills

- 5.20 Treasury bills, during the first eight months of FY2003/04, totaled 46.83 billion compared to Rs. 48.86 billion during the corresponding period of FY2002/03. Of the total Treasury bills in FY2003/04, Nepal

Rastra Bank's share reached 18 percent or Rs. 8.42 billion. share of financial and other institutions was 82 percent or Rs. 38.41billion. The weighted average interest rate of the (91 days maturity) Treasury bills as of mid February of FY2003/04 was 3.8 percent. This rate is 0.3 percentage point higher than that of weighted average interest rate of the previous FY.

- 5.21 Repurchase agreement (Repo) and outright purchase of the Treasury bills during the first eight months of the FY2003/04 by NRB declined by 1.2 percent totaling Rs. 45.12 billion. Similarly outright and tap sale also decreased 50.5 percent totaling Rs. 20.49 billions during this period. During FY2002/03, NRB purchased Treasury bills (including Repo and outright) from the secondary market totaling Rs. 66.20 billions. During the same period, its sales of Treasury bills through the same channel (including outright/tap sale) totaled NRs. 53.70 billions.

Inter-bank Loans

- 5.22 Inter-bank transactions during the first eight months of FY2003/2004 was more than double compared to the same period of the previous fiscal year reaching a total of Rs. 78.25 billions from that of the previous year's Rs. 33.74 billions. Weighted average interest rate for inter-bank borrowing in the mid of February of the FY2003/04 stood at 4.0 percent. This rate is 0.6 percent less as compared to 3.4 percent weighted average interest rate for inter-bank loans of the previous fiscal year.

Challenges

- 5.23 It has become necessary to further empower SEB as the regulator of the Stock Market by enhancing regulatory efficiency. Modernization of the Stock Market and its reform to operate on a professional line is equally important. Even more important is its structural strengthening to ensure adequate resources and a base for the effective regulation of capital market. In the context of coming into force of the Bank and the Financial Institution Ordinance, necessary revision to the Stock Exchange and the Company Acts in line with the provisions of the Ordinance needs to be completed.
- 5.24 The present 'open outcry system' of stock trading has become obsolete and is being replaced by 'electronic trading system' in many other countries. Imperative of the introduction of such 'electronic trading system' for the sake of transparency and efficiency cannot be denied.

Resource constraint for modernization, however, is a challenging task ahead.

- 5.25 For the clearing of traded stocks on daily basis and to make the transfer for rights more efficient, establishment of a central depository system has become urgent. Enacting necessary law and providing resources must be given priority.
- 5.26 There is an impending need to promote a system of enabling the increased participation of organized agencies in the stock market and raise the capital. Inability of the Stock market to attract the organized sector due to lack of financial and other incentives to the agencies practicing good governance is a challenge to the development of market.
- 5.27 At present dividends and capital gains are taxable but operating legal provisions are ambiguous on the write-off of capital losses. Because of this, people in general and the institutional investors are less interested in the stock market. These taxes, therefore, need to be rationalized. Similar ambiguity applies to the group saving plan as to whether it is taxable or not.
- 5.28 Listing is mandatory for the stock exchange transaction. It is, nonetheless, imperative but a challenging task to protect investors' interest by making alternative arrangement of transaction of stocks of those companies, which are listed but found weak on governance and failing in the practice of meeting the Stock Market standards.
- 5.29 Practicing accounting and auditing standard is necessary for the development of capital market. Currently, preparing standards for both accounts and audit has been initiated. Putting in place a proper mechanism and a manpower development program for the eventual application of such standards is a challenging task.

6. Foreign Trade and Balance of Payments

- 6.1 Foreign Trade and Balance of Payments (BOP), which continued to be favorable for last several years, received a jolt during the first eight months of the FY2002/03, with the imposition of quantitative restrictions and procedural difficulties on four items of export to India under the renewed Trade Treaty. It adversely affected the overall export trade while the import increased at a higher rate leading to deficit in the trade balance and to the BOP on the whole. Despite the ongoing insurgency situation, gradual improvements in the economic situation of the country helped in the expansion of import and export trade and also significant savings in BOP in the review period of FY2003/04.

Exports

- 6.2 Exports during the review period of FY2002/03, which had declined by 1.4 percent, revived in the corresponding period of FY2003/04 with a net gain of 3.8 percent reaching Rs.35.09 billion. In US dollar terms, exports, which had declined by 3.8 percent in the review period of FY2002/03, was up remarkably by 9.5 percent in the corresponding period of FY2003/04. Exports to India increased noticeably but that to third countries diminished. As a result, share of India and the third countries in the total exports was 59.6 percent and 40.4 percent in the review period of FY2003/04 against that of the 54.5 percent and 45.5 percent respectively in the previous year. In terms of export/import ratio, total exports in the review period of FY2003/04 covered 39.9 percent of imports compared to 42.1 percent covered during the same period of FY2002/03. Growth rate of imports compared to exports was higher in the review period of FY2003/04, (which led to the) decline in export/import ratio by 2.2 percentage points.
- 6.3 Country-wise review of export trade reveals that the exports to India during the review period of FY2003/04 increased by 13.5 percent (totaling Rs. 20.90 billion) to the contrary of a decline of 13.6 percent in corresponding period of FY2002/03. Major primary items of exports to India were katechu, oilcakes, cardamom, animal feed etc. Among manufactured items, export of noodles, wheat flour, toothpaste, soaps, all kinds of yarn, MS pipes, plastic items, corrugated sheets, zinc sheet, GI pipe, textile, juice, PP fabric, hair oil, wires and readymade garments increased. However, the exports of a few items, which shared

a high proportion of exports to India, declined due to the quantitative restrictions in the renewed trade treaty. Among such items, vegetable ghee declined by 27.9 percent, copper-based items by 62.6 percent and zinc oxide by 82.2 percent. Also, export of goods like herbs, mustard seeds, jute goods, dried sugar, lintels, live animals, ginger, bran oil, stone and sands, biscuits, ayurvedic drugs, pashmina also suffered a drop in export.

- 6.4 Third country exports in the review period of FY2003/04 declined by 7.7 percent totaling Rs.14.19 billion compared to the rise of 18.5 percent in the previous fiscal year. Export of woolen carpet, the topmost among export items, increased by 6.6 percent compared to the drop of 23.7 percent in the corresponding period of FY2002/03. Export of readymade garments decreased by 18.0 percent as against the increase of 49.1 percent in FY2002/03. The third item among main export items is Pashmina (Nepali Cashmere wool). Its export slid downhill in both FY2002/03 and FY2003/04 by 9.9 and 10.5 percent respectively. Combined contributions of these three items in the exports to the third countries were 79.6 percent in the review period of FY2002/03 while 76.9 percent in the same period of FY2003/04. Other items of export to these countries are metal and wooden handicrafts, processed leather, lentils, tea and herbs. Exports of these items increased in the review period of FY2003/04, while other items such as linseed, gold and silver jewelry, leather goods and handmade papers declined in export.
- 6.5 The Fifth Ministerial Conference of World Trade Organization (WTO), held on 10-14 September 2003 at Cancun Mexico, unanimously approved Nepal as a member of WTO. Approving the Membership Protocol, Nepal sent its formal acceptance of membership on 24 March 2004. Nepal was declared 147th member of WTO on 23 April 2004. Nepal is the first least developed country to access to WTO membership. Ultimately, Nepal's 14 years of unrelenting efforts to enter into the multilateral trading system bore fruit after its membership of WTO, which in itself is an achievement. All concerned, including the government, the private sector, civil society and intellectuals have to put their concerted efforts for the maximum use of available opportunities and to overcome the inherent challenges emerging as a result of this membership.

Box 6 (1)

Nepal's Membership in the World Trade Organization (WTO)

Nepal has followed the course of economic liberalization since the decade of 80s. To align Nepalese economy with the multilateral trading system, Nepal submitted its proposal for membership in the General Agreement on Tariff and Trade (GATT) in 1989. Various negotiations under the Uruguay Round took decision to convert GATT into the present WTO on January 1, 1995. Nepal, then, as an observer member of GATT, submitted its proposal for membership of WTO. In that process, Nepal submitted all its foreign trade and other relevant documents as required by WTO for its membership. Conditions of membership were decided after several sessions of discussion with the participating member nations in groups and bilaterally in the years 2000, 2002 and 2003.

Commitments of Nepal for WTO Membership

- A. Provisions of facilities applicable to Least Developed Countries would be made available to Nepal.
- B. On goods trade, although the current tariff on agricultural products is low, tariff ceiling on these products have been fixed at a higher level in view of the possibility of a need to provide protection to such Nepalese production in future.
- C. Similarly, tariff on non-agricultural products also has been set at a higher ceiling while tariff cap has been put on import dependent items such as machinery, aircraft, vehicle spare parts and some chemical products (450 items in total).
- D. For some 50 items including vehicles, prefabricated buildings, syringes and other 150 items related to Information Technology, current tariff rates will continue for the next 5 to 10 years after which they will be reviewed to set lower rates on them.
- E. On an average, current tariff of 51 percent on agriculture sector products will be lowered to 42 percent and non-agriculture sector tariff of 37 percent to 24 percent after the interim period of 3 years.
- F. Other duties and charges like agriculture reform fee, local development fee, special fee are to be withdrawn immediately after membership of WTO. However, on a special request, WTO has consented to Nepal's' commitment to bring these charges to 0 level in period of 2 to 10 years.
- G. Considering the trade interest of the member states, Nepal has committed to open its market with conditions attached for some 70 sub-sectors under Services category of WTO classification. In committing to these sub-sectors, Nepal has kept in mind the feasibility of development of infrastructure, attracting foreign investment and competitiveness as important factors in WTO classified Services, category including: professional, communications, construction and engineering, distribution, education, environment, finance, health, tourism, transport, recreation.
- H. Ratio for foreign investment will be in the range of 51.0 percent to 80.0 percent depending upon sub-sector characteristics. Concerning allowing foreign employees of the investors to work in such companies, only the professionals in higher management positions, executives and experts, depending upon the type

of services foreign investors require, will be allowed for a specific period to come and work in Nepal.

- I. Nepal has submitted its work plan to frame, revise and adjust sectoral policy and legal issues of relevance. The work plan also includes putting in place, within stipulated timeframe, laws related to custom valuation, technical barriers in trade, intellectual property rights, animal and vegetation, and health safety consistent with the WTO provisions.

Necessary homework to fulfill the above-mentioned commitments on part of HMG is currently in progress. Initiatives for bilateral and multilateral assistance for institutional development, enhancement of efficiency and development of physical infrastructure relevant to the commitments are also underway.

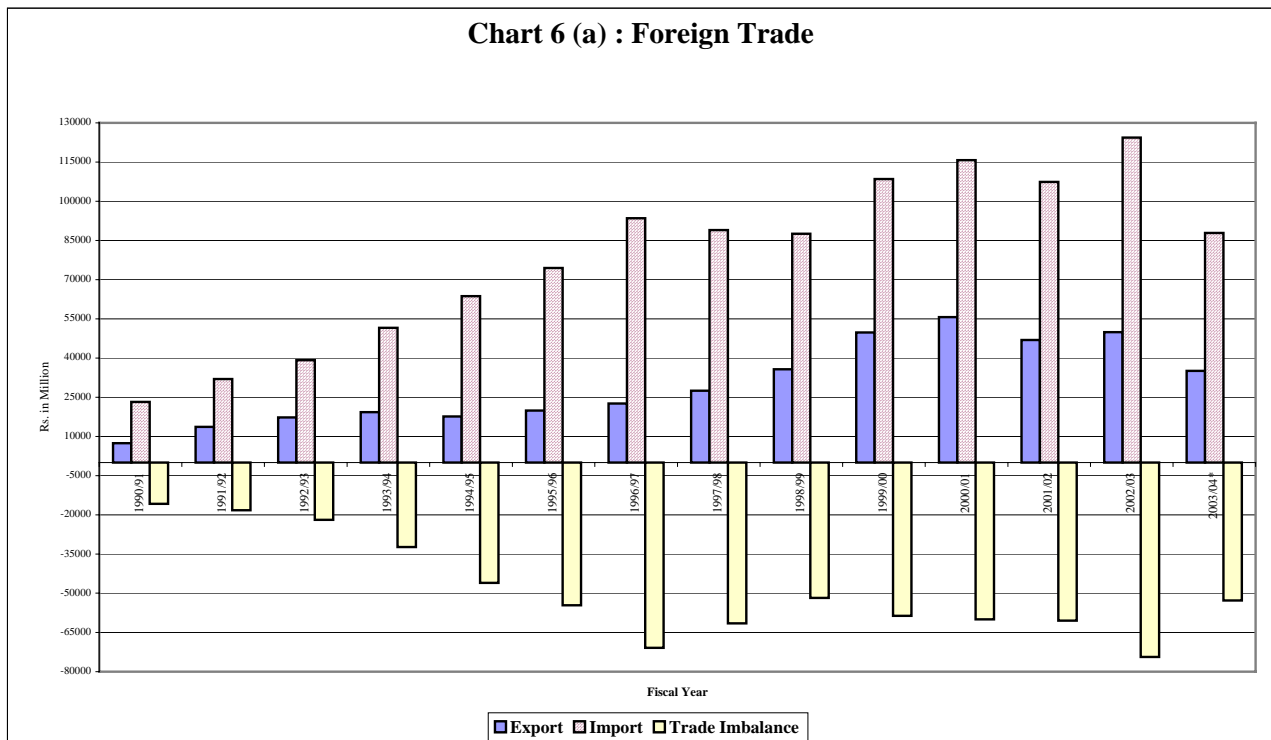
Nepal, in FY2003/04, has entered into the South Asia Free Trade Area (SAFTA), and has also joined Economic Cooperation (BIMST-EC) consisting of Bangladesh, India, Myanmar, Sri Lanka and Thailand as members.

Source : Ministry of Industry, Commerce and Supplies (MOICS)

Imports

- 6.6 Imports during the first nine months of FY2003/04 increased by 9.6 percent totaling Rs. 87.87 billion from Rs. 80.19 billion during the corresponding period of FY2002/03 with an increase of 13.4 percent compared to its previous fiscal year. In US dollar terms, import, which had increased by 10.7 percent in the review period of FY2002/03 increased remarkably in FY2003/04 by 15.6 percent. Third country imports in the same period of FY2002/03 dropped marginally compared to the sizable rise in imports from India. Imports during FY2003/04 from both sources increased but imports from India was leading. As a result, India's share in the total trade worked out to 56.9 percent and that of the third countries to 43.1 percent in comparison to 56.0 percent and 44.0 percent respectively in FY2002/03.
- 6.7 Imports from India in the review period of FY2002/03 had increased by 28.1 percent whereas in the same period of FY2003/04, it decreased to 11.5 percent totaling Rs. 50.03 billion. In terms of groups of commodities, import of goods of all groups has increased. Imports from India under convertible currency payments have gone up sharply by 31.2 percent during FY2003/04 compared to that of FY2002/03. Total value of such imports amounted to Rs. 9.42 billions, which is 18.8 percent of the total imports against 16.0 percent of the previous fiscal year. Industrial raw materials and construction materials under such payments included machinery, and spare parts, MS billet, MS wire/rod, aluminum ingot, industrial chemicals, polyester fiber, cotton, cold rolled sheet, caustic soda and means of transport. Imports of all of

these commodities increased while the import of items like steel sheet, all kinds of yarn, cement, electrical goods decreased. Of the traditional items, imports of POL products, tube, electrical goods and tools, tobacco, cosmetics, coal, chemical fertilizer and compounds, salt, plastic goods other machinery and their parts increased but the import of dry cell batteries sugar, writing and printing paper, drugs, radio, TV, yarn, fabrics, agricultural tools, fruits, vegetable, milk products live animals and readymade garments decreased.



6.8 Imports from third country in FY2003/04 increased by 7.1 percent totaling Rs 37.84 billion compared to decrease of 0.9 percent in FY2002/03. Reason behind such increase was that items used to be imported earlier from other countries were added to the third country import. Food items such as beetle nut, edible oil, construction materials such as steel wire, bitumen, industrial raw materials, plastic granules, palm oil, unprocessed soybean and coconut oil, raw wool, yarn, PVC compound, zinc ingot, copper wire, rod and others such as aircraft spare parts, chemical fertilizer, paper, agricultural machinery and tools were among them. During the review period, imports of computer

parts, means of transport, clove, cardamom, cumin seed, telecommunication equipment and their parts, storage battery, pipe and pipe fittings, televisions, VCD/DVD players and parts thereof, textile, POL products, ready-made garment, tallow, gold and silver and drugs and clinical equipment were among the major items whose import had decreased.

Box 6 (2)

Nepal Trade and Competitiveness Study

- a) A study on restructuring Nepal's trade structure in line with the liberal and competitive global trading environment was conducted in the year 2003 with the assistance of the World Bank and other development partners. The major objective of the study was to support the goal of poverty reduction while promoting pro-poor economic growth by strengthening backward linkages of export trade.
- b) The study aimed at finding answers to three questions pertaining to Nepal's trade, namely (i) how Nepal can promote its trade competitiveness; (ii) how WTO membership can be helpful in that direction; and (iii) what type of policy initiatives or technical support would be necessary to make the system and the structure of Nepal's trade competitive.
- c) The report recommended policy and procedures to be followed by HMG/N with a time-bound action plan for attaining the goal of trade competitiveness.

Source: Nepal Trade and Competitiveness Study, WB-2003

Balance of Trade

- 6.9 Volume of imports is about two and half times larger than that of exports. In the review period of FY2003/04 imports increased at a higher rate than the rate of exports. This led to the increase in trade gap by 13.7 percent to the total value of Rs.52.77 billion. The rate of increase in trade gap was even higher (27.4 percent) in FY2002/03 due to the decline of exports and the rise of imports. In the total trade deficit, India's share was 55.2 percent, and the share of other countries was 44.8 percent against 57.0 percent and 43.0 percent respectively in FY2002/03. As both import and export are increasing over the years, so does the total foreign trade in FY2003/04. In FY2002/03 also, total trade had increased despite decline in export as import rose.

Balance of Payments (BOP)

6.10 Balance of Payments statistics² for the first six months of FY2003/04 show a noticeable increase in the current account surplus mainly led by a large increase in net income from Services category and net transfer income despite the trade deficit. Financial account remained highly unfavorable but this was countered by a large increase in the category of Miscellaneous Capital inflow. As a result, overall Balance of Payments remained favorable. Total exports in the review period of FY2003/04 increased by 8.6 percent totaling Rs. 26.29 billion while the total imports jumped by 12.4 percent to Rs.63.13 billion. Thus the trade deficit of Rs.31.96 billion in FY2002/03 further widened by 15.3 percent to reach Rs.36.84 billion within 6 months of FY2003/04. Service category, which has an important place in Nepal's international transactions, improved noticeably. Increase in income from Transport Services under this category was quite large (90.8 percent). Though both Government income not shown elsewhere and Other Incomes had declined, income from Services category increased by 15.1 percent in FY2002/03. Under Services category, payments to the Other Services and Transport services category increased by 31.2 percent and 2.0 percent respectively while payments to Services, not accounted for elsewhere, diminished marginally. As a result, the net effect was that the payments increased by 7.8 percent over the payments in FY2002/03 contributing to the total amount of Rs.9.75billion in FY2003/04. Increase in net income from Services category was very large because the receipts from this category were larger than payments. In the Income under Transfer category, Remittances³ is the key player. Income from this sub-category in the review period of FY2003/04 stood at Rs.34.74 billion with an increase of 21.2 percent compared to the review period of FY2002/03. In the new BOP format, it is to be noted, income from the Remittances is an estimate based on the assumption of fixed amount of remittances and the total number of workers abroad. Grant aid receipts of the government, another sub-category under Transfer Income, also recorded a high growth of 52.6 percent. The total Transfer Income therefore increased by 20.1 percent. As a counter to the income, amount of payments under the Transfer Income was small and diminishing. The net transfer income, therefore, increased by 21.9 percent compared to the amount in the review period of FY2002/03. The total amount stood at Rs. 47.76 billion. Under the

² Format of Balance of Payments (BOP) reporting has been revised to the international standard with more detailed classification of statistics that facilitate analysis in comparative terms. Nepal Rastra Bank started publishing data in such new format since mid-April, 2003.

³ Accounting income from remittances in the new BOP format is based on employees working overseas and estimated transfer of their earnings.

Capital Accounts, capital transfer dropped drastically by 78.3 percent compared to FY2002/03 to the reduced total of Rs 970 million. Under Financial Account, Other investment assets as counter to the Other Investment liability remained high. As a result, the net financial account deficit in the review period of FY2003/04 widened by 121.9 percent totaling Rs.8.73 billion.

Box 6 (3)

Revised Format of Balance of Payments

Revised BOP Reporting Format (new format for the reporting of the BOP situation) has been in use recently. It captures all the economic transactions of the external sector by a fixed interval of time commensurate with the international practice. It also can incorporate new types of transactions that may emerge over time. Salient features of the new format and the changes made in the old format are as follows:

- A. Old format reported the values of export and import partially at FOB and CIF prices. New format now reflects both values fully at FOB prices, which matches with international practice and in realistic terms.
- B. On commodity trade, not all trading transactions pass through customs, e.g. aviation fuel pumped to foreign airlines in Nepal and, similarly, the Nepalese airlines refueling outside Nepal, their procurement of aircraft spare parts, power exchange with India, import of oil from other countries, and re-export of crude to India directly from Indian ports. These are all captured in the new format. The trade data reported as per customs record and the BOP data prepared under the new format may vary.
- C. In the old reporting format, there were only three headings, namely, commodities, services, and transfers. New format has one additional heading of Income, which has brought Remuneration and Wages and Investment Income under the Current Accounts.
- D. Unlike old format where Services included Travel and Transportation as two separate subcategories, transportation sub-category in the new format includes transport charges as well.
- E. In the old format, Private sector Transfer inflows included Recorded Remittances and Pension Income. New format includes one more category of Estimated Remittances.
- F. Inclusion of noticeable volume of Estimated Remittances in Transfer Income in the new format has transformed the traditionally deficit Current Accounts into remarkable surplus.
- G. New format now incorporates amounts of transfer incomes like: likely Investment Grants, Debt Relief and Migrations under the sub category of Capital Transfer.
- H. In the new format, Financial Account category has been introduced, under which Foreign Direct Investments, Other Investments and Reserve Assets have been included. Amounts of Foreign Loan and Principal Repayments, which used to be reported under the Capital Accounts in the old format, are reported under Investment Liabilities.
- I. Due to all these improvements, values under the Errors and Omissions have been reduced drastically.
- J. Reporting under new format conforms to the IMF's fifth edition on BOP Statistics Guidelines whereas the old format was based on the fourth edition.

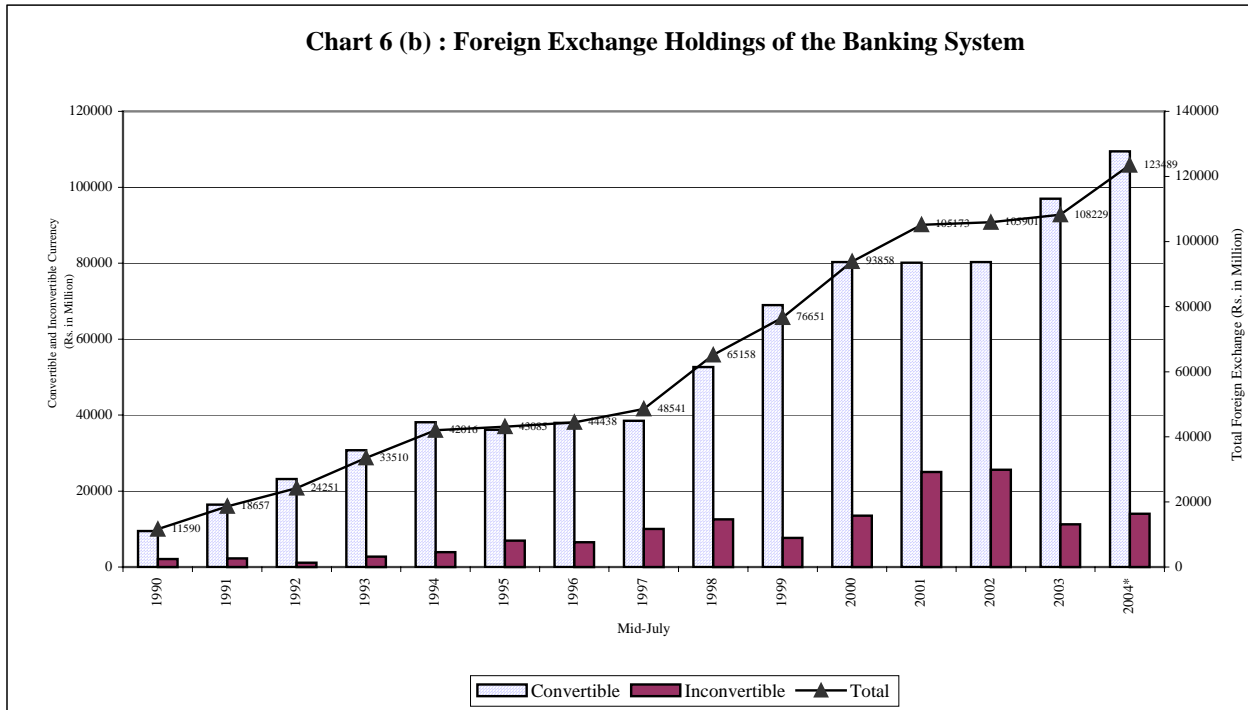
Source : NRB

- 6.11 Current account surplus during the first six months of FY2003/04 surged up by 41.6 percent totaling Rs.13.42 billion. Similarly, Miscellaneous Capital Inflows reversed positively to Rs 6.25 billion against the decline of Rs. 9.38 billion in FY2002/03. As a result, BOP has turned positive by Rs. 8.62 billion in the review period of FY2003/04, which was negative by Rs.1.49 billion in FY2002/03.

Foreign Exchange Reserves

- 6.12 Foreign exchange reserves increased by 14.1 percent totaling Rs. 123.49 billion during the first eight months of FY2003/04 compared to 1.8 percent increase during the corresponding period of FY2002/03. Of this total reserves, NRB shares 82.7 percent and the commercial banks share 17.3 percent. Share of convertible currency is 88.6 percent and that of inconvertible currency has dropped to 11.4 percent. In the same period of FY2002/03, share of convertible and nonconvertible currencies was 81.3 percent and 18.7 percent respectively. In NRB's reserve of Rs.102.16 billion equivalent, share of convertible and inconvertible currencies was 87.5 percent and 12.5 percent respectively. In the total reserve of Rs.21.33 billion held by the commercial banks, convertible currencies shared 93.9 percent and inconvertible currencies 6.1 percent. From the observation of the trend of import during the review period of FY2003/04, total reserves held is estimated to cover 11 months of imports of commodities and 9 months' import of commodities and services combined. Foreign assets held by the banking sector in the review period of FY2003/04 increased by 14.0 percent totaling Rs.124.65 billion. At the same, the foreign liabilities increased by 22.5 percent to total Rs 21.92 billion. In comparison, foreign assets and liabilities in FY2002/03 had increased by 1.8 percent and 7.1 percent respectively.

Chart 6 (b) : Foreign Exchange Holdings of the Banking System



Exchange Rates

6.13 During the first eight months of FY2003/04, a mixed trend of exchange rates of Nepali Rupee vis-à-vis major foreign currencies was observed. In comparison to the rates at mid-July 2003 with those at mid-March, 2004, Nepali Rupee appreciated by 2.1 percent against US dollar but it depreciated against all other international currencies, e.g., in terms of Japanese Yen, it depreciated by 3.5 percent, Swiss Frank by 5.4 percent, by 6.1 percent with Euro and by 8.6 percent with Sterling Pound. To the contrary, between the same month of 2002 and 2003, value of Nepali Rupee was up by 0.3 percent against US dollar and by 1.8 percent against Japanese Yen while it depreciated in terms of Sterling Pound (by 2.7 percent), Euro (by 8.5 percent) and Swiss Frank (by 8.6 percent).

Challenges

6.14 There is a challenge of sustaining the growth of income from exports, tourism, and other services including remittances as these are the main

sources of foreign exchange earning. Generating additional resources through efficient management of foreign exchange surplus after meeting the imports needs at a sustainable level and promoting economic growth is another challenge.

- 6.15 If adequate monitoring of opportunities of overseas employment for the unemployed youth is necessary, it is also necessary to ensure that their income is channeled safely and securely into the country through institutional mechanism. Accordingly, for the purpose of monitoring the number of people engaged in overseas employment, and estimating their income, it has become necessary to think over either issuing special passports to such employees as is in practice in other countries or to mark their passport as 'for employment'. A suitable ways and means of social recognition to the youth working abroad, and providing facilities of foreign exchange, favorable interest rate on their investment and the like needs to be developed and put in place.
- 6.16 As Nepal is now a member of WTO, quota, exemptions or any kind of protection facilities to our exports can no more be expected from the trading partners. It is high time that Nepal identifies export items that have comparative advantages and potentials of high value addition. To facilitate the expansion of major export items both in terms of quality and quantity, proper industrialization, market diversification, commercialization of agriculture and increased investment of national resources in productive sectors are among the agenda of high importance.
- 6.17 Herbs of high medicinal value, horticulture and livestock products, orthodox tea are among the products of comparative advantages and have potentials of high value addition. Exports of processed herbs instead of raw, and rapid expansion of tea cultivation in the mid hills are the examples that can generate employment and promote exports.
- 6.18 Active participation of the private sector is inevitable for the production and market diversification of export items. A private sector-friendly environment needs to be in place for which legal and institutional bases have become a matter of urgency.
- 6.19 In order to sustain the BOP scenario in Nepal's favor, role of capital accounts as it used to play over the past needs to be changed. Instead, the transactions of high importance under the current accounts such as trade, tourism, services and overseas employment need to be given

high priority through related policy initiatives and their implementation.

7. Poverty Alleviation and Employment

- 7.1 The perception of looking at poverty from human and social dimension that transcends the traditional belief that poverty appears due to the sole lack of economic resources and income, is on the rise. The conventional definition of poverty has now been gradually broadened and widened since the connotation goes beyond the implication of inadequate level of income to sustain the life. Now, it also includes various human dimensional aspects like illiteracy, early death, child marriage, malnutrition, sickness and so on. It is, therefore, realized that poverty is the outcome of social, political and cultural ambiance. Although poverty is divided into two categories - absolute and relative- the former deserves more attention for analytical point of view. A poverty line is hypothesized to measure the absolute poverty. The proportion of population living below this line shows the extent of poverty. The recent estimate done by the National Planning Commission (NPC) in Poverty Reduction Strategy Paper (PRSP) is 38 percent. It is little less than 42 percent estimated by the Nepal Living Standard Survey (NLSS) conducted in 1996. Since more than 90 percent of the country's population lives in rural areas, the nature of income-based poverty is also rural-oriented. Furthermore, poverty is more intense and severe in the villages of the hilly regions of the Mid and Far Western Development Regions. Overall, poverty has become the multidimensional fact of life for the Nepalese people.
- 7.2 Poverty measurement shows the magnitude of poverty in any society. The three aspects, namely, the incidence, the inequality and the intensity are particularly analyzed while measuring the poverty*. Since poverty in Nepal is Inter-Generationally Transmitted (IGT), it is, by nature, chronic and should therefore be reasonably considered while analyzing its causes and consequences, the tendency of intergenerational transfer of capital and assets and so on.

* The widely used formula to work out all three aspects of analysis is
$$P_{\alpha} = \frac{1}{N} \sum_{i=1}^q \left(\frac{(z - y_i)}{z} \right)^{\alpha}$$

where P_{α} is the measurement of absolute poverty, y_i is total expenditure (or income) of household, z is poverty line, N is total number of households, q is number of poor households, and α is the measurement parameter, which denotes the level, depth and severity (also known as incidence, inequality and intensity of poverty) with its value equal to 0, 1 and 2 respectively.

- 7.3 As the latest extensive Nepal Living Standard Survey (NLSS) report has not come out yet, we still use the figures of the NLSS conducted in 1996. The NLSS (1996) had estimated annual per capita income of Rs. 4404/- to meet the expenses on daily minimum average of 2,124 calories for food and other non-food requirements. Considering the inflation level, the income at the current prices of 2001 turned out to be Rs. 6100/- and accordingly, 42 percent of the people were estimated to be living below the poverty line in Nepal. According to the NLSS (1996), 44.0 percent of the rural population was estimated to be living below the poverty line whereas this proportion was 23.0 percent in urban areas. Only 4.0 percent of the population was below the poverty line in Kathmandu valley. Likewise, poverty level was up to 53 percent in the Terai districts of Far Western Development Region whereas it was up to 56 percent in the hilly districts of the Mid-western Development Region. Poverty level was as high as 72 percent in those districts of the hills and high hill areas of the Far Western Development Region. The NLSS had overall estimated the incidence of poverty to be 40 percent, the depth/inequality ratio 12.1 percent and the severity 5.0 percent. The PRSP has not only acknowledged the income based poverty but also the indicators of human poverty like literacy, birth/death rates, and access to the basic social and economic infrastructures, with particular focus on the deprived classes, women and remote areas. The Rural Household Survey (RHS) conducted in 2001 has shown a slight decrease on the poverty level during the period (1996-2001). The reasons apparently cited are: annual increase in GDP by 4.8 percent, annual increase in agriculture growth rate by 3.7 percent and 30 percent annual increase in remittances in the country. But these results are yet to be confirmed by the comprehensive NLSS conducted in 2003/04.
- 7.4 The Poverty Reduction Strategy Paper (PRSP) has identified a few key factors contributing to rural poverty in Nepal. In the first place, the past pattern of economic growth and development has been largely skewed, urban-centric and inequitable. The rural income improved a little over the past decades as agriculture growth barely exceeded rural population growth. Secondly, the rural poor had little access to basic social and economic services and infrastructure (health, drinking water and roads etc), which severely limited the opportunities for income generation and human development. Thirdly, social exclusion persisted among certain caste and ethnic groups, women and those living in remote areas (from resources, income and employment opportunities and human development), due to a variety of reasons such as lack of

voice, political representation, empowerment and acute remoteness. Finally, poor governance including weak civil administration, misuse of resources and lack of accountability collectively fueled the flame. The PRSP has accepted that all these factors helped perpetuate the vicious circle of poverty in Nepal.

- 7.5 The overriding objective of the Tenth Plan is to alleviate poverty by appropriately addressing the income-based poverty, human poverty and social inclusion. The Tenth Plan, also known as PRSP, has targeted to bring down the income-based poverty to 33 percent under normal growth scenario (4.3 percent) and to 30 percent under the expected high scenario (6.2 percent) and has devised policies, strategies and programs accordingly. In the similar vein, other dimensions adopted by the Plan are human and social aspects having indicators like life expectancy, child mortality, maternal mortality, primary school enrolment and literacy (in terms of gender, caste and regions) along with quantifiable goals and specific activities on social and other economic sectors. The Tenth Plan has shown the commitment to implement its four pillars through the means of MTEF and IAP: (i) achieving high, broad-based, and sustainable economic growth; (ii) improving the quality and availability of social and economic services, and infrastructure; (iii) ensuring social and economic inclusion of the poor, marginalized and vulnerable groups; and (iv) promoting good governance.

Box 7 (1)

Poverty Reduction Support Credit (PRSC)

The Poverty Reduction Support Credit (PRSC) started as a country assessment strategy (CAS)–based development assistance instrument since 2001, supporting an IDA-eligible country’s policy and institutional reform program to help implement its Poverty Reduction Strategy. The World Bank (WB) developed PRSC as a financial instrument of its support, initially for Uganda and Vietnam. The PRSC program is conceived to cover several years, but is subject to an annual review. It supports the implementation of the government’s Poverty Reduction Strategy Paper (PRSP), which focuses on:

- Generating economic growth
- Improving service delivery
- Promoting social inclusion
- Improving governance

PRSC program supports selective key reforms that will directly contribute to pro-poor growth. Creating fiscal space and improving the effectiveness of public investment thereby improving the climate for overall public investment are the major pro-poor growth programs. Based on Medium Term Framework (3 years), this program has been proposed in three phases. Nepal has already received credit facility, in the form of PRSC-I, for FY2003/04.

In FY2002/03 the WB graduated Nepal from low case to base case for the reforms carried out by Nepal in the economic policy areas. Approval of PRSC-I is a consequence of carrying out these reforms. The program document states that if the reform programs, which are also based on the four pillars of the PRSP 2003, are carried out satisfactorily, PRSC-II will also be provided in 2004. Similarly, PRSC III will follow in 2005 if reforms proposed on the PRSC-II are carried out successfully. The medium term policy reform matrix of the program document contains the following pillars, objectives and prior actions.

Pillars	No of Objectives
Broad Based Economic Growth	10
Improving service delivery	3
Promoting social inclusion	8

The notable features of this program are that the proposed reforms should be carried out by September each year and the World Bank, if satisfied, grants the credit facilities for the following years.

PRSC-I

This credit facility, under PRSC-I, was given by WB/IDA for the effective implementation of the PRSP. The details are:

Amount: SDR 51 Million (US \$ 70 Million equivalent)
 Maturity period: 40 year
 Grace period: 10 year
 Project ID Number: P074685
 Conditions: Standard IDA terms
 Estimated Disbursement: Single Tranche

It is anticipated that PRSC, a support program based on a medium term framework, will be of great help in alleviating poverty.

Source: Program Document for a proposed Poverty Reduction Support Credit, the World Bank, 2003

Human Poverty:

- 7.6 Human Poverty is one of the important dimensions of poverty situation. It is, therefore, essential that efforts contributing to human poverty reduction be geared concomitantly. As empowerment, equity, productivity and sustainability are four pillars of human development, poverty reduction can only be possible by duly addressing these pillars. Similarly, the overall empowerment is possible by developing social, economic, cultural and political capability. Nepal has expressed its commitment to the Millennium Development Goals

(MDGs)[▲] propounded by the United Nations (UN). In order to achieve these targeted goals, national policies, plans and programs should be reoriented accordingly. It is also necessary that regular monitoring is carried out and progress report of the performance made public. In this connection, the NPC and the United Nations Development Program (UNDP) in 2002 jointly published a progress report on indicators of these goals. Based on the recommendations of this report, some policies and programs conducive to MDGs have been incorporated in the current Tenth Plan. HMG/N, in the near future, is about to prepare a business plan detailing the MDGs and the PRSP interrelationships. The effort to prepare the second progress report on the MDGs is underway. The overall progress will only be ascertained once all these are forthcoming. In connection with the cost estimation to achieve these goals, the government has forecasted appropriated amount and resource gap. It has also made cost estimation on four social sub-sectors - drinking water, primary education (enrolment rate), maternal mortality and child mortality rate- in FY2003/04. It is expected that such steps allow government to explore various alternatives in acquiring and mobilizing additionally required resources.

- 7.7 As the PRS is a medium-term road map in achieving the MDGs and also one of the features of the PRSP is the reorientation of policies and programs toward achieving MDGs, PRSP can be taken as the major instrument in this direction. Some efforts are also being made to linking MDG targets with immediate indicators of the PRSP. As new initiatives in education and health sectors have been taken up, social inclusion and governance reform are progressing, and an expenditure prioritization framework is in place, the relationship between PRSP and the MDGs is clearly discernable. In order to make the link more effectual, three focal areas should be as follows: target setting for poverty reduction; pro-poor policy content and prioritization; and resource requirements for meeting poverty reduction targets. As the PRSP has accommodated most of the MDG contents, it is, therefore, expected that the PRSP is supportive to achieve the millennium development goals within the stipulated time.
- 7.8 Human Empowerment Index (HEI) is extensively used to analyze the human poverty situation. According to the paper presented by NPC in

[▲] UN, in its Millennium Summit in 2000, declared Millennium Development Goals (MDGS) with added commitments and focus on Environment, Human Rights and Good Governance. The general targets of the MDG are: 1. To reduce Poverty and Hunger 2. To expand Primary Education 3. To ensure Gender Equity and Empowerment of Women 4. To reduce Infant Mortality Rate 5. To reduce Maternal Mortality Rate 6. To reduce incidence of diseases like HIV/AIDS and Malaria 7. To protect and Sustain Environment 8. To enhance Global Partnership for Development

the pre-consultative meeting of National Development Forum (NDF) 2004, Human Development Index (HDI) is estimated to be 0.461. Judging from the international standard, which considers less than 0.50 HDI a low category, HDI in Nepal is very low. Along with this low HDI, there are other challenges of disparity in the level of human development within and across regions. The HDI in urban areas is estimated to be 0.581, which surpasses the HDI of rural area, where it is estimated to be 0.439. In terms of geographical regions, HDI in the mountains (0.382) is the lowest followed by the Terai (0.457) and in the Hills (0.492). According to the same paper, human poverty in urban area is 25.3 percent and in rural area 45.3 percent. The incidence of human poverty is more pronounced and heavily concentrated in the mountains and hills of the Far and Mid-Western Development Regions.

- 7.9 The same paper states that HEI is estimated to be 0.459 in Nepal. Of the three dimensions of empowerment, economic empowerment (0.337) is the lowest than the political empowerment (0.646) and the social empowerment (0.395). The low level of economic empowerment, in essence, reflects the low level of income, limited access to productive assets and the lack of gainful employment opportunities for the people.
- 7.10 HEI is more powerful index than the HDI, particularly at the lower end of the development scale, where poverty is concentrated. This provides policy signals as to what kinds and scales of social, economic and political interventions are essential to reduce disparities at the local level.

Poverty Monitoring

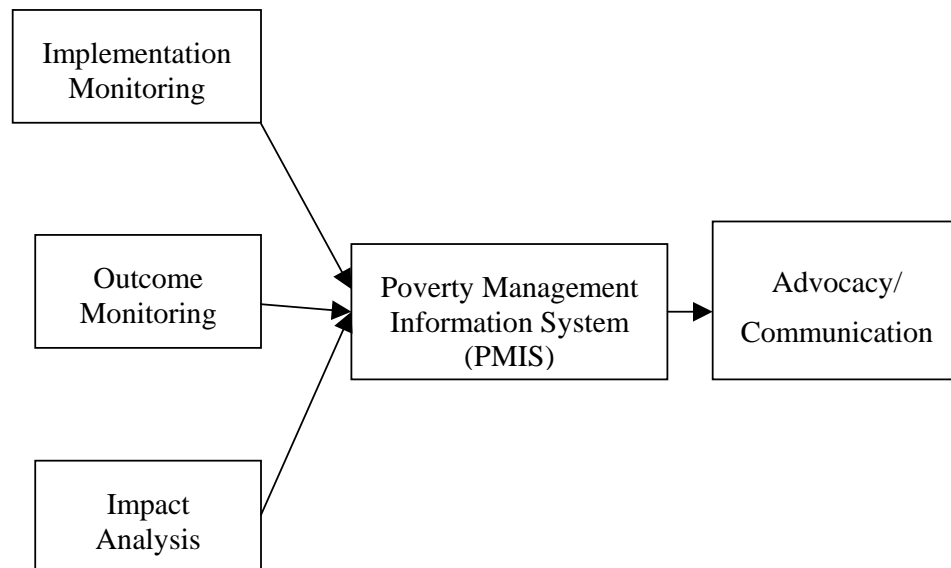
- 7.11 As the principal objective of the Tenth Plan is poverty alleviation and the thrust has been on its implementation, a separate mechanism for comprehensive and integrated poverty monitoring system has been set up in addition to the customary monitoring system. Poverty monitoring is an important aspect of poverty alleviation effort. Poverty monitoring is more than just tracing out income levels and poverty lines and comparing them with each other. Since poverty is a complex and multi-dimensional phenomenon, income-based poverty is just one part of it. Non-material components such as human development, social variables, environmental aspect, gender issues, and accountability are also equally important. All these make the poverty monitoring, as these are inextricably linked to one another and interwoven, more complex

and onerous. Furthermore, there is no doubt that poverty monitoring should be pro-poor, helpful for policy making, useful for development efforts and directly linked to and solidly coherent with the poverty reduction strategies.

- 7.12 The indicators identified for poverty monitoring in the Tenth Plan are grouped into four broad headings. Improving the severely indigent situation and reducing the proportion of people living below the poverty line; improving the human development index; promoting gender equality and improving the penurious state of the excluded class/castes/ regions thereby improving the overall human development indices are some of them, which, of course, are monitorable as well. Moreover, the indicators of the MDGs expounded by the United Nations have also been incorporated as poverty monitoring indicators.
- 7.13 Arrangements have been made to collect required information for poverty monitoring through major comprehensive national living standard measurement surveys like periodic Living Standard Survey, Nepal Demographic and Health Survey and District Level Household Survey in addition to the existing Management Information System. NPC, as per the provision made in the Tenth Plan, will routinely publish overall poverty monitoring reports including the detailed progress reports on PRSP implementation. The information received through poverty monitoring will be analyzed and used for dissecting the rationality and overall consistency of the policy measures and plan of actions adopted. This will be done at least two times during the plan period. The evaluation of four main broad development strategies for poverty alleviation including the performance evaluation in general will be done in the mid-term review of the Tenth Plan.
- 7.14 As per the policy adopted in making monitoring and evaluation system more effective and in ensuring the smooth implementation for the expected outcome in the Tenth Plan, His Majesty's Government, based on the participatory approach, has published a Poverty Monitoring and Analysis System (PMAS) Framework in May 2004. This framework has clearly spelled out many aspects of monitoring and evaluation systems including the indicators for regular monitoring and evaluation for the Tenth Plan/PRSP, sources of information, institutional arrangements and poverty monitoring information system (PMIS). This new arrangement of integrated framework is expected to meet the requirements of all the concerned including HMG/N and the donor community. Similarly, due to this new arrangement, implementation of

the current PRSP is expected to be quite effectual to attain the predetermined goals. Under the PMAS, institutional mechanism for poverty monitoring, information flow, action plans for surveys, indicators to be employed and the participatory approach to be adopted have also been incorporated. Under this integrated framework, the following five key functions are considered as crucial:

- (a) Implementation monitoring;
- (b) Outcome or well-being monitoring
- (c) Impact analysis
- (d) Poverty Management Information System (PMIS)
- (e) Advocacy/communication.



- 7.15 Under PMAS, the provision of PMIS has been considered most vital. Other features of PMAS include enhancing national ownership, participatory and collaborative engagement and likely harmonization. Three main objectives are: (i) monitoring budget allocations to core programs and policies (ii) monitoring the accuracy of process /activity indicators, and (iii) monitoring the level of achievement of core policies and programs. Arrangements have been made to pay attention to the Public Expenditure Tracking (PET) and Performance Monitoring.

- 7.16 For the effective implementation of poverty alleviation programs, the Poverty Alleviation Fund (PAF), a separate autonomous institution, has been created which is legally supported by a separate act namely the Poverty Alleviation Fund Operations and Working Ordinance 2060. Accordingly, the PAF board has been constituted and the central secretariat has been established. The PAF, as an initial effort, has drafted the Operations and Financial Manual, Environment Assessment Framework and Poverty Alleviation Fund Regulations for the managerial accountability and program implementation in due consultation with stakeholders. The chief executive officer has already been appointed through free and open competitive selection procedure and the process of selecting and recruiting other required manpower is in the final stage.

The PAF, on a pilot basis, has selected six districts namely, Darchula, Pyuthan, Kapilbastu, Mugu, Ramechhap, and Siraha and has began its preliminary operations. In connection with resource mobilization, grant negotiation with the World Bank for 15.2 million US dollar has already been concluded. It is expected that the PAF will commence its operations in these six districts including special poverty monitoring on a full-fledged basis right from the beginning of the coming fiscal year, as soon as it will have well-established institutional set up and be equipped with adequate fund.

- 7.17 As per the commitment of His Majesty's Government to launch separate targeted programs for socially and economically deprived class/regions and to devise a separate monitoring mechanism for such programs to ensure the effectiveness and to increase the access of deprived to the programs, a draft report for such mechanism is in the final stage. It has been expected that with the preparation of such mechanism, special monitoring will be put into practice right from the beginning of the coming fiscal year.
- 7.18 The National Development Volunteer Services Program (NDVSP), started from the FY1999/2000 under NPC and launched in the spirit of fulfilling technical manpower at the local level, has mobilized 552 volunteers in 39 different districts in the FY2003/04 alone. The volunteers, who are experts in their respective technical fields, are basically engineers, overseers, women development coordinators, health assistants, nurses, assistant nurses, planners, etc and are selected as per the demand of the local level. These volunteers have also been involved in activities like poverty alleviation, health and education

services, infrastructure building, income generating and empowerment activities of the deprived groups at the local level.

The deprived class-support program, run on the basis of social mobilization, is currently underway in four municipalities and in 66 village development committees of 10 districts. Under this program, 201 women groups of the deprived class have been formed and 5764 people have been made literate. Likewise, small-scale infrastructure building activities like small drinking water schemes, small irrigation facilities, sanitation and small village road construction etc; have also been implemented under this program. Overall, this program is useful in supplying technical manpower at the local level to some extent, and therefore, has proved useful in poverty alleviation in terms of literacy and income generating activities.

Time taken to exit

7.19 While adopting poverty reduction strategies, it is necessary to know as how long would it take, at different potential economic growth rates, for the average poor person to exit from poverty. There is, in general, the inverse relationship between time taken and the economic growth rates. Statistically or mathematically, time to exit can be calculated by analyzing the relationship between these two variables[¶]. So far there are no such statistical analyses conducted in Nepal. For the first time, the Ninth Plan had stated the followings:

Table 7 (a)
Targets of Poverty Alleviation

S. No.	Plan Period	Target of minimizing population proportion below the poverty line	Remarks
1	At the beginning of the Ninth Plan	42 %	
2	At the end of the Ninth Plan (by FY2001/02)	32%	It is the estimation that during the Ninth Plan, this

[¶] Morduch (1998) gives a formula with this property. For the J person below the poverty line (z), the expected time to exit poverty (i.e., to reach the poverty line), if

consumptions per capita grows at positive rate g per year is,
$$t_g^i = \frac{\ln(z) - \ln(x_j)}{g} =$$

Here x_j is the jth person's income and g is economic growth rate. It is assumed that growth rate is a continuous function. Ln is natural logarithms.

			ratio came down only to 38%
3	At the end of the Tenth Plan (by FY2006/07)	23%	
4	At the end of the Eleventh Plan (by FY2011/12)	15%	
5	At the end of Twelfth Plan (by FY2016/17)	10 %	There is no further analysis as to when will it be reduced to zero

Source: *The Ninth Plan, NPC, Singh Durbar*

It was stated, while analyzing the poverty scenario, in the Ninth Plan that the proportion of people living below the poverty line by the end of the Twelfth Plan will be only 10 percent, the assumption apparently being that population growth rate is contained at 1.5 percent and the economic growth rate would increase annually by 7.2 percent. Therefore, It was the projection at that time that within 20 years, 32 percent (from then 42 percent to 10 percent) of the population would exit from the poverty. The reality, however, is different as neither the population growth rate is contained, nor economic growth rate has gone up as stated. It means that it would take far longer period than previously thought.

Employment

7.20 There is no record as such of regular labor force/employment survey in Nepal. Other periodic surveys are used to estimate and forecast the employment situation in Nepal. It is estimated that during the Tenth Plan (2002-2007) period, 1.053 million additional employment opportunities will be created. Due to the positive effect on the increase in production and their contribution in different sectors of the economy, it was considered achievable. It is estimated in the Tenth Plan that by the end of the plan period, that is, by FY2006/07, total employment creation will be 11.012 million. By that time, as stipulated in the plan, total economically active population will be 11.580 million, of which unemployed portion will only be 4.1 percent. However, observing the performance so far, it is unlikely that the target will be met in time. As regards the underemployment, it was 32.3 percent at the beginning of the plan and is estimated to come down to 22.3 percent by the end of the plan period.

- 7.21 Although availability of employment opportunities helps alleviate poverty, due to the present internal security situation and slackness in economic growth, expected results are unlikely. It is imperative, therefore, that attempts to provide employment to unemployed and underemployed be put forward strenuously.
- 7.22 HMG/N is seriously pursuing to creating employment opportunities both at home and abroad. Appropriate training and skill development activities for creating employment and self-employment opportunities are being conducted through 14 skill development centers and two vocational training centers under the Department of Labor and Employment Promotion. These centers have been conducting regular skill development and professional training in 27 different areas including tailoring, plumbing, welding, carpentry, auto mechanics, computer, typing, etc. In FY2002/03, training was imparted to 4496 persons on various skill-oriented and professional courses based on labor market demand. Additional 3923 persons received training on 27 skill oriented and professional courses during the first eight months of FY2003/04.
- 7.23 Skill development, vocational and entrepreneurship development training are the major training programs under the cottage & small-scale industry development program. Similarly, various women-centric training activities like entrepreneurial skill development and vocational training programs are being conducted under the Women Entrepreneurship Development Program. In FY2002/03, training was imparted to 928 persons at center and to 6075 persons at the districts, making up the total number of women participating in the training 7003. Additional 583 persons received various training at the center and 2887 persons at districts, altogether persons receiving training totaling up to 3470 in the first eight months of the FY2003/04.
- 7.24 The Council for Technical Education and Vocational Training (CTEVT) imparted, in various disciplines, 3880 long-term and short-term training in FY2002/03, of which 1021 trainees participated in short-term and the rest took part in long-term training. In the same vein, skill-test examinations were also held for 1022 persons trained elsewhere but not yet accredited. During the first eight months of the FY2003/04, CTEVT has imparted long-term and short-term training to 541 persons and 1558 persons respectively including skill test examination of 480 persons. Nepal Tourism and Hotel Management Academy, since its establishment, has so far imparted training to 15726 persons on tourism and hotel management including 1134 persons trained during the first eight months of the FY2003/04. Likewise, with

a view to empowering and increasing participation in civil service, a total of 263 women have been trained in public administration through special preparatory classes during the first eight months of the FY2003/04. Also, skill oriented training programs, particularly meant for single household women's income generation, through non-governmental organization (NGOs) have been conducted during the period.

7.25 Women Skill Development Center during the first eight months of FY2003/04 has imparted tailoring training to 300 women participants. Ministry of Women, Children and Social Welfare, in close consultation with the Ministry of Labor and Transport Management, has taken steps for making easier access to foreign employment for deprived class and conflict-affected women. HMG/N has already decided to relax the previously imposed ban on work permit for women going to gulf countries. Mainstreaming Gender Empowerment Program (MGEP) has also imparted trainers' training and facilitators' training to 175 persons for uplifting and development of Dalit women, Muslim women and women from the socially excluded ethnic groups. The program has also provided reorientation training on various fields for 1009 persons. Similarly, 65 disabled persons have been trained under the Disable Training Program primarily focusing on skill development.

7.26 The trend of looking for foreign employment is on the rise in recent years due mainly to the limited employment opportunities and widespread conflict in the country. By FY2002/03, a total of 347,062 persons were granted official permission for foreign employment compared to the total of 242,005 at the end of FY2001/02, which is a significant rise of 43 percent over one year period. A total of 64,142 persons got permission for foreign employment in the first eight months of FY2003/04. Persons granted official permission for foreign employment by mid-March 2004 totaled 411,204. Country-wise data show that Malaysia has become the main destination of foreign employment seekers followed by Qatar, Saudi Arabia, and U.A.E.

Table: 7(b)
Country-wise Foreign Employment

SN	Country	Up to FY2002/03	First eight months of FY2003/04	Total	Percent
1	Saudi Arabia	101449	10609	112058	27.2
2	Qatar	82072	13604	95676	23.3
3	U.A.E	38322	7958	46280	11.3
4	Bahrain	3989	1453	5442	1.3

5	Kuwait	3880	438	43118	1.0
6	Oman	380	61	441	0.1
7	Hong Kong	2317	468	2785	0.7
8	Malaysia	108445	27882	136337	33.2
9	Korea	3831	989	4820	1.2
10	Brunei	422	118	540	0.1
11	Others	1945	562	2507	0.6
	Total	347062	64142	411204	100.0

Source: Department of Labor and Employment Promotion, New Baneswore

Challenges

On Poverty Alleviation

- 7.27 Poverty, as a vicious circle, is traditionally deep-rooted in Nepal and, therefore, requires deserving efforts to alleviate it. Since it is complex and chronic, routine attempts will be insufficient to get rid of it. As economy is based on agriculture, and the agriculture sector is based on erratic monsoon, the production and productivity are very low and uncertain. As a result, income of those people whose mainstay is agriculture has not increased. Given the fact that about 78 percent of the population is engaged in agriculture, national production and the productivity cannot be increased without an increase in production and productivity of the agriculture sector. Therefore, poverty alleviation campaigns demand great impetus to gain momentum. How agriculture sector can be well developed is still a challenge.
- 7.28 Talking about the economic sectors, non-agriculture sector or the generally known tertiary sectors like trade, transport, communication, finance and real estate, etc. are very much urban-centric and that with too low trickle down effect. It also poses a challenge to spread the effects of tertiary sector to the rural areas.
- 7.29 Both HDI and HEI are miserably low. Furthermore, women, deprived class/castes, marginal farmers and population living in the hills and mountains of the Far and Mid-Western Development Region in particular are in deplorable condition. Improving their HDI and HEI has been, therefore, an immense challenge.
- 7.30 The programs meant for poverty alleviation have not been very effective. It is still a challenge to outreach targeted groups and regions effectively.

On Employment

- 7.31 As the training imparted by Skill Development Centers and Vocational Training Centers under the Department of Labor and Employment Promotion are of traditional nature, it has become very difficult for trainees to find out the market for them. The absence of bank loan for trainees and the problem of accreditation are some of the challenges. Lack of monitoring due to inadequate information on the previously trained people as to their current employment, lack of information to link the training to the market demand, lack of resources and expertise are also some of the challenges.
- 7.32 The problem is the exodus of small & Cottage Industries from villages and their confinement within district headquarters. How to take the programs to the grassroots level is again a challenge.
- 7.33 Keeping up the curriculum and training quality under CTEVT has not been truly effective. Expansion of skill development centers, despite frequent propositions, has also been a challenge.
- 7.34 On the foreign employment front, most of the workers have made the destination to the gulf countries. But, most of those workers are of low quality having no suitable skills and expertise. Export of quality manpower with appropriate training based on demand analysis is still lacking.
- 7.35 It is the reality that when people with high qualifications, skills and the professionals can be sent to developed countries, their per capita earnings would increase, and, as a result, it would multiply the inflow of remittances. It still remains a challenge to reap benefit from this great potential.
- 7.36 It remains still a challenge that the access of poor, *Dalits* and indigenous people to foreign employment is very limited as it demands huge investment upfront, which is beyond their affordability.
- 7.37 Employment opportunities inside the country have not expanded. Employment elasticity of agriculture is almost zero. Finding out the elasticity of different economic sectors and subsequently attaching relative importance thereon is still lacking. Employment promotion by utilizing the employment elasticity of structures of the economy is another challenge.
- 7.38 The promotion of self-employment through micro-credit is not so effective. Also, it is not adequately broadened and expanded, which is again another challenge.

8. Agriculture

Status of Agricultural Production

- 8.1 Production of major food crops in FY2002/03 increased by 1.6 percent over that of FY2001/02. In FY2003/04, such production is estimated to have increased by 5.2 percent to total 7.744 Million Metric Tons (MT.). Total area under different crops in FY2003/04 is estimated at 3.34 Million hectares (ha.) with a marginal increase of 0.2 percent additional land brought under cultivation. As compared to 1.2 percent added to arable land in FY2002/03, such a noticeable increase in production of food crops in FY2003/04 compared to marginal increase in total arable land is attributable to the enhanced productivity of major food crops, which is estimated to have increased by 5.0 percent during the review period.
- 8.2 Production situation of major cash crops in FY2003/04 is mixed. With the increase of 2.0 percent over and above the production of FY2002/03, total production is estimated to be 4.11 Million MT while the area covered increased by 0.4 percent to a total of 404,000 Ha. Productivity of these crops is estimated to have increased by 1.6 percent over that of FY2002/03.
- 8.3 As important contributors to the agricultural production, lintels and vegetable and such other crops performed well in FY2003/04 compared to the production of these crops in FY2002/03. Production of lentils increased by 2.1 percent to an estimated total of 262,000 MT. Production of fruits, however, dropped by 1.7 percent to an estimated total of 510,000 MT only. Production of vegetable was up by 5.0 percent to an estimated total of 1.89 Million MT.
- 8.4 Of the total agricultural production, shares of food and cash crops stood at 65.4 percent and 34.6 percent in FY2003/04 compared to 64.7 percent and 35.3 percent respectively in FY2002/03. Area under food and cash crops in FY2002/03 and FY2003/04 remained unchanged with 89.2 percent and 10.8 percent respectively.
- 8.5 According to the preliminary estimate of food grain supply of 4.717 Million MT. against the requirement of 4.674 MT., there will be a surplus of around 43,000 MT of food grain in FY2003/04. In the previous fiscal year, estimated food grain supply was 4.653 Million MT against the requirement of 4.620 Million MT.

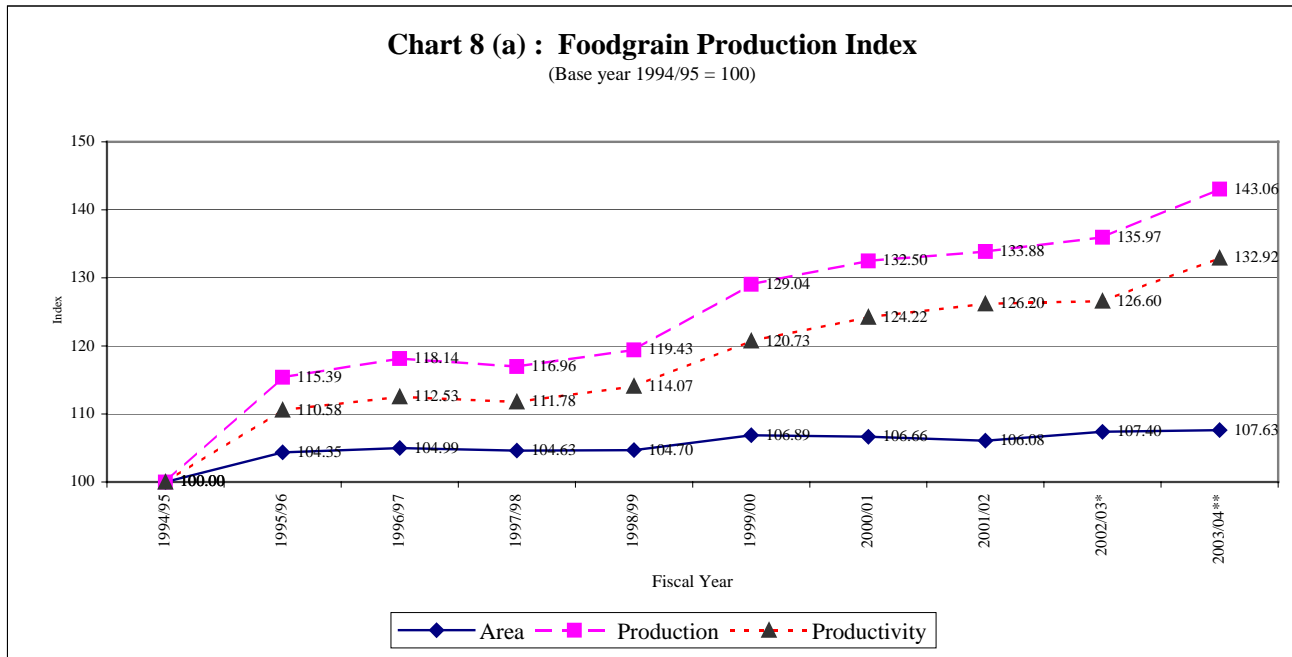
Major Cereal Grains Production

- 8.6 **Paddy (Rice):** Paddy production is estimated to increase by 7.8 percent in FY2003/04 totaling 4.456 Million MT as compared to FY2002/03. Its productivity is also estimated to increase by 7.1 percent with the yield of 2.86 MT per hectare. Area under this crop in FY2003/04 is estimated at 1.559 Million ha., with an increase of 0.9 percent against that of FY2002/03. Estimated increases in both the area covered and production per hectare is attributable to timely monsoon rain in most of the districts.
- 8.7 **Maize (Corn):** Production of this crop is estimated to increase by 1.3 percent totaling 1.590 Million MT in FY2003/04 in comparison to 1.569 Million MT in FY2002/03. Area under this crop, however, is estimated to have reduced from 836,000 Ha. in FY2002/03 to 834,000 hectares in FY2003/04.
- 8.8 **Wheat:** Production of wheat is estimated to increase by 3.2 percent totaling 1.39 Million MT in FY2003/04 compared to 1.34 Million MT in FY2002/03. Though the area covered by this crop decreased by 0.6 percent, productivity increased by 4.0 percent with the average yield of 2.1 MT Ha. as compared to previous FY2002/03 due to favorable monsoon, use of improved seed variety and chemical fertilizer.
- 8.9 **Barley:** Area under this crop has continued to shrink over the years because farmers are attracted to cash crops production in the Terai. As a result, its production, productivity and area have been going down. Production in FY2002/03 amounted to 32,000 MT and in FY2003/04, it is estimated to slide further down to 28,000 MT.
- 8.10 **Millet (Kodo):** In Terai, area under vegetable and other cash crops is replacing the area under millet at a faster rate. Its production in FY2003/04 is estimated to be at par of 283,000 MT as it was in FY2002/03.

Status of Cash Crops Production

- 8.11 **Sugarcane:** Production of sugarcane in FY2003/04 is estimated at 2.35 million MT, with a decline of 1.6 percent while 2.343 million MT production was recorded in FY2002/03. Production had increased by 4.2 percent in that year. Area covered also decreased to 59,400 ha from 60,400 ha of FY2002/03.
- 8.12 **Oilseed:** Production is estimated to have increased by 6.4 percent totaling 133,000 MT in FY2003/04 in comparison to the decline of 7.4

percent in FY2002/03, when total production was 125,000 MT. Area under oilseed cultivation is, however, estimated to remain unchanged from that of the previous year.



- 8.13 **Tobacco:** Its production in FY2002/03 had dropped by 8.1 percent totaling 3,400 MT. There is an estimate of further drop of 2.9 percent in FY2003/04 with the total production of 3,300 MT only. Area under this crop also decreased by 5.5 percent totaling 3,400 ha against 3,600 ha of the previous fiscal year.
- 8.14 **Potato:** Production continued to increase for two years in a row- by 4.0 percent in FY2002/03 and by 7.3 percent in FY2003/04 corresponding to the estimated production of 1.53 million MT and 1.64 million MT. In FY2003/04, area under this crop and its productivity is estimated to have increased by 2.1 percent and 5.2 percent totaling 143,000 ha and the productivity of 11.49 MT/ha
- 8.15 **Jute:** Despite the area under jute cultivation remained unchanged at 11,800 ha in FY2003/04, production dropped to 16,900 MT from 17,100 MT of FY2002/03. Production had increased by a margin of 0.5 percent in FY2002/03 but in FY2003/04, it dropped by 1.2 percent.
- 8.16 **Tea:** It is being cultivated in Eastern Nepal on a commercial scale. As per estimates, total production in FY2002/03 scaled up to 13.1 percent

totaling 8,500 MT followed by 9.8 percent rise totaling 9,000 MT in FY2003/04. Area covered also increased from 12,600 ha to 13,000 ha in FY2003/04.

8.17 **Coffee:** Its cultivation is picking up in the Western region both in terms of total production and area covered. In FY2002/03, production totaled 187 MT. In FY2003/04 it increased to 240 MT corresponding to the increase in area covered from 764 ha to 850 ha. Production increase in FY2003/04 is estimated at 28.0 percent against the production of FY2002/03.

8.18 To sum up, there is an overall productivity growth in both the major food grain and cash crops (excepting barley and jute) in FY2003/04 as shown in the table below:

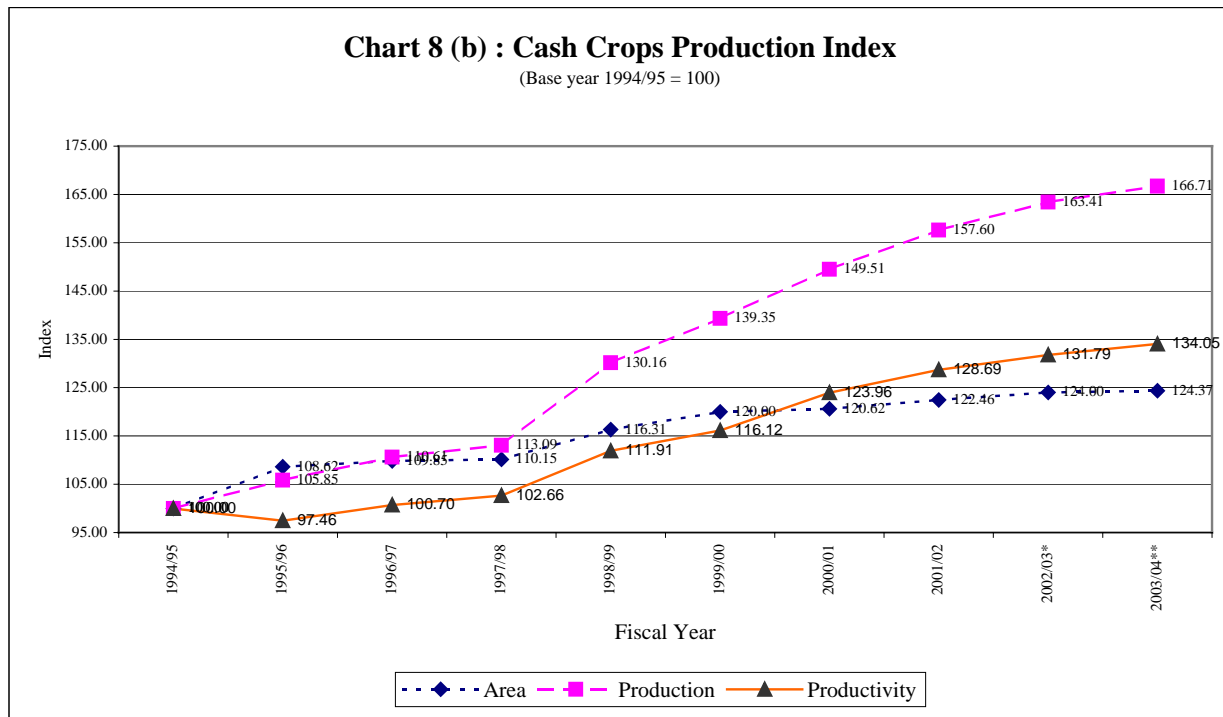


Table 8 (a)
Productivity of Agriculture (Kg/Ha)

Crops	FY2002/03(Actual)	FY2003/04(Estimate)
Food grain	2206	2316
Paddy	2675	2857

Corn	1877	1906
Wheat	2009	2087
Millet (Kodo)	1092	1096
Barley	1151	1025
Cash Crops	9981	10146
Oilseeds	669	711
Potato	10925	11490
Tobacco	962	974
Sugarcane	38776	38794
Jute	1438	1433

Source: Ministry of Agriculture and Cooperatives

Production of Other Crops

- 8.19 **Pulses:** Combined production of lentil category (legume crops including black grams (mas), pigeon peas, and lentil) is estimated to have increased by 2.6 percent in FY2002/03 and by 2.1 percent in FY2003/04 corresponding to the production of 257,000 MT and 262,000 M.T. In terms of area covered, it increased by 1.0 percent to 314,000 ha in FY2003/04 from 311,000 ha in FY2003. Both the areas under cultivation and production of some pulses like Mushuro (yellow lentil), black-gram and pigeon peas increased while those for others in this category like grams, chick peas etc. are estimated to have declined in FY2003/04.
- 8.20 **Fruits:** It is estimated that the production of fruits in FY2003/04 dropped by 1.7 percent totaling 510,000 MT mainly due to the "Off Year" in the production cycle for mango- an important item in this category. In comparison, fruit production had increased by 9.4 percent in FY2002/03 totaling 518,000 MT. Area covered by fruit cultivation increased by 2.5 percent totaling 52,300 ha in FY2003/04 from 51,000 ha in FY2002/03.
- 8.21 **Vegetables:** Production in FY2002/03 increased by 3.6 percent. In FY2003/04, further increase of 5.0 percent is estimated to yield 188,900 MT. Coverage of area is estimated to be 173,000 ha.

Weather Situation

- 8.22 In the year under review, weather in the rainy season was favorable and it was normal in winter. Favorable weather in the rainy season contributed to higher yield of crops in both Hills and the Terai. In the paddy-sowing season, rainfall recorded was up by 33.0 percent, which

resulted in the positive impact on the paddy production. The period of mid-July to mid-August, high season for paddy sowing in the eastern Terai, experienced less rainfall than the year before. In the successive two months, however, rainfall was aplenty and favorable for both eastern and middle Terai region. Damage done to Agriculture sector by rain induced seasonal disasters like flood, landslide, inundation and soil erosion was not so severe in comparison to the last year

Livestock Production

- 8.23 **Meat:** Meat production over the years has been steadily growing. Compared to its 2.3 percent growth recorded for FY2001/02, it increased by 2.5 percent in FY2002/03 (204,000 MT) and 2.1 percent (208,000 MT) in FY2003/04. Of the total meat production, buffalo meat is estimated to yield largest quantity with 64.2 percent followed by goats (mutton), pigs and chicken with 19.4, 7.5 and 7.4 percent respectively.
- 8.24 **Dairy Products:** Production of milk as well as Milk products increased by 3.1 percent in FY2001/02 and further increased by 3.2 percent in FY2002/03 yielding 1.20 million MT. For FY2003/04, increase is estimated to be 2.4 percent to yield a total of 1.23 million MT of dairy products.
- 8.25 **Eggs:** Production of eggs, which increased by 6.1 percent in FY2001/02, further increased by 3.5 percent in FY2002/03 yielding 557.36 million eggs. With an increase of 3.3 percent, production is estimated to reach 575.6 million eggs in FY2003/04.
- 8.26 **Fish:** Production of fish in FY2002/03 had increased by 4.2 percent (total yield 36,500 MT) against 5.2 percent increase in the previous year. Increase rate is estimated to be 9.2 percent in FY2003/04 to yield 40,000 MT. Of this total yield, 45.2 percent will be from the fish ponds, 50.0 percent from the natural water reservoirs and 4.8 percent from other sources.

Chemical Fertilizers and Improved Seed

- 8.27 **Chemical Fertilizers:** In pursuance of HMG policy of encouraging private sector participation in the supply of chemical fertilizers and improved seeds, Agricultural Inputs Co. Ltd. (AICL), has to compete with the private sector. This has facilitated the supply of quality chemical fertilizers at the farmers' doorsteps. As has been observed,

there has been no major problem in the supply of fertilizers and the quality has also improved. In FY2002/03, supply of fertilizers in nutrient terms was 38,950 MT. In the review period of FY2003/04, the AICL has distributed 7,226 MT nutrient equivalent of chemical fertilizers. With the addition of the quantity of private sector supplied fertilizers, it is estimated to have totaled 125,000 MT by mid-January 2004. Average prices of urea, Di-Amonium Phosphate (DAP) and Potash have registered normal increase.

8.28 **Improved Seed:** National Seed Co. Ltd., established to give continuity to improved seeds being supplied earlier by the former AIC, is operating in competition with the private sector. It has been distributing standard seeds in demand from the farmers after insecticide treatment at local level. In FY2002/03, this company distributed 2,053 MT of wheat, paddy and corn seed. The Company during the first eight months of FY2003/04, distributed 1,755 MT seed against the target of 2,401 MT. Information on seed distribution by the private sector is not available, though it is also engaged in the business.

8.29 **Irrigation:** Government agencies and ADB/N are implementing irrigation development projects and schemes. In FY2002/03, a total of 11,823 Ha of arable land received irrigation water. Of this total, 10,427 Ha were irrigated by government built irrigation projects and 1,396 Ha by ADB/N schemes. As the pace of providing irrigation to additional land has been too slow, major part of cultivated land still remains out of access to irrigation facility. Irrigation program, therefore, needs attention for prioritization. In the review period of FY2002/03, irrigation facilities were extended to a total of 2,238 Ha of additional land including 238 ha under ADB/N schemes and 2,000 ha under government schemes. In the first eight months of FY2003/04, a total of 2,693 ha of land were added including 2,500 ha under government schemes and 193 ha under ADB/N schemes. Meanwhile, Irrigation Policy, 2060 has been published for the extension of irrigation facilities.

Box 8 (1)

Irrigation Policy, 2003

- A. To declare all irrigation command area as irrigated land;
- B. To prepare irrigation project in keeping with the principles of integrated water resources management;
- C. To develop, conserve, promote and utilize natural lakes, rain water and ground water resources for the year round irrigation;

D.	To prepare master plan for trans-basin water transfer and management;
E.	To promote development and management of water reservoir based irrigation projects with a view to utilize built infrastructure for generation of hydro-power through coordination between Irrigation Department and the Water and Energy Commission;
F.	To develop and utilize groundwater as surface water resources;
G.	To engage private sector in construction, operation and management of irrigation system;
H.	To hand-over government built irrigation schemes to the users with ownership of rights to use.
I.	To enhance capacity of user institutions and local entities to prepare, construct and operate small and medium sized irrigation schemes;
J.	To disseminate information about irrigation projects in a timely manner;
K.	To make adequate arrangement for the quantity measurement of irrigation facilities and services;
L.	To develop knowledge and skills as well as research capabilities of manpower engaged in irrigation sector;
M.	To improve laws and institutions as necessary for the accomplishment of objectives underlying the announced policy.

Source : Irrigation Department

- 8.30 **Irrigation Service Charge:** It has been decided to fix minimum irrigation service charge for each crop after assessment of the average incremental production attributable to irrigation facilities. Irrigation facility users, who fail to pay within specified times the minimum charges thus determined, will be barred from using irrigation water. User group will be legally empowered to collect irrigation charges from the schemes under the joint management. Amount so collected will be apportioned to the user groups as appropriate to their participation. The balance will be kept for the central repair and maintenance fund under the Irrigation Department and the government treasury.
- 8.31 Total irrigable land is 1.766 million Ha, which is 67 percent of the total arable (2.642 million Ha) land. Total area presently under irrigation facilities is 1.128 million Ha. Out of this command area under irrigation, only 465,402 ha is estimated to receive year round irrigation facility.
- 8.32 **Agriculture Credit:** For the benefit of the farmers of the rural areas, without access to financial resources, ADB/N in FY2002/03 extended

loan of around Rs.10.12 billion and collected Rs. 8.17 billion as repayments. By the year-end, outstanding loan amount totaled Rs. 18.62 billion. During the first eight months of FY2003/04, loan flow decreased by 2.1 percent totaling Rs.5.91 billion. Of the total credit flow of the Bank during the period, agro-industry, marketing and storage construction together shared 52.2 percent of the total loan, while horticulture shared 0.2 percent.

- 8.33 ***Small Farmers Development Program:*** Currently the program is in operation under ADB/N covering 56 districts. In FY2002/03, the program benefited farmers of 236 VDCs through 181 schemes. During the year, 128 VDC based Small Farmers' Cooperatives Ltd (SFCL) in 35 districts operated the schemes that were handed over to them by ADB/N. Altogether, 157,830 farmers were organized in 24,329 groups affiliated with the SFCL. During the fiscal year, Small Farmers' Development Program (SFDP) and SFCL distributed loans of Rs.356.9 million and Rs.489.4 million respectively, the recovery being from the former Rs.328.5 million and the latter Rs.394.5 million. Out of the outstanding Rs. 1.10 billion investment of SFDP and SFCL at the end of FY2002/03, amounts invested and recovered during the first eight months of FY2003/04 totaled Rs.159.8 million and Rs 152.7 million respectively. During the first seven months of FY2003/04, the SFCL invested Rs. 267.3 million and recovered Rs. 211.4 million. Outstanding investments of SFDP at the end of the first eight months of FY2003/04, and such investments of SFCL at the end of the first seven months of the same fiscal year totaled 674.0 million and Rs. 1.15 billion respectively. Member farmers of such cooperatives were able to collect Rs. 346.6 million as group saving in FY2002/03.
- 8.34 ***Nepal Agriculture Research Council (NARC):*** NARC is engaged in research activities designed to increase productivity of various agricultural crops and commodities that would help achieve the broader goal of poverty reduction. In addition to the regular research and study of various topical importance, research initiatives have been undertaken in the new fields of aromatic rice and winter (boro) rice. Similarly, breed improvement and hybridization are also being carried out. Industrial and off-season vegetable crops are the two other research subjects designed to institutionalize the commercial agricultural research. To augment the supply of dairy products and to safeguard the interest of dairy farmers against the milk holidays, a dairy research unit has been established for the development and extension of milk processing technology for various dairy products. NARC has some 10,500 variety of crops in its regular protection under

the genetic Resource Conservation program. Its current policy includes active participation of all concerned agencies and farmers in research, planning and implementation.

- 8.35 ***Import and Export of Agriculture Products:*** In the review period of FY2002/03 Rs. 4.131 billion worth of food items, animals, tobacco and beverages classified according to the SITC were exported. In the corresponding period of FY2003/04, value of such exports amounted to Rs. 4.091 billion. As regard to imports, Rs. 6.76 billion worth of above mentioned goods were imported in the review period of FY2003/04 against Rs 6.50 billion worth of imports in the corresponding period of FY2002/03.
- 8.36 ***Cooperatives:*** There is a policy in place to develop cooperatives at local levels with a view to mobilize organizational resources for meeting the financial needs of the rural and remote areas. Development of cooperatives as capable institutions for mobilizing locally available resources is geared towards achieving the national goal of poverty reduction. A manual of procedures has been drafted to ensure transparency and accountability in the conduct of their businesses. Cooperative registration process has also been simplified. Drafting of the amendment to the Cooperatives Act, 2048 has been completed and collection of comments and opinion of stakeholders for its refinement is in final stage.

Challenges

- 8.37 Entrepreneurship in agriculture is conspicuously lacking, because no sub-sector of agriculture has yet been identified for its competitiveness and distinctiveness. Given that Nepal is now a member of WTO, it has become necessary to decide priorities in policy terms and gear up Nepal's efforts to implement such policies.
- 8.38 Nepal has not yet obtained the Patent Rights for its agricultural and traditional non-agricultural products. Member countries owning Patent Rights of agricultural products are entitled to claim royalty on such products entering in international trade according to the WTO conventions. There is, therefore, urgency for Nepal to obtain such rights by identifying its products. The task of producing high quality agricultural products at a competitive price is more daunting.
- 8.39 Need for quality research in agricultural products with sufficient resources poses yet another challenge.

- 8.40 Sub-standard chemical fertilizers and seed are being smuggled into Nepal through Nepal-India open border. Use of these inputs has hindered efforts for productivity gains. On the other hand, farmers' income has not increased due to problems in direct access to the market in the absence of agriculture/rural road, safe and adequate storage facilities including cold storage. Middlemen are reaping extra profits at the cost of farmers and consumers. Absence of effective implementation of ongoing programs, and putting in place new programs to enable farmers get direct access to the markets are clearly being felt.
- 8.41 Agriculture continues to be monsoon rain dependent. Improvement in irrigation system is hardly noticeable. Consumers are less interested in the repair and maintenance of the built infrastructure as they take such facilities as a social good available for a free ride. This has hampered improvement to the irrigation system, which, in turn, has been a cause of agriculture productivity to remain stagnant.
- 8.42 Livestock farming has not developed to a desirable level due to inadequate supply of high breed animals and veterinary clinics staffed by skilled technicians and shortage of livestock insurance at concessional terms.

9. Industry, Tourism and Public Enterprises

Industrial Production by Groups

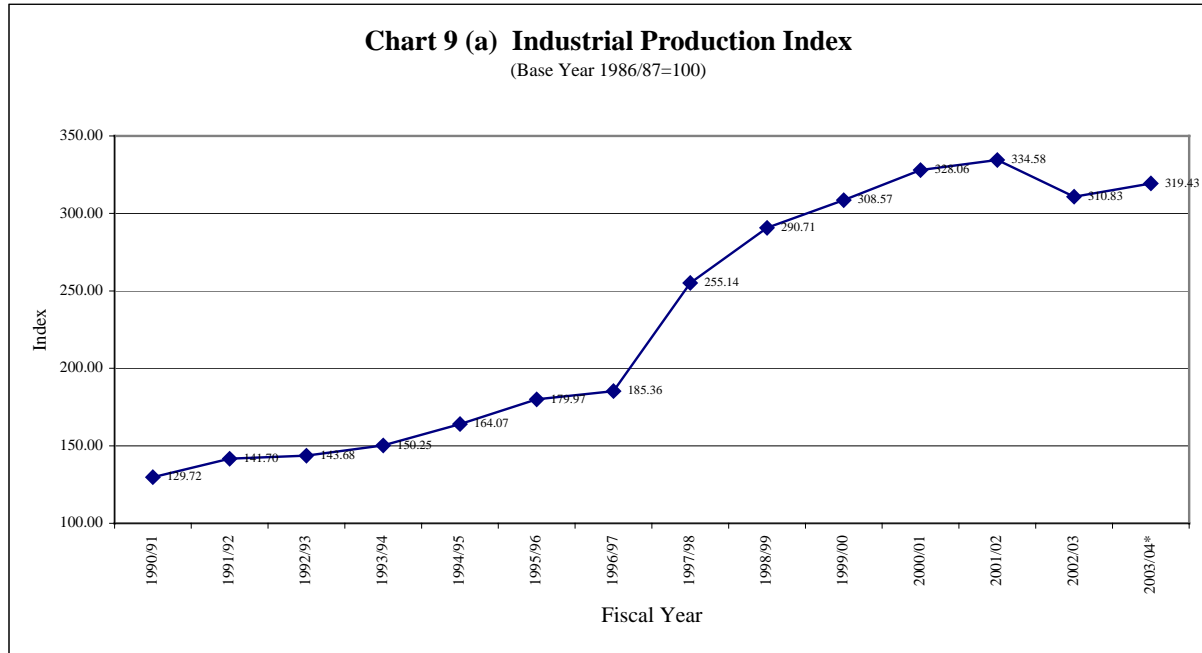
- 9.1 Analysis reveals increase in production of major food items during FY2002/03 compared to FY2001/02. Similarly, production of beverages, footwear, paper and stationary boards, minerals other than metal, iron and steel wares, tools and equipment, electrical and industrial goods, etc. also increased during this period. Items, which registered increase in production in FY2002/03, are: noodles 1750 MT, biscuit 396 MT, fruit drinks 180,000 liters, sugar 11,852 MT, tea 861 MT, and animal feed 1,794 MT. Among beverages, production of light drinks was up by 4.503 Million liters, beer 1.362 Million liters, and alcohol drinks by 92,000 liters. Synthetic fiber, jute goods, and footwear increased by 2.494 Million meter, 3,462 MT, and 42,000 pairs respectively. Additional 1,056 MT of paper, 233 MT of detergent powder, 22,271 MT cement, 3.454 million pieces bricks and tiles were also produced. Production of iron rod angles increased by 14,621 MT, steel ware by 8 MT, GIHB wire by 2,234 MT. To end the list, ACRS conductor and PVC wire production together increased by 2,131 kilometer in length and 5.405 Million of battery cells were added during FY2002/03. During the year under review, production of vegetable butter, cigarettes, *Bidi* (leaf rolled cigarettes), cotton textile, processed leather, plywood, strawboard, soap, matches, slipper and plastic goods declined by a small margin.
- 9.2 In FY2003/04, some items under food, alcoholic and non-alcoholic beverage and textile category are estimated to have registered increase in their production. Similarly, production of some non-food items including footwear, wood and wood based products, paper and stationary board, other chemicals, plastic goods, non-metal mineral based items, iron and steel wares is expected to increase compared to last year. Production of tools and equipment, electrical goods and accessories, and industrial equipment is also expected to rise. In quantitative terms, estimated additional production during the review period is: Noodles (360 MT), fruit drinks (80,000 liters) and sugar (2,100 MT). Other items are: vegetable ghee (1,932 MT, light drinks (353,000 liter), beer (942,000 liter), cigarettes (130 Million sticks), Synthetic fiber (1.946 Million meter). The list also includes 26,000 pair of footwear, 22,000 sq.ft of plywood, 142 MT of strawboard, 862 MT of paper, 3,338 MT of soap, 349 MT of detergent power, 60,000 gross of matches, 95 MT of plastic goods, 14,974 MT of cement

estimated to be produced in the same period. The list includes following items with quantities to be added in FY2003/04: bricks and tiles (168,000 pieces), iron rod angles (9,812 MT) steel wares (9 MT), GIHB wire (2,918 MT), ACRS conductor and PVC wire (1,754 kilometer in length), and battery cell (811,000 unit). During this fiscal year, production of the following products are estimated to decline by: Biscuit 224 MT, tea 119 MT, animal feed 1,112 MT, alcoholic drink 176,000 liter, *Bidi* 8 Million sticks, cotton textile 46,000 meters, jute goods 1,341 MT, processed leather 189,000 sq. ft. and slipper 38,000 pairs.

Status of Industrial Indices by Group

- 9.3 Overall Industrial index (Base Year FY1987=100), which had increased by 2.0 percent in FY2001/02, declined by 7 percent in FY2002/03 due to unusual situation in the country. During this period, production indices of beverages, clothes, shoes, paper and stationary, mineral excluding metals, iron and steel wares, tools and equipment except machinery, and electrical and industrial equipment groups have increased by 6.2, 10.4, 5.6, 2.6, 10.9, 10.4, 13.8 and 10.6 percent respectively compared to FY2001/02. Production indices of other groups of commodities including food, tobacco product (other than chewables), leather and leather goods, wood and wood products, other chemicals, rubber goods, and plastic goods, however, decreased by 16.0, 1.3, 2.0, 16.8, 2.8, 13.3 and 1.7 percent respectively during the period in review. Internal disturbances, change in the composition of consumption, decline in consumption capacity and change in export structure are the main causes of decline.
- 9.4 Unlike in FY2002/03, overall industrial index is estimated to rise by 2.8 percent in FY2003/04. In the current fiscal year, indices for the group of commodities belonging to food, tobacco products (other than chewables), clothes, shoes, wood and wood products, paper and stationary, chemical goods, plastic goods, minerals other than metals, iron and steel wares, tools and equipment except machinery, and electrical goods and industrial equipment are estimated to increase by 2.2, 1.8, 3.4, 3.3, 9.2, 2.0, 5.2, 6.0, 4.0, 6.3, 13.6, and 6.5 percent respectively. Commodities, production indices of which are estimated to decline are: non-alcoholic beverages, leather and leather goods and rubber. Of the 33 industrial products listed in the groups, indices of 9 items such as biscuit, tea, animal feed, alcoholic drinks, *Bidi*, cotton

textile, jute goods, processed leather and slipper are estimated to decline.



Foreign Investment

9.5 Foreign investment and technology transfer plays a catalytic role to provide robustness, dynamism and competitiveness in the economy through mobilization of human and natural resources in the industrialization process. Foreign investment together with capital and modern technology brings in qualities of business culture, management and technical skills, access to international market, and development of competitive business for the industrial development of the country. In FY2001/02 a total of 76 Joint Venture industries were issued permits with the total project cost equal to Rs. 3.31 billion. In FY2002/03, 71 such industries with the total project cost of Rs 4.88 billion were approved. In the first eight months of FY2003/04, 46 more of such industries with the total project cost of Rs 3.59 billion were approved. By the end of review period of FY2003/04, a total of 885 industries were approved for foreign investment. Of these, 21 industries have been closed and registration of 72 has been canceled. Remaining 792 industries have Rs 64.19 billion in total fixed capital and the total

project cost amounts to 77.30 billion. Of this total, share of foreign investment is Rs. 22.43 billion. It is estimated that 83,042 employment will be generated in these industries.

Table 9 (a)
Industries Approved for Foreign Investment (FY2002/03)
(Rs. million)

Type of Industry	Number	Total Project cost	Total Fixed Capital	Foreign Investment	Target Employment (No.)
Industrial Production	27	660.67	442.04	335.66	1279
Services Industries	11	956.19	839.86	547.61	944
Hotel/Resort	22	147.74	123.54	89.92	512
Construction	8	538.52	404.04	345.44	464
Energy	3	2574.45	1767.85	448.68	344
Total	71	4877.57	3577.33	1767.31	3543

Source: Department of Industries, MOICS

Table 9 (b)
Industries Approved for Foreign Investment in FY2003/04*

Type of Industry	Number	Total Project Cost	Total Fixed Capital	Foreign Investment	Target Employment (No.)
Industrial Production	13	1082.77	777.47	882.56	32
Services Industry	18	1648.15	1570.38	1491.52	1538
Hotel /Resort	13	70.95	56.14	91.42	138
Construction	1	53.88	14.69	53.88	0
Energy	1	734.40	719.28	41.43	4
Total	46	3590.15	3137.96	2560.81	1712

* First eight months

Source: Department of Industries, MOICS

Table 9 (c)
Foreign Investment by Country

S. No.	Source Country	FY2002/03	FY2003/04*
1	India	23	6
2	China	12	12
3	Japan	7	5
4	USA	5	3
5	South Korea	6	4
6	Germany	4	-
7	France	2	-
8	Pakistan	2	-
9	UK	-	4
10	Bangladesh	-	2
11	Other	10	10
	Total	71	46

* First eight months

Source: Department of Industries, MOICS

- 9.6 Of 71 industries approved in FY2002/03, 27 were for industrial production, 22 for hotel and resort, 11 for services, 3 for energy, 8 for construction and agriculture sector. Foreign Investment in 23 industries were from India, 12 from China, 7 from Japan, 5 from USA, 6 from South Korea, 4 from Germany, 2 each from France and Pakistan. Other countries included Australia, Iran, Italy, Israel, Malaysia, Singapore, Russia, Switzerland, Norway and the Philippines for one each industry.
- 9.7 Of the 46 industries approved for foreign investment by the end of the first eight months of FY2003/04, 13 were for industrial production, another 13 for hotel and resort, 18 for services, 1 for construction industry, and 1 for energy. Of the country-wise investment, 12 industries were sourced to China, 6 to India, 5 to Japan, 4 each for South Korea and UK, 3 to USA, 2 to Bangladesh and 1 each to Canada, France, Germany, Ghana, Hongkong, Pakistan, South Africa, Singapore, Taiwan, and Thailand.

Capacity Utilization

- 9.8 A review of capacity utilization of some industries revealed that jute industries utilized less capacity in FY2002/03 than they did in FY2001/02. But sugar, cigarette, beer, matches, footwear and cement industries improved their capacity utilization. In FY2002/03, cigarette and jute industries utilized 90.0 percent and 71 percent of their capacity respectively. Beer, matches, cement, sugar, and footwear

industries utilized 66.0, 62.0, 46.0, 43.0, and 26.0 percent of their production capacities respectively.

Industrial Estates

9.9 The objective underlying the establishment of industrial estate is to foster industrial development through availability of physical infrastructure and other facilities in one place. At present, there are 11 industrial estates, located at Balaju, Hetauda, Patan, Nepalgunj, Dharan, Pokhara, Butwal, Bhaktapur, Birendranagar, Dhankuta and Rajbiraj. Dhankuta industrial estate is still under construction. A total of Rs 158 million has been invested as fixed capital in these estates managed by the Industrial Estates Management Ltd. Total area under these estates is 5,706 Ropani,^{*} while 5,445 Ropani of land has been developed and out of which 3,403 Ropani has been leased to various industries. There are 367 industries currently in operation. Forty seven industries are under construction while 76 industries have been closed. The currently operating industries provide employment to 14,727 persons with the addition of 454 persons this year. Hetauda, Balaju, Patan, Pokhara, Butwal are among the estates employing highest number of persons. Feasibility studies for the establishment of additional 16 estates at Nuwakot, Janakpur, Ilam, Chitwan, Jhapa, Kailali, Kanchanpur, Dang, Kabhrepalanchok, and Tanahun have been completed.

Nepal Industrial Development Corporation (NIDC)

9.10 NIDC has been supporting industrial development through investment. In recent years, NIDC's level of investment has been declining due to lack of long term capital and dearth of its own internal source. Lending to industries by NIDC in FY2002/03 declined by 52.7 percent than that of FY2001/02. Of the loans approved by NIDC in FY2002/03, 11.2 percent went to hotel and tourism, 55.7 percent to large-scale industries, and 33.1 percent to various industries.

9.11 Total loan distributed during the first eight months of FY2003/04 dropped by 2.3 percent totaling Rs. 21.40 million compared to the corresponding period of FY2002/03. Loan recovery, however, in FY2003/04 improved remarkably. Distribution of loans in the review period of FY2003/04 included 5.2 percent to Hotel and tourism, 15.3

^{*} 1 Ropani equals to 5476 Sq. ft.

percent to cement industries, 16.4 percent to food processing industries and the rest went to various industries. For the last several years, NIDC's effectiveness in the areas of project development, loan approval and loan repayment have slackened due to lack of investment fund. As its investment is of long-term nature for which it needs long term investment capital. If NIDC is to continue to operate in the present condition, its losses will continue to mount. To give NIDC a new footing, consultants engaged under the Technical Assistance of ADB for revitalizing its strength and effectiveness have submitted their recommendation. Options for restructuring will be put to test before taking appropriate decision.

Cottage and Small Industries

- 9.12 Cottage and small industries help to reduce poverty through employment generation. Loans are being provided under the Intensive Banking Program. In FY2002/03, Rs. 165.9 million loan was distributed to 1,402 industries in 5 Development Regions. In the first 6 months of FY2003/04, 240 industries received a total of Rs. 55.8 million.
- 9.13 In FY2002/03, number of registered cottage and small industries declined by 23.0 percent compared to FY2001/02. Among those industries, private firms declined by 23.4 percent, partnership firm by 13.7 percent and private limited firm by 33.7 percent. Among the registered industries, investment also declined by 23.4 percent with investment limited to the total of Rs. 5.910 billion. In the review period of FY2003/04, 4,001 such industries have been registered. Total investment of these industries is estimated at Rs. 1.32 billion. The above-mentioned decline, it is assumed, is due to the continuing security problem in the country.

Industrial Enterprise Development Academy

- 9.14 This Academy is in operation for the development of entrepreneurship, application of standard management practices & promotion of technology and technical manpower. New business development, business management, entrepreneur development training, consultancy and industrial business research are the important programs the Academy has been conducting. In FY2002/03, a total of 502 persons out of the target of 531 were trained in various skills. A total of 804

persons received training in the first 8 months of FY2003/04 against the target of 410.

Mines and Geology

- 9.15 Mining inspection & environmental monitoring is being done in 32 mines in the Kathmandu Valley, Dhading, Chitwan, Makawanpur, Dolakha, Sindhupalchowk, Kabhrepalanchok, Tanahun, Kaski, Palpa, Dang and Jajarkot districts. Proposals received for the promotion of cement grade and limestone industry promotion in Dhankuta and Salyan Districts are being evaluated. In addition, two sheet color geological map publication work and landslide study in Lamjung district are in progress.
- 9.16 Under the National Seismic Measurement Center Management Project, 21 seismic centers located in various parts of the Kingdom are being monitored from Kathmandu seismic center and Surkhet seismic center. These centers constantly record seismic activities and when there is earthquake of above 4-rector scale, it is reported to the media within an hour for information to the general public. The GIS using capability has been developed, engineering and environmental geological maps of Kathmandu Valley and Pokhara Valley, Butwal and Dharan municipalities have been completed. These maps are being used by the municipalities for urban planning; land-use planning; urban physical infrastructure development and construction; waste management; pollution control; drinking water quality management; and for environment conservation. As regards to the mineral exploration, there has been no success in this field except in limestone.

Tourism

- 9.17 The number of tourists visiting Nepal, from mid-December 2001 to mid-December 2002 declined by 23.7 percent. The number of tourists visiting Nepal from mid-December 2002 to mid-December 2003, however, increased by 21.5 percent. Average duration of stay per tourist has also increased from 7.92 to 9.5 days during the review period.
- 9.18 In terms of purpose of visit, most tourists came for recreation, trekking and mountaineering. In period of mid-December 2002 and mid-December 2003, 40.0 percent of the tourist arrival was for recreation, 21.5 percent for trekking and mountaineering, 6.2 percent for trade, 6.5

percent for official visit, 4.5 percent for pilgrimage and 21.3 percent for miscellaneous purposes.

- 9.19 In terms of origin, it is estimated that 31.9 percent came from Western Europe, 7.7 percent from North America, 3.1 percent from Australia and the Pacific, 1.9 percent from Eastern Europe, 1.0 percent from Central and South America, and 0.4 percent from Africa during the period between mid-December 2002 and mid-December 2003. Tourists from Asia shared 54.0 percent including 24 .0 percent from India alone.
- 9.20 There are a total of 108 Star category hotels in the Kingdom, 4 of them added during mid-December, 2002 through mid-December 2003. Non-star hotels totaled 858 including 19 added during this period. Number of beds in the Star-level hotels increased by 2.4 percent and by 1.5 percent in non-star hotels. The total number of beds in the star and non-star level have reached 10,535 beds and 27,735 beds respectively. There was 2.4 percent increase in the number of hotels and the number of beds increased by 1.7 percent during the review period.

Box 9 (1)

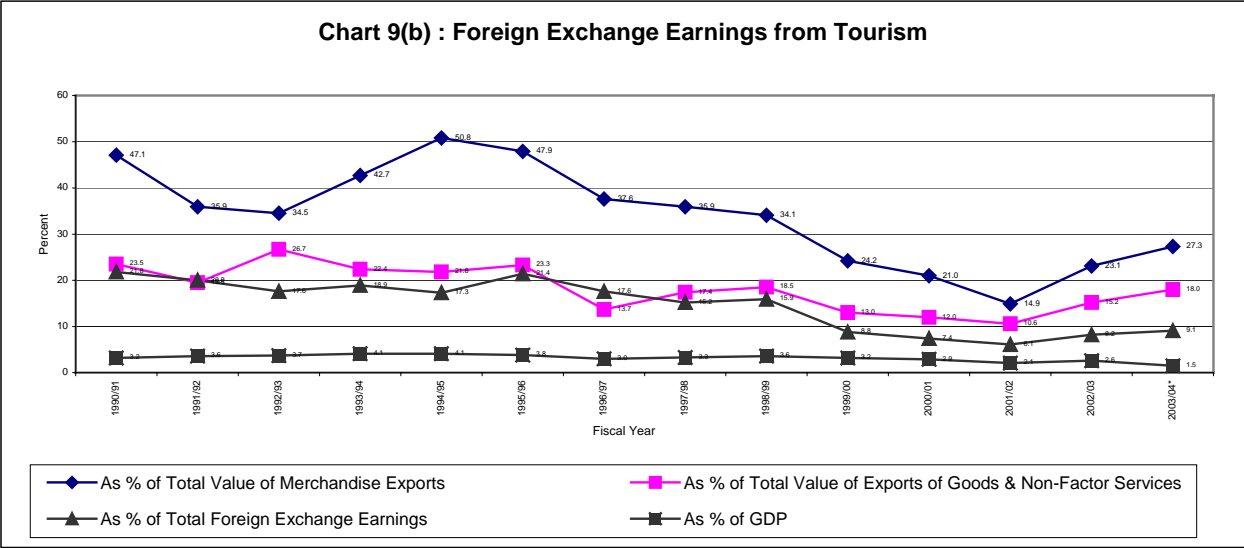
Highlights of Tourism Sector Activities

- A. Policy documents on Pro-Poor Tourism Policy for poverty reduction, Tourism Marketing Plan and National Tourism Strategic Plan are under preparation.
- B. New Mountaineering Rules, 2002 has come into force while the new Tourism Act and Tourism policy are being drafted.
- C. Several initiatives taken in respect of visas are now in place, for example, visa fee has been exempted for the visiting citizens of People's Republic of China and SAARC countries. Tourists having stayed for 15 days in Nepal are exempted from visa fee if they revisit Nepal within 1 year of their departure from Nepal. Tourists staying for less than 3 days are also exempted from visa fee.
- D. Transfer of thirty percent of the revenue received from mountaineering to the local bodies has been initiated.
- E. HMG opened altogether 63 summits (13 in mid-August 2002 and 50 in mid-June, 2003) for mountaineering. Thus, a total of 326 summits are opened for mountaineering. These initiatives are expected to promote mountain tourism and help develop remote regions.
- F. Five rivers, namely, Dudhkosi, Tamor, Balephi, Budhigandaki and Seti Karnali, have been opened for rafting.

G. Sagarmatha Expedition Golden Jubilee, and the Destination Nepal Campaign have been completed with success. Forty-third meeting of the South Asia Commission under the World Tourism Organization was held in Kathmandu. Excavations and conservation works at Pashupati area, Lumbini and other historical and archaeological sites have been carried out.

Source : Ministry of Culture, Tourism and Civil Aviation

- 9.21 Analysis of mountaineering expeditions and the mountaineers arriving between mid-January to mid-June 2003 (FY2002/03) and mid-July to mid-December 2003 (FY2003/04) revealed declines in all parameters like number of mountaineering expeditions, seasonal employment, receipt of royalty, and the expenditure of the mountaineers. Nonetheless, the seasonal employment during the period of mid-January to mid-July of FY2002/03 increased compared to mid-December, 2002. During mid-January to mid-December 2003, number of group tourism increased to 152 from 134 of such period of the previous year. Number of mountaineers during this period increased from 913 to 1080 and employment from 9928 to 14838. Royalties from these expeditions went up from Rs.128.19 Million to Rs. 181.36 million. Amount of money spent by the mountaineers during this period also increased from Rs. 600 Million to Rs. 630 million.
- 9.22 Nepal Tourism and Hotel Management Academy (NTHMA) is engaged in production of skilled manpower needed for tourism promotion. Academy conducts training in tourism business operation to encourage rural people to invest in such ventures for the promotion of rural tourism. The NTHMA is also producing skilled manpower required by the urban-based tourism industry. Accordingly, 787 persons were trained in FY2002/03. A total of 1,134 persons have already received training from this Academy in the first eight months of FY2003/04.



Foreign Exchange Earnings from Tourism Sector

9.23 Compared to FY2001/02, foreign exchange earnings from the tourism sector in FY2002/03 increased by 35.7 percent totaling Rs 11.75 billion. This sector earned about Rs. 7.17 billion in the first 6 months of FY2003/04. In terms of foreign exchange earned from the commodity export, earnings of this sector in the said period of FY2003/04 accounts to 27.3 percent. Its ratio to total earnings from commodity export and services combined is 18.0 percent. In the total foreign exchange earnings, its share is 9.1 percent. All the three ratios were in the higher side compared to those of FY2001/02.

9.24 The Nepal Tourism Board is engaged to enhance the standard of tourism industry, improve and develop infrastructure, and to promote and manage international tourism market. Its current program of tourism promotion includes feature film production, organizing tourism festivals, production and distribution of materials on tourism, and international exposures. Among various other promotional programs implemented in cooperation with Government agencies and the private sector, "Destination Nepal" campaign is significant from the standpoint of tourism promotion and creating public awareness.

Public Enterprises

- 9.25 Cash flow from HMG to PEs in FY2002/03 plummeted by 80.8 percent. Flow of resources from HMG to Public Enterprises (PEs) in the form of equity shares and loans dropped by 69.2 percent and 87.4 percent respectively in FY2002/03 compared to FY2001/02. Transportation and operational subsidy also decreased by 16.4 percent. Capital subsidy being provided in the past was not provided during FY2002/03. Equity and loan investments to PEs during the first eight months of FY2003/04 is expected to be on the higher scale than that in FY2002/03. Reason for this increase in cash flow (to PEs) is to clear the liabilities of those PEs the Government has decided either to privatize, dissolve or liquidate.
- 9.26 Cash flow from the PEs to HMG declined by 32.1 percent in FY2002/03 compared to previous fiscal year, mainly due to 64.3 percent decline in income tax payments by the PEs during the period. In the same period, dividend payments decreased by 0.4 percent, interest and principal payments dropped by 24.2 percent and 20.1 percent respectively. For the first eight months of FY2003/04, dividend payments are estimated to further decrease by 6.9 percent. Interest and income tax payments are, however, estimated to increase by 183.3 percent and 44.6 percent respectively. Net cash flow from the PEs to HMG in both years was more than that from HMG to PEs.
- 9.27 As regards to the financial performance of PEs, most of them have incurred operating losses In FY2002/03 aggregating Rs. 1.61 billion, mainly due to operating loss of Rashtriya Banijya Bank amounting to Rs. 3.25 billion. During this period, profit level of public utility enterprises has been positive, losses of service and social sector has transformed into profit. Operating losses of PEs belonging to industrial and trading sectors, however, has gone up. For instance, profit level of PEs like Janakpur Cigarette Factory, Industrial District Management Ltd., Nepal Telecom Company, Rashtriya Beema Sansthan (Insurance Corporation), and Citizens' Investment Trust (CIT) have been going up. Similarly, Nepal Transit and Warehousing Management Company, Royal Nepal Airlines, Nepal Television, Nepal Industrial Development Corporation are making operating profits from losses in FY 2002/03. At the same time, losses of Dairy Development Corporation, Royal Drugs Ltd., and Agricultural Inputs Co. have come down. Aggregate operating profit of PEs in FY2003/04 is estimated to improve further totaling Rs. 3.89 billion. The reason behind this optimism is reduction in losses of trading sector, recovery of loss-making financial sector (like Rashtriya Banijya Bank) into profit-making one, and increase in

the profit of public utility sector. In FY2001/02, net capital investment in the PEs totaled Rs 150.09 billion, which dropped to Rs. 97.23 billion in FY2002/03.. The reason for this drop in net capital investment is the decline in investment level in public utility and financial sectors. Such investment in FY2003/04, however, is estimated to reach Rs. 128.56 billion because of reversal of FY2002/03 capital investment scenario. Net capital investment/profit ratio in FY2001/02 was negative 3.65 percent, which improved a little to minus 1.66 percent in the following year. The ratio is estimated to further improve into positive by 3.8 percent in FY2003/04.

Privatization of PEs

9.28 HMG has recognized privatization of PEs as an integral part of its economic liberalization policy. Beginning from FY1992/93 to FY2003/04, 24 PEs have been privatized. Details are given below:

Table 9 (d)
Details of Privatized Public Enterprises

S. No.	PEs Name	Year Privatized	Privatization mode	Selling Price(Rs million)	Lumpsum Equity Sold(%)
1	Bhrikuti Paper Factory Ltd.	October,1992	Assets and Business sale	229.8	-
2	Harisiddhi Brick and Tile Factory Ltd.	October, 1992	Assets and Business sale	214.830	-
3	Bansbari Leather and Shoe Factory Ltd.	March 1992	Assets and Business sale	29.854	-
4	Nepal Film Industry Ltd.	November 1993	Equity sale	64.662	51
5	Balaju Textile Industry	December 1993	Equity sale	17.716	70
6	Raw hide Collection and Processing Co. Ltd.	December 1993	Equity sale	3.990	-
7	Nepal Bitumen and Barrel Industry Ltd.	January 1994	Equity sale	13.172	65
8	Nepal Lube Oil Ltd.	January 1994	Equity sale	31.057	40
9	Nepal Jute Development Co. Ltd.	1993	Liquidation	Liquidation	
10	Tobacco Development Co. Ltd.	March 1994	Liquidation	Liquidation	
11	Nepal Foundry Factory Ltd.	March 1996	Equity sale	14.473	51
12	Raghupati Jute	August 1996	Equity sale	82.204	65

	Mills Ltd.				
13	Biratnagar Jute mills Co. Ltd.*	December 1996	Management Contract	-	-
14	Nepal Bank Ltd**.	March 1997	Equity sale	125.140	-
15	Nepal Tea Development Corporation	June 2000	Equity sale and lease	267.105	65
16	Agriculture Project Services Center Ltd.	2001	Liquidation	-	-
17	Cottage Handicraft Sale Emporium Ltd.	2002	Liquidation	-	-
18	Nepal Coal Ltd.	2002	Liquidation	-	-
19	Hetauda Textile Industry Ltd.	2002	Liquidation	-	-
20	Nepal Transport Corporation	2002	Dissolved	-	-
21	Butwal Power Co.	January 2003	Equity sale	874.2+1 Million US \$	75
22	Birgunj Sugar Factory Ltd.	2003	Liquidation	-	-
23	Agriculture Tools Factory Ltd.	2003	Liquidation	-	
24	Bhaktapur Brick Factory	2004	Assets and Business sale	14.5+31.0 rent /10 years	

* Operating as semi-government corporation, management contract decision was taken by the Board of Directors.

** HMG equity was reduced to 41 percent.

Source : Ministry of Finance

Of the 24 privatized PEs, assets and business of 4 PEs and equity of 10 PEs were sold. One was put under management contract. Four PEs were liquidated as per the Company Act, 3 were dissolved and 2 were also liquidated as per Privatization Act, 2050. In FY2003/04, Bhaktapur Brick Factory was privatized while the Himal Cement Company and Nepal Rosin and Turpentine Ltd are in the process privatization, dissolve and liquidation. In case of already privatized Butwal Power Co., CIT has been appointed for the sale of 2.0 percent equity to the employees, and 10.0 percent to the general public. Assessment will be made on the performance of PEs on the basis of the objective of their establishment and their financial status. Those PEs found inoperable or not feasible to continue in the current status will be either liquidated or closed down.

9.29 As per the policy announcement of FY2003/04 budget, performance indicators for improving efficiency of the PEs strategies have been adopted to fix not/yet to be privatized. Determinants of whether to retain or fire CEOs of these PEs will be their performance against the

set indicators. Under this system, a joint performance contract is signed between the Board and the Chief Executive Officer (CEO), leaving hands free to work while effectively monitoring their performance. CEO's will be rewarded or punished on the basis of their success or failure to perform. Such performance contracts (MOUs) have already been signed with the management of Udayapur Cement Industry Ltd., Hetauda Cement Industry Ltd., Employees Provident Fund, Agriculture Development Bank, and Janak Educational Materials Center. Indicators mentioned in such performance contracts (MOUs) are: physical production, capacity utilization, asset turnover, profit, return on investment, labor productivity, raw material consumption, recovery rate, net profit etc.

Challenges

- 9.30 Enabling poor and deprived people of rural communities for the employment opportunities both in the country and abroad stands as a challenge today. Those looking for employment abroad and in the country need to be trained as per demand. Utilization of employment opportunities abroad is equally important to the country from the standpoint of foreign exchange earnings from remittances.
- 9.31 Problems posed to the tourism sector development include tourism promotion activities limited to a few geographical areas, limited extension of tourism infrastructure, lack of adequate exposure for tourists' attraction in the media, prevailing insurgency situation, negative publicity of Nepal in international media from time to time. All these factors have hindered efforts to increase the number of tourists and duration of stay in Nepal. Sooner these problems are addressed the better.
- 9.32 There is enough room for developing Nepal as cultural tourist destination through conservation and propagation of culture and heritage treasured in temples and sites of historical, cultural and archeological importance.
- 9.33 Regularity in supply of essential consumer goods, milk and POL products needs to be ensured in order to avoid undesirable situation of shortages in the market. Regular monitoring of market is equally important for the regular supply of goods at a reasonable price, and for their quality and standard measurement.

- 9.34 Declining trend in the industrial production and under-utilization of capacity as observed in the review period are the pointer to the problems of market management, capital, harnessing modern technology, market-demand based production of standard commodities. In the context of Nepal's membership in WTO, it is imperative that Nepal takes the opportunities it provides and the threats as a matter of urgency and initiates measures for improvement in industrial research and development.
- 9.35 Attracting foreign investment for the induction of management skill, modern technology and know-how, management culture, and access to the international market continues as a task of big challenge.
- 9.36 Nepal's efforts so far in exploration and development of natural mineral resources have not produced desirable results. However, it is necessary that the proven mineral resources are adequately utilized on a industrial scale to move towards self-sufficiency.
- 9.37 Most of the PEs are crowded with surplus manpower. Facilities provided to the employees differ from PEs to PEs. Moreover, most PEs do not have provision of resources secured to meet the financial liabilities created by the facilities they provide. Nor they are in a position to assess the liabilities. Tackling all these problems is a hot issue.

10. Energy, Forestry and Environment

Energy

- 10.1 Energy consumption in FY2002/03 increased by 0.9 percent to 8282 Tons of Oil Equivalents (TOE) compared to previous year. It is expected to further increase by 2.9 percent to 8521 TOE in FY2003/04.
- 10.2 When divided energy into three parts by their sources namely, traditional, commercial and renewable, traditional energy occupied 87.4 percent, commercial energy 12.0 percent and the renewable energy 0.4 percent of total energy consumption in FY2002/03. Out of the total energy consumption in FY2003/04, share of traditional, commercial and renewable energy is expected to remain at 86.8, 12.6 and 0.5 percent respectively. This shows Nepalese economy still heavily relies on traditional sources of energy.
- 10.3 Of the total traditional energy consumption in FY2002/03, share of fuel wood was 77.9 percent, agriculture and cattle residue 3.8 percent and 5.7 percent respectively, while in FY2003/04 consumption of fuel wood is expected to remain at 77.3 percent while that of agriculture and animal residue will be 3.8 percent and 5.7 percent respectively. Similarly, of the total commercial energy consumption in FY2002/03, the share of petroleum products was 8.9 percent, coal 1.6 percent and electricity 1.6 percent. In FY2003/04 the share of Petroleum is expected to remain at 9.0, coal 2.0, and electricity 1.6 percent.
- 10.4 Of the total energy consumption by sector in FY2002/03 shows share of household 84.5 percent, industry 3.0 percent, commerce 1.1 percent, transport 3.7 percent and agriculture 0.8 percent. Household sector is expected to occupy 84.0 percent, industry 3.4 percent, commerce 1.1 percent, transport 3.6 percent and agriculture sector 0.7 percent of total energy consumption in FY2003/04.

Electricity

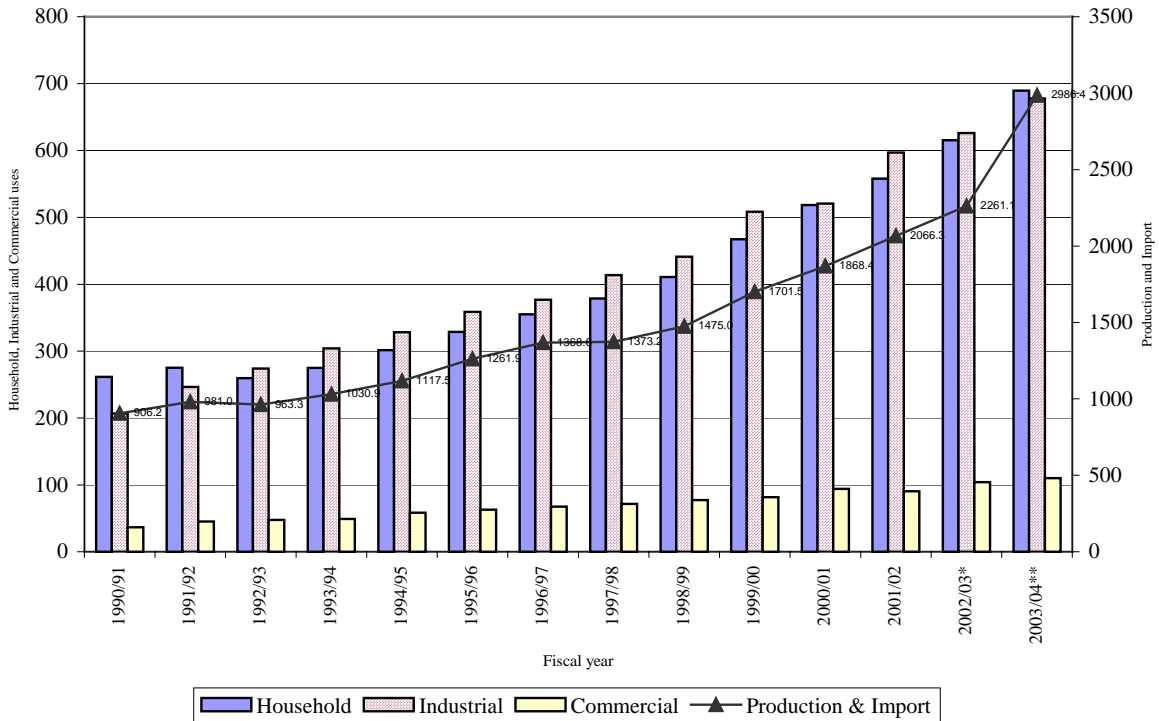
- 10.5 At the end of FY2002/03, a total of 549.201 Mw hydropower was produced from various projects in the Kingdom. If private sector constructed 3.0 Mw Puluwa Khola Hydro Power Plant is included, the total national hydropower production goes up to 552.201 Mw as of

mid March of current fiscal year. Of the total hydropower production, 545.785 Mw has been linked in the national grid and the rest (6.416 Mw) is being produced by small hydro power plants and distributed locally. Similarly, thermal power production is 56.756 Mw and solar power is 100 kilowatt. As of now, all 75 districts of the Kingdom have access to electricity.

- 10.6 In pursuance of the expansion of hydropower capacity in the country, production from (20 Mw) Chilime Hydropower Plant (in Rasuwa district) jointly constructed by Nepal Electricity Authority (NEA) and the private sector, and commissioned in previous fiscal year, is in operation. Likewise 3.0 Mw Piluwa Khola Hydropower Plant of Sankhuwasabha has been commissioned in current FY2003/04. The Middle Marsyangdi Hydropower Project, Lamjung (70 Mw) is under construction with the assistance of the government of Germany. Electricity is being provided through solar power in Humla and Mugu districts, while the construction of Heldung (500 kilowatt) and Gamgadi (400 kilowatt) small hydro power plants are also under construction for the supply of electricity in those districts respectively.
- 10.7 Power plants constructed by the private sector are being gradually commissioned and being operated. In this connection, Chilime and Piluwa Khola projects have been completed, whereas the Power Purchase Agreements (PPAs) for Mardi Khola of Kaski, (3.1 Mw), Lower Myagdi (4.5 Mw) of Lamjung and Madi – 1 (10 Mw) of Kashki was concluded in mid March of FY2003/04. Among such completed PPAs, construction works of the Chaku Khola (1.5 Mw) and Sunkoshi Small (2.6 Mw) both in Sindhupalchowk district and Rairang Khola (0.5 Mw) in Dhading district has been started.
- 10.8 In line with the expansion plan of electrification, electricity transmission lines 1132 Km and 412 Km single and double circuit 132 KV lines respectively; 231 Km and 161 Km single and double circuit 66 KV lines; bar circuit 3 km and 22 Km of joint 66 KV and 132 KV lines are in operation at the end of FY2002/03. 132 KV Butwal-Sunauli (23 km), Parwanipur-Pathlaiya (20 KM); 33 KV Ilam-Phidim-Taplejung (90 KM), Shitalpati-Musikot (50 KM), Buipa-Okhaldhunga (29 KM), Chhinchu-Rakam-Jajarkot (70 KM), Ghorai-Holery (45 KM), and Udipur-Beshi Shahar- Manang (90 M) are under construction. Target has been set to extend transmission lines at three border points for the exchange of electricity under the MOU signed between Nepal and India to raise the level of electricity exchange from 50 Mw to 150 Mw. Necessary studies were being carried out for the

construction of 132 transmission lines between Butwal – Sunauli (25 Km); Dhalkebar –Bhittamod (45 Km) Parwanipur – Birgunj (25 KM). Accordingly, Work has already been initiated for the construction of 25 Km Butwal – Sunauli transmission line. Remaining two transmission lines will be completed with the assistance of the World Bank and the Asian Development Bank respectively. Construction of 132 KV Thankot-Chapagaun-Bhaktapur Kathmandu "Ringmen" transmission line has been started under the loan assistance of Asian Development Bank (ADB) to strengthen the capacity of Kathmandu valley transmission lines to cope with expanding urbanization in the Kathmandu Valley. A 220 KV Khimti-Dhalkewar (75 Km) transmission line will be constructed with World Bank assistance to transmit the electricity to the eastern part of the country, the power generated from Khimti, Bhotekoshi and from other future projects in to be developed in Sindhupalchowk and Dolakha area.

Chart 10(a) : Electricity Generation and Consumption
(In MW/HR)



10.9 Load Dispatch Center expansion project, established with an aim to augment the production and control the system through the establishment of linkages among major sub-stations and powerhouses with the communication network of the Center and SCADA, has been completed.

10.10 Transmission and distribution in areas with access to electricity is continued with HMG and NEA resources. Electrification in Kanchanpur and Kailali districts is being carried out with the cooperation of the Danish Government. Preliminary work on loan processing with the Asian Development Bank for the electrification in additional 27 districts is underway. Agreement has been signed with the World Bank to expand the electricity services in additional areas of Bhaktapur, Lalitpur, Nuwakot, Dhading and Kavre districts.

Feasibility Study on electrification in Surkhet, Dailekh, Achham, Doti, Bajhang, Dadeldhura, Baitadi and Darchula has been concluded in cooperation of Swedish Government and further dialogue is ongoing to carry out the electrification works in those districts.

- 10.11 Detail feasibility studies are continued for further expanding the electricity services. Infrastructure development works and financial arrangement process are on-going with a view to developing Chameliagad Hydroelectric Project. In course of feasibility study of reservoir type hydroelectric project, 4 out of 102 projects were preliminarily selected. Those four projects are: Upper Seti (Tanahu), Madi Ishaneshor (Kaski/Lamjung), Langtang (Rasuwa) and Madi/Begnas (Kaski) of which the feasibility works of Upper Seti has been completed. Effort to tap foreign resources to carry out the detailed study of the Upper Seti project (122MW), the most feasible project revealed by the study made so far, is on going. Implementation of this project is expected to mitigate the seasonal imbalances in demand and supply of electricity in the national electricity system. Pre-feasibility studies of Uttarganga (Banglung), Nalasiaugadh (Jajarkot), and feasibility studies of first stage of Seti Trisuli (Tanahu) is continuing. Norwegian Government has provided grant assistance to carry out the study of Upper Tamakoshi project in Dolakha district. Feasibility studies of Upper Tamakoshi and Upper Modi (A) are being carried out with a view to financing the project jointly by Nepal Electricity Authority and the private sector. A number of studies on projects under 5MW capacities are continuing under the Small Hydro Master Plan Study Project.
- 10.12 The total supply of electricity in FY2002/03, totaled 2261.6 Gigawatt Hours, (GWH) including hydropower 2106.85 GWH, thermal power 4.4 GWH and 149.9 GWH imported from India. Of the total consumption, 1522.2 GWH was consumed internally and 186.3 GWH was exported to India. In FY2003/04 total supply of power is expected to reach 2986.4 GWH including 2874.9 GWH hydropower, thermal power 5.5 GWH, and 106 GWH imported from India. Out of the total available power supply in the current fiscal year, the share of internal consumption is estimated to be 1661.35 GWH and export to India will be 245.27 GWH.
- 10.13 Sector-wise consumption of power in 2002/03 reveals that the industry sector accounted for 26.7 percent, household sector 36 percent, commercial sector 6.1 percent, export 10.9 percent and miscellaneous 10.3 percent. On Sector-wise consumption of electricity in FY2003/04,

it is estimated that industry sector will account for 35.6 percent, household 36.2 percent, commerce 5.8 percent, export 12.9 percent and miscellaneous 9.7 percent.

- 10.14 The total number of electricity consumers in FY2002/03 was 971,000, while at the end of FY2003/04 this number is expected to reach 1.1 million.

Petroleum Products:

- 10.15 In FY2002/03, consumption of Petroleum Products (POL) decreased by 2.5 percent totaling 784,064 Kilo liters (Kl), but consumption of L. P. Gas rose by 15 percent totaling 56079 metric tons. Cost of these two commodities totaled Rs. 19.33 billion. Consumption of petroleum products in the first eight months of FY2003/04 declined by 7.51 percent compared to consumption of 519,064 Kl in the corresponding period of FY2002/03. Consumption of L.P Gas, however, increased by 18.53 percent from the consumption of 37012 MT during this period compared to the corresponding period of FY2002/03. Cost of these commodities totaled Rs. 15.56 billion.
- 10.16 Diesel, Kerosene, Petrol and Aviation fuel are among the heavily consumed POL products. Of the total consumption of POL in FY2002/03, the share of diesel was 38.26 percent, petrol 8.6 percent, kerosene 44.47 percent and aviation fuel 6.74 percent. In the first eight months of FY2003/04, share of diesel is 37.57 percent, petrol 9.17 percent, kerosene 42.99 percent and aviation fuel 8.81 percent.
- 10.17 As all the POL requirements have to be met by imports, Nepal Oil Corporation has been managing the storage of these products. The total storage capacity of Corporation is 70,300 Kl, but due to technical reason, current available storage capacity is limited to 65,174 Kl. Of the total consumption, 65 percent of POL is being imported from Raxaul Depot of Indian Oil Corporation (IOC). Considering the loading capacity of Raxaul Depot of IOC and the traffic congestion between Raxaul and Birgunj Customs area, it is extremely difficult to supply POL products by trucks to meet the ever increasing demand of these products. Now, it is realized the necessity of laying a pipeline from Raxaul to Amlekhgunj. The negotiation with Indian Oil Corporation for this purpose is in process. Similarly, a report has been submitted to the Ministry of Industry, Commerce and Supplies by the Pipeline Task Force Commission formed by (Minister level decision)

His Majesty's Government of Nepal. Necessary action on the recommendation of the task force is in process.

Coal

- 10.18 During FY2002/03, a total of 134.23 TOE of coal was produced and imported. Share of industrial and household consumption of coal during the period was 99.5 percent and 0.5 percent, respectively. It is estimated that a total of 171.69 TOE of coal would be made available through imports and local production. Of the total availability, 99.6 percent will be consumed by industry sector leaving the remaining 0.4 percent for household consumption. Similarly, in renewable energy sector, a total of 38.0 TOE of biogas was produced in FY2002/03, and consumed exclusively for household purpose. It is expected that a total of 43.95 TOE of biogas would be produced and consumed exclusively for household purpose in FY2003/04.

Alternative Energy

- 10.19 In order to mobilize and manage resources efficiently received from the government and various donors such as Denmark and Norway in solar energy and micro hydro sector, and to coordinate with banks to ensure the availability of loans in this sector as well, the government has established an Interim Rural Energy Fund (IREF) under the Alternative Energy Promotion Centre AEPC). The fund, now, is in operation. The provision of such fund increases the access to new and sustainable energy systems, of rural people. Its establishment has shown very positive results especially to provide the electricity facility to the area where supply of electricity is not possible from the national grid. With a view to transferring this fund into a Rural Energy Fund in future and to mobilize all grants on alternative and renewal energy, necessary actions have already been initiated.

Biogas

- 10.20 Installation of biogas plants have been continued in FY2003/04 as well. A biogas credit unit has been established at the Alternative Energy Promotion Center to channel faster, easier and concessional credits through micro finance institutions involved in biogas. It is expected that this provision would provide easy access of poor people to biogas and help produce clean and hygienic cooking gas and a quality compost

manure from the slurry. The government provided subsidized loan without collateral especially to rural poor and women and a total of 2476 biogas plants have been established during the current fiscal year. This credit has been made available through the new phase (FY2001/02) of assistance from KfW of Germany. As against the target of 24000 plants, a total of 20353 biogas plants were constructed jointly by AEPC and the Agricultural Development Bank in FY2002/03 under the grant and technical assistance from KfW and SNV. A total of 1146 biogas plants have been constructed during the first eight months of FY2003/04.

Micro Hydropower

10.21 Construction of micro hydropower plants has continued during FY2002/03 because this serves useful purpose of relieving pressure on rural forest and harnessing free flowing water resource. In FY2002/03, 322.7 Kilowatt (KW)) of electricity was generated against the target of 500 KW, while during the first eight months of current fiscal year a total of 433.8 kilowatt of electricity has been generated against the target of 1750 kilowatt.

Solar Energy

10.22 In FY2002/03, installation of 14284 units of Solar PV Home System and 122 units of Solar Dryer/Cookers have been completed as against the target of installing 9000 units of Solar PV Home System and 50 units of Solar Dryer/Cookers. During the first eight months of FY2003/04, 10616 units of Solar PV Home System have been installed against the target of 10000 units. Similarly, a total of 64 units of Solar Dryer/Cookers and 118 Improved Water Mills (IWM) have been established as against the target of 100 units of Solar Dryers and 200 IWMs during the same period.

Forestry

10.23 Formation of 377 Forest User Groups (FUGs); plantation of saplings in 530 hectares of community forest; formulation of 398 forestry work plans; production of 1.028 Million saplings by FUGs and 575,000 by DDCs; review of 1197 forestry work plans; monitoring and

supervision of 7198 community forests; 193 KM of boundary construction; 911 training events related to various aspects of forestry; establishment of 91 plant nurseries; production of 600,000 saplings were targeted for FY2002/03. These targets were aimed at enhancing opportunities of livelihood of the poor, women and the deprived by means of social empowerment, gender equity, social justice, equity and good governance and enhancing macro economic development basis through the community and leasehold forestry, which are likely to reach the rural people. Achievements, against the above-mentioned targets set for the fiscal year were: formation of 137 FUGs; preparation of 138 work plans; review of 263 work plans; 559 training events; establishment of 91 nurseries; and production and distribution of 300,000 saplings. During the first 8 months of the FY2003/04, an integrated intervention has been launched so as to bring the programs like community forestry and leasehold forestry to the doorsteps of the poor, women and the deprived class of the society in a coordinated manner. Draft legislation has been prepared to create legal provision offering the institutional loans to the users intending to run the forestry-based business and industry. 148 leasehold FUGs have been formed with a view to enhancing devolution of power of basic service delivery to the local level and to uplift the living standard the people below the poverty line. Training programs on land development, bee-keeping and nursery management have been conducted for the members of the leasehold forestry users groups.

- 10.24 In FY2002/03, 137 forestry users groups have been formed to develop and utilize community forestry at the local level and 138 forestry work plans have been formulated and handed over to the users groups in line with the policy to emphasize on the eco-tourism, participatory forestry management in the protected buffer zones, community forestry, leasehold forestry, pasture development programs in hilly and mountainous area are likely to enhance employment opportunities for the deprived people by developing forestry and pasture based businesses and to upgrade environment at the rural level. Animal husbandry is supported by grass crops in the leasehold forests on the one hand and the environment have been upgraded by the expansion of greenery over the barren land on the other. In FY2003/04, community forestry, leasehold forestry and pasture development programs are being implemented in mountain regions. Similarly, forestry programs will be launched in the Bara, Parsa and Rautahat districts with the local people's participation, based on participatory forest management principle. In FY2002/03, altogether 65 forestry users groups have been

formed in 18 districts of inner Terai with the participation of the local people. At the same time 56 forestry work plans have been prepared and, forests handed over to them accordingly.

- 10.25 In FY2003/04, the Department of Forests has decided to hand over leasehold forestry to the interested organizations or institutions on competition basis. This is in line with the policy of the Government to encourage private sector by making necessary legal arrangements regarding herbs farming, wild life (wild boar, deer, parrot, monkey etc.) and animal husbandry, and by providing the bush forestry on long-term lease to the private sector. It would serve the purpose of tourism and forestry based production that is appropriate for sustainable forestry development. His Majesty' Government has initiated necessary actions to hand over 575 hectares of forest area of Jhapa, Ilam and Panchthar districts of Eastern Region, 70 hectares of Kathmandu and 306.5 hectares of Nawalparasi district of Western Region to the private sector. Proposals are invited for leasing out 70 hectares of forests located in the Central Region while the proposals received for leasing out the selected forestry in the Eastern and Western Region are being evaluated.
- 10.26 Nepal's medicinal herbs of high value, found in high altitudes, are depleting rapidly. Research in appropriate technology and data collection for their genetic conservation and sustained management is a necessity. There is a great potential of generating employment to the people of the hills and high mountain region. These products have high export value and income generating prospects. There is a policy, therefore, to promote a national program with the partnership of agencies, both public and private sector, associated with the herb production, processing and marketing. Accordingly, the program and activities designed after these policy goals were underway in FY2002/03, and FY2003/04. With the participation of industry, commerce, agriculture, forest and health related agencies and private sector, program implementation covered districts, among others, of Dolakha, Ramechhap, Lalitpur, Dolpa, Humla and Jumla. to collect genes of near extinction herbs, such as, *Chiraito*, *raulphina*, *Sugandhwal* and *Rudrakshya*. Through biotechnological method, high quality plants of these species have been reproduced and preserved in glass tubes. For the field test of these plants, *Sungadhwal* plants are being tested in the district plant resource offices at Tistung and Godavari. To preserve genetic source of the plants by geographical regions, cultivation of these plants have been located in 13 different

sites on occupational scale. With the initiative of the Herbs and Non-timber Forest Products Coordination Committee, 30 types of herbs have been identified and enlisted. Twelve of them have been selected for farming technology development and research.

- 10.27 Under the Forestry Products Development Program, Forestry Development Project is in operation at Sagarnath and Nepalgunj. In FY2002/03, the Project registered following progress against its annual target: 10,646 pieces of wooden poles were produced against the target of 27,000 poles; 8,250 lots of fuel wood against the target of 2610 lots; 69,534 Cu ft of logs against the target of 25,000 Cu ft. The project also sold 11,137 pieces of wooden poles, 69,189 Cu ft of logs and 8,250 lots of fuel wood. In FY2003/04, Forest Management Work Plan was prepared and implemented in 19 districts of the Terai and Inner Terai areas. During the first 8 months of this fiscal year, Rs.116.9 million was collected as royalty from forest products; Rs. 41.5 million worth of forestry product was sold; Rs. 25.8 million of revenue and Rs.3.1 million of VAT were also collected.
- 10.28 In order to effectively utilize the Forest Reserves for tourism development and poverty alleviation, the government has a policy of providing the management of various conservation areas other than Royal Chitwan National Park, Royal Bardia National Park, Sagarmatha National Park, Langtang National Park and Royal Shuklafanta Wildlife Conservation Park to the interested NGOs and other agencies on the condition that no deterioration will be caused on environment and bio-diversity conservation. Pursuant to this policy, proposal was sought by the Kanchanjunga Management Committee to manage Kanchanjunga Conservation Area and letter of intent to prepare management work-plan has been issued according to the decision of His Majesty's Government. Similarly, letters of intent has been issued to the King Mahendra Trust for Nature Conservation as per the decision of His Majesty's Government to prepare work-plan for the management of Shiwapuri National Park, She-Foksundo National Park and Rara National Park.
- 10.29 Letters of intent were issued to the Nepal Biodiversity Research Society for rhesus monkey keeping and reproduction in Nepal and the Nepal Birds Preservation Association for research related to vultures. Its goals are to carry out research and supervision tasks in order to promote new technology and methods in the forestry, wildlife and watershed management sectors and implement programs related to awareness enhancement in the forestry, soil conservation and wildlife

conservation sectors with priority. Similarly, letters of intent have been issued to the people of Siddharthanagar for research related to snakes, and reproduction and research on wild boar keeping in Bhairawa area. Study and analysis of technology related to soil conservation have been initiated in order to promote new technology and methods in the watershed management sector.

- 10.30 Community Forestry Program will be adopted as the strategy for development, conservation and utilization of forests. Under the leasehold forestry and pastureland development program, the government has a policy of making legal provision to provide institutional credit to the forestry user groups through landless peasants and consumers of low-income group to carry out forestry based business and industry. Pursuant to these strategies and policies, as many as 16 buffer zone community forests in the Royal Chitwan National Park area have been handed over in the current fiscal year. Similarly, the task of handing over by preparing work plan is underway after the formation of 45 buffer zone community user groups and registration of their constitution. 32 buffer zone community forests have been handed over in the Royal Bardia National Park and work plan have been prepared for another 18. As many as 12, 11, 6, 6, 11, 1 and 6 community forestry have been handed over in Langtang National Park, She-Foksundo National Park, Makalu-Barun National Park, Sagarmatha National Park, proposed area of the Royal Shukla Phanta Conservation, Koshi Tappu Wildlife Branch, the proposed area of the Parsa Wildlife Conservation, respectively.
- 10.31 The Government has been bringing out necessary policies and programs by emphasizing control of forests encroachment to maintain balance between natural environment and development. Pursuant to these policies, encroachers were removed from a total of 9723.34-hectare forest areas of various districts in FY2002/03 and tree plantation work is underway for the rehabilitation of forests in such areas. Such an action was imperative in pursuance of expanding the forest coverage by making the tasks of forests conservation and management effective in the district level in order to maintain the national average of areas covered by forests at 40 percent. The Government's current program of producing 200,000 saplings and reforestation in 100 hectares is being carried out in forest areas cleared from encroachers.
- 10.32 The government has adopted the policy of implementing Integrated Watershed Management Program, which will help to conserve soil and

riverbanks in the Chure, Bhabar and Terai areas. It has also adopted the policy of implementing Integrated Watershed Management Program by identifying sub-watershed areas in the district where soil and watershed conservation programs are being implemented. Pursuant to these policies, Integrated Watershed Management programs are ongoing in 11 districts of Chure and Bhabar areas by utilizing the limited available resources in FY2003/04.

- 10.33 The government has adopted the policy of continuing the implementation of Plant Resources Development Program, Plant Resources Garden Development, Nepal Flora, Herbal Promotion Program, International Mountaineering Year, 2002. As called by the United Nations, the policy of bringing out programs like Operation of Plant Resources Garden in Daman, Management and Strengthening of Herbarium and Museum, Scientific Publications and Research are continued since past fiscal years. Pursuant with these policies, plant collection work was done in high mountain area (Lantang) in the last fiscal year 2002/03. The above mentioned programs are being implemented through Natural Resources Research Laboratory, Thapathali and National Herbarium Laboratory, Godawari and this task has been continued in the current fiscal year as well.
- 10.34 A Ten Year Nepal Flora Project has been implemented since FY2002/03 with a view to maintain the complete record of plant resources bio-diversity. Pursuant to this project's goal of maintaining the complete record of plant resources bio-diversity through national and international coordination and cooperation, the task of publishing Nepal Flora by coordinating various national and international agencies is continuing in the current fiscal year as well. Similarly, targets were set to establish 6 Herbal Promotion Centers as well as formation of 100 Herbal Development Groups with 1500 herbal group members in order to implement the concept of Herbal Center as envisaged by the Forestry Development Master Plan. As against these targets, programs have been launched in 7 districts under this project in the fiscal year 2002/2003 and these programs are continued in the current fiscal year as well.

Population and Environment

- 10.35 The Tenth Plan has long-term goal of integrating population with the development and alleviating poverty through the development of educated, healthy and skilled human resources and thereby attaining a

constant reproductive ratio by the end of the Twelfth Plan. Accordingly the on-going activities of the Ministry of Population and Environment in FY2002/03 includes National Population Program. Under this program, activities such as drafting of long-term population policy, plan and law formulation population management at the local level, and youth targeted program are under process. Draft concept papers on long term population plan is completed. Facts and figures on population and environment, and Nepal Population Report 2060 were also circulated while the glossary of demographic terminology was put to its final stage. To promote the role of local entities in population management, concept of it has been introduced under the initiative of the district development committee (DDC) with government agencies and NGOs as active participants. This program was implemented in 6 districts in FY2002/03, and 5 more districts were added in the implementation of this program in FY2003/04. To enhance the effectiveness of the youth targeted program, district based NGOs have been activated with DDC as focal point. As continuation of these activities in FY2003/04, concept paper on long-term population policy has been approved. Meanwhile, two reports, namely, Report on Gender Mainstreaming, and Population Projections for Nepal, 2001-2021 have been circulated.

- 10.36 With the assistance of UNFPA, the Population and Reproductive Health Integration Program was conducted in Saptari, Mahotari, Rautahat, Kapilvastu, Dang, and Dandeldhura districts. This program has also helped other ongoing activities, such as, integration of policies related with population, reproductive health and gender issues, and capacity building of district level offices, and drafting of policies and strategies for gender equity and empowerment. In FY2003/04, Rs 9.283 million of HMG and US\$159,000 from UNFPA has been spent out of the total allocation of Rs 120 million.
- 10.37 For FY2002/03, 28 activities were in the list including decentralized program, urban environment improvement, environmental impact evaluation, implementation of convention, environment fund, environmental promotion and public awareness, strengthening of environmental organization, environmental rehabilitation. All of these were under second priority (P2) list . As the budget could not be disbursed in time to implement all of these activities, however, evaluation of environmental impact, implementation of convention, environmental promotion and public awareness activities were

accomplished. In the first 8 months of FY2003/04, 80 percent of the annual target is estimated to be achieved.

- 10.38 Permanent solution to the disposal of city waste of the Kathmandu Valley, *inter alia*, is an integral part of the Waste Management Program begun in FY1998. As a step towards this goal, Okharpauwa of Nuwakot district has been selected as the site for infrastructure development. Annual target for FY2003/04 was set to prepare a temporary site for waste disposal and to start operation within this FY. Accordingly the target activities included acquisition of 18 Ropani of land, 26.422 long access road construction, bridge construction on Kolpu river, development of landfill site in 4 hectares, development and construction work at local level, and temporary landfill site development. Progress in the review period was limited to acquisition of 18 Ropani of land, gravelling and blacktopping of 1.76 kilometer of access road.
- 10.39 Environmental management program at the local level is being implemented in 7 VDCs and 3 municipalities of Morang and Sunsari districts under the assistance of Finland government since FY2001/02. In FY2003/04, Rs49.8 million has been earmarked for this program. Environmental situation study, study of water laboratory installation, regular collection and testing of tube well water, urban environment plan drafting committee formation, waste management and compost production, and environment protection and monitoring were among the activities included in the program.

Challenges

- 10.40 Energy demand is ever increasing. A large proportion of energy consumption continues to be met from traditional energy source with increasing pressure on forest resources leading to environmental imbalance to rise. Solution to this problem at hand is to commission electricity generation projects under construction in shortest possible time and implement small hydropower projects to supply power at a competitive price. Given the prevailing situation of peace and security, the problem to meet the impending challenge has compounded.
- 10.41 Biogas, mini-hydro plant, solar and wind energy are the main alternative energy sources available in the country. Despite the wide scope of their use, proper promotion is lacking. Construction materials

are difficult to deliver to the sites due to adverse security situation while the subsidy being provided is not sufficient.

- 10.42 The population growth rate of 2.2 percent, according to the National Census, 2058, is still too high. More effective population management is a high priority agenda.
- 10.43 In the absence of proper provisions in the law, and policy and institutional framework, there is no effective control over the trafficking of endangered animals. The bill for banning and controlling of trading of such species, and legal framework for wild animal farming have become urgent.
- 10.44 Per capita electricity consumption of Nepal is still low. Additional power generation is essential.
- 10.45 Power generation cost is too high in Nepal forbidding export prospects despite high potential of exportable power and the market. The challenge, therefore, is formidable.

11. Transport and Communication

Road Transport

- 11.1 Till now, 60 district headquarters have access to road network. The Tenth plan has targeted to extend this access to 70 districts. Despite the target of linking 4 district headquarters in FY2003/04, no progress could be achieved in this direction due to security reason. Total road length at the end of FY2002/03 stood at 16018 Kilometer (Km) consisting 4647 Km black topped, 4034 Km graveled, and 7337 Km of fair weather roads. Only 24 Km (11 Km black topped), 3 Km graveled and 10 Km fair weather) road has been added during the first eight months of FY2003/04. The total road length has now reached 16042 Km by March 2004. Table 11 (a) below shows the status of Road facilities in Nepal as of mid-March 2004.

**Table 11 (a)
Road Facilities of Nepal**

				(Km)
S. No.	Types	As of 15 July 2003	Addition till mid-March	Total by mid-March 2004

			2004	Km.	Percentage
1	Black topped	4647	11	4,658	29.0
2	Gravel	4034	3	4,037	25.2
3	Fair- Weather	7,337	10	7,347	45.8
	Total	16,018	24	16,042	100.0

Source: Department of Roads, Kathmandu.

Note: Roads constructed by Department of Roads is only included.

Transport Vehicles

11.2 Transport vehicles registered in the Kingdom of Nepal totaled 392,565 at the end of FY2002/003. Additional 26,345 (6.7 percent) vehicles were registered during the first 8 months of FY2003/004, reaching the total to 418,910. Vehicle density per Km in the country increased from 24 to 26 by Mid March 2004.

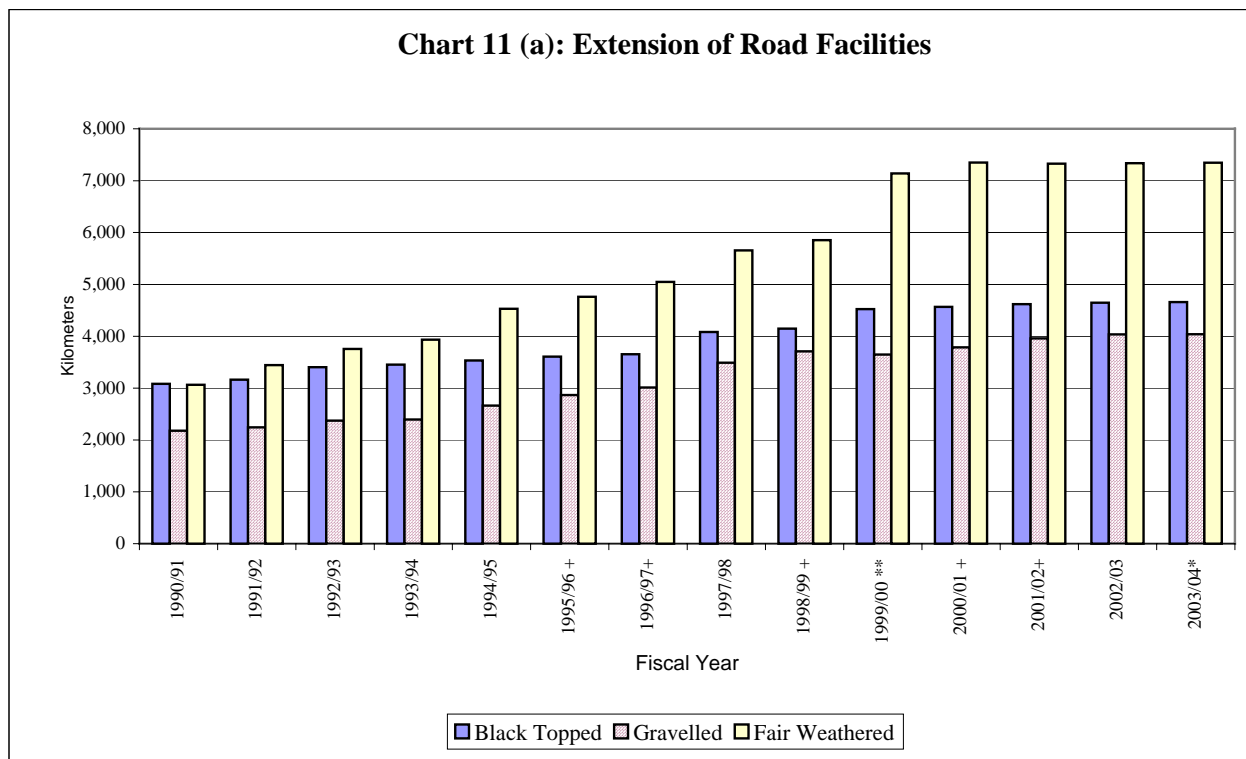


Table 11(b)
Number of Vehicles

Types	As of Fiscal Year 2002/003	Addition till Mid-March 2004	Total	Increase Percent
Bus	11,846	560	12,406	4.7
Minibus	3,734	179	3913	4.8
Truck, Tanker	24,590	986	25576	4.0
Car, Jeep, Van	66,395	4,592	70987	6.9
Tractor	29,665	1,559	31224	5.3
Motorcycle	244,402	17,665	262067	7.2
Tempo (Three Wheeler)	7,199	9	7208	0.1
Bulldozer, Crane and Others	4,734	795	5529	16.8
Total	392565	26,345	418,910	6.7
Vehicles per KM	24	-	26	-

Source: Department of Transport Management

Other Transports

- 11.3 Trolley Bus Services and Sajha Yatatat are under operation by the initiation of Municipality and civil society from this year. Likewise, Railway service is also operating normally.

Progress on Policy and Institutional matters

- 11.4 Strengthened Maintenance Division (SMD) and Geo-Environmental and Bridge units have been established for the development of planned road maintenance process.
- 11.5 Effort on the development of Transport Network Planning Capability and its implementation through the preparation of a 10-year Priority Investment Plan (PIP) is underway since the Ninth Five-Year Plan period. Besides, a 20 year Roads Master Plan has been developed, and is being implemented. Medium Term Expenditure Framework based Annual Programme and Budgeting process has been initiated.
- 11.6 National Standards for construction materials, specifications and standards for local construction materials have been approved and are being used.
- 11.7 In pursuance of Human Resources Development in the road sector, a Road Sector Skill Development Unit (RSSDU) has been established in

the Department of Roads (DoR). The Unit is working towards creating database for personnel within the DOR, and conducting seminars and training activities. The road sector Human Resource Development Policy has been approved and work is underway as planned.

- 11.8 A Traffic Engineering and Safety Unit (TESU) has been established for improved road safety. Accordingly, Traffic Sign Standard has been prepared and Accident Data Record is being maintained. In addition, greater emphasis has been given to traffic safety and necessary steps are being taken accordingly.
- 11.9 Initiation has been made towards making the monitoring and evaluation process an integral part of the Planning process, and a Monitoring and Evaluation Unit has been established accordingly. A Manual has been developed and brought in operation for the pursuance of Global Monitoring System on Road Safety. Effort is underway to strengthen computer information system for easy flow of information between the Projects and the Planning Division.
- 11.10 In pursuance of the policy of handing over local level infrastructures to local bodies, process has been initiated for handing over district roads to the local bodies through the Department of Local Infrastructure and Agriculture Roads (DOLIDAR). Similarly, urban roads will be handed over to the concerned Municipalities.

Air Transport Service

- 11.11 In consideration of the difficult geophysical condition of the country, air transport service is being expanded and strengthened as per the National Civil Aviation Policy. Work is underway to make air flights, air communication, air routes, air navigation and air transportation for domestic and international air connections safe, standard, regular and effective. The amendment in Civil Aviation Rules, 2001 is in the process. The Draft Aerodrome Certification Regulation, 2004, prepared on the recommendation of ICAO to ensure quality services at the airports, has already been submitted for approval. A "Remote Area Air Services Fund" has been conceived for the development and easy availability of air services to the people of remote areas. Accordingly, opinions and comments from the civil society and the concerned agencies are being collected on the draft "Air Services Fund Operations Procedures" for the implementation of the planned scheme.
- 11.12 All 6 activities, as a package, under the Tribhuvan International Airport Improvement Master Plan, are being carried out with loan the

assistance of Asian Development Bank and OPEC. The work for developing Biratnagar, Bhairahwa and Nepalgunj Airports as Hub Airports is in process. Accordingly, together with the improvement in physical facilities, night landing facility is already available at Biratnagar. In the current fiscal year, Close Circuit Television (CCTV) has been installed thereby improving the power supply system. Infrastructure in Nepalgunj and Bhairahwa airports has been created for night landing facilities. Improvement in electricity supply system, establishment of dual non directional beacon, installation of new DVOR/DME equipment, overlaying of runway are carried out in Nepalgunj. His Majesty's Government has decided to pursue the Build Own Operate and Transfer (BOOT) policy for the operation of airports at Bhairahawa, Pokhara, Dharan and Dhangadhi.

- 11.13 HMG has been pursuing the policy of gradually implementing Communication, Navigation and Surveillance, and Air Traffic Management (CNS/ATM) system based on Geo-Satellites and the modern technology. Accordingly, works by Consultants are underway in designing GPS procedures for the development and expansion of GNSS based air navigational system, impart training, and review the GPS procedures designed in the past. Tender document/technical specification is being prepared for the extension of ACC VHF Coverage for the establishment of communication system in Nepalgunj through V-SAT or other appropriate medium by installing RCAG equipment.
- 11.14 Air Service Agreements (ASA) have been signed with Israel and Malaysia between the period of FY2002/03 and first eight months of FY2003/04. Memoranda of Understanding have been signed with the United Arab Emirates, Qatar, China, Bhutan and Thailand after review of the existing Bilateral Air Service Agreements with those countries. Development and expansion of air service is getting more effective, as number of MOU/ASA has reached 34 with the recent signing of such Agreement with Croatia.
- 11.15 As per the policy of encouraging private sector airlines to operate domestic and international air services, airlines have been issued (AOC) licenses. Out of the licenses issued to 33 airlines so far, sixteen of them are currently operating. Cosmic Air has been issued license to operate long distance international flights while Air Shangrila has also submitted its request for license to operate such flights.

- 11.16 In compliance with the ICAO standard of rescue and fire fighting services, Tribhuvan International Airport has met ICAO Category-VIII while Bhairawa, Biratnagar, Pokhara, and Nepalgunj airports have been upgraded to Category-V. Simra airport facility has been targeted for upgrading it to this category. Rest of the airports will also be gradually upgraded and expanded as necessary in due course of time.
- 11.17 Under the current policy, Nepal intends to maximize the use of its airspace through trans-Himalayan and east-west international flights. Middle East/ Europe bound flights originating from south east Asia have been operating in the satellite guided new routes passing through south of the Himalayas since November 28, 2002 under the initiation of ICAO and IATA. Initiatives to establish EMARRSH routes called Himalaya-1 (Bangkok-Kolkata-Nepalgunj-Pakistan), Himalaya-2 (Kunming-Kathmandu), and Himalaya-3 (Kathmandu-Nepalgunj-Delhi) are underway with ICAO, IATA in coordination with the countries concerned. The EMARRSH Route also include two other routes called BB-17, and BB-18.
- 11.18 Current policy also includes promotion of recreational flights, such as, flying club, ballooning, and gliding. Ballooning in the Kathmandu Valley and micro light aircraft power gliding in Pokhara are already in operation. Such other recreational flights like paragliding are also encouraged.
- 11.19 Urgent work at hand is the resumption of services, security of the airfields and rebuilding of infrastructure badly damaged by the insurgents. In the current fiscal year, communication equipment have been refitted in the damaged airports at Phaplu, Lamidanda, Bhojpur, Dolpa, Sanfebagar, Bajhang, Bajura, Rukum (Chaurhahari and Salle). Similar equipment has been installed at newly built airports at Kangedanda, and Rara (Mugu), and one man communication console at the Manang airstrip.
- 11.20 As a part of the ongoing program of construction and strengthening of airfields to make domestic flights regular and reliable, STOL aircraft landing runway of Bharatpur airfield is targeted for blacktopping in this fiscal year. Among the remote area airports, construction of Mugu airstrip has been completed and is operating. Runway of Kamalbazar airstrip construction is almost complete and ready for services but test flight is yet due because of the insecure situation. Similarly, Kalikot airstrip construction, targeted for completion in FY2002/03, had to be stopped for some time. The construction work has restarted in

FY2003/04. Construction is expected to be completed by this fiscal year if the security situation improves. Kageldanda air service is not regular, again, due to the prevailing security situation and incomplete physical infrastructure.

- 11.21 Airstrip construction has been started at Khanidanda of Khotang district in FY2002/03, with 50 percent of the cost borne by the local level .

Information and Communication

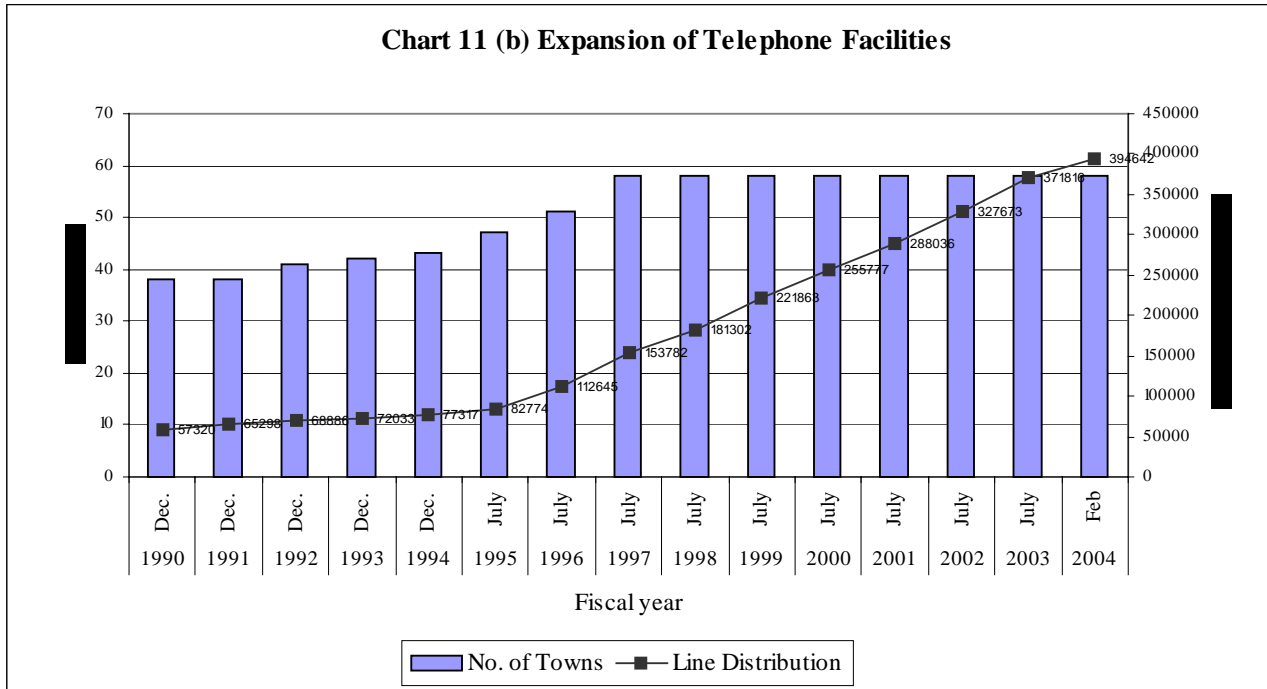
- 11.22 *Postal Service:* As a means of information and communication, this service has reached all the villages. Currently, the postal service network include 1 general post office (Goshwara Hulak), 5 regional post directorates, 70 district post offices, 842 Ilaka post offices and 3,074 additional post offices totaling 3,992. Moneyorder revolving fund has been gradually increased to make the moneyorder service effective. Currently, there is Rs. 13.875 millions in this fund. In addition to India, its service has been extended to Jordan and Qatar. To provide postal service to the people at their door-steps, mobile postal service collects and deliver mails, and sells stamps. The people have welcomed these mobile postal services. Numbers of post boxes have been increased, and same day delivery service in the Kathmandu Municipality is in operation. Mails registered in the General Post Office before 2 PM is delivered to the addressee the same day under this service. There is also Postal Savings Bank service, started in 1976, available now in 117 post offices. As the deposit received under this service has remained idle, interest burden is being borne by HMG. Guidelines have been issued to 16 of such savings banks to invest their deposit amount in earning assets. Express mail delivery service is operating for 45 domestic destinations and 26 foreign countries. Moneyorder service is available at 519 post offices.

Telecommunication

- 11.23 The Nepal Telecommunication Authority has licensed a total of 124 private sector service providers as follows: Internet (including email) license to 25 agencies; V-sat service provider license to 10; service user license to 8; radio paging network license to 8; video-conferencing license to 1; Fax mail service license to 6; basic telecommunication service license to 2; cellular mobile service license to 1; GMPCS license to 1; and rural telephone service license to 1.

New Telecommunication Policy, 2004 has come into operation with a view to develop telecommunication sector on a competitive basis in the broader context of economic liberalization policy of HMG. Nepal Telecommunications Corporation has been converted into a company since mid-May 2004.

Chart 11 (b) Expansion of Telephone Facilities



11.24 A total of 1,919 VDCs (49.0 percent) have access to telephone service by mid-March 2004 compared to 1,761 VDCs covered by mid-February 2003. Telephone service extension work has continued through last one year despite insecurity situation in the rural areas. Additional 83 locations of district head quarters and VDCs have been added to the telephone service network through V-sat technology in FY2002/03. Under the special rural telecommunication program, 136 locations of 59 districts of development regions except Eastern Region have been linked to the network through WLL system.

11.25 Nepal Telecommunication Corporation (Now Nepal Telecom Ltd.) provided telephone service through 180 telephone exchanges by mid-March 2004. These exchanges have a total of 466,130 line capacity, of which 394,642 lines have been distributed. Post-paid and pre-paid mobile services customers totaled 63,335 and 53,443 respectively by mid-March 2004. International circuit capacity, which enables

worldwide telephone links, has reached a total of 1,362. There are still 318,282 customers wait-listed for new telephone line connections. In the first 8 months of FY2003/04, a total of 22,826 new telephone lines have been distributed.

**Table 11 (c)
Extension of Telephone Service**

Item	End FY2002/03	First eight months of FY2003/04
A. Number of Urban Areas Covered	58	58
B. Telephone lines distributed	371, 816	394, 642
C. Population/000 telephone lines*	16.06	17.04

**Based on National Population Census Report, 2058*

Source: Nepal Telecommunication Corporation, Kathmandu

Note: All exchanges digital and automatic.

Newspapers

11.26 By mid-March 2004, the number of newspapers registered in various districts of Nepal was 3,723 compared to 3,440 during the same period of 2003. Their distribution by periodicity of publications for both years is as follows:

Periodicity	Number Registered by mid-March	
	2003	2004
Daily	249	264
Half-weekly	17	9
Weekly	1,192	1,300
Fortnightly	245	258
Monthly	1,106	1,104
Bi-Monthly	238	257
Quarterly	361	387
Four-Monthly	20	20
Half-yearly	54	57
Annual	58	67
Total	3,440	3,723

Distribution of these publications, by language, was 2,583 in Nepali, 318 English, 624 Nepali/English, 12 Hindi, 23 Newari, 9 Maithili, 2 Bhojpuri, 2 Sanskrit, 1 Urdu, 1 Tibetan, 2 Tharu, and 146 other languages. Infrastructure building work for a Communications Village, at Tilganga Kathmandu, has been completed. Department of

Information, Press Council, and Nepal Journalists Association are located in this Village.

Television Broadcasting Service

11.27 Television service is in regular operation in Nepal since 1984. When started, Nepal Television (NTV), had meagre resources of broadcasting. Over these years, it has expanded with 3 studios, one regional program production and broadcasting center at Kohalour of Banke district, and new broadcasting centers at Gorkha, Buditola (Kailali) and Dang. Extended NTV broadcast now covers 50.0 percent of the total area of Nepal and its population coverage increased from 60 percent in the previous year to 62 percent in the current year. Work to raise its broadcasting capacity and area coverage is underway. NTV is using earth satellite to broadcast its programs country-wide. Its second channel, the Metro channel, has started functioning. By the end of current fiscal year, NTV is aiming to install Digital Satellite News Gathering (DSNG) equipment to be able to livecast from any part of the country. By now, cable TV operator license has been issued to 201 operators. Such operators in FY2002/03 were 139. Three private sector TV companies are operating their services out of 5 licenses issued.

Radio Broadcasting Service

11.28 Established in 1951, Radio Nepal is country's oldest and country-wide electronic media. Its broadcast in short wave can be received all over the country while its medium wave broadcast can reach 70.0 – 80.0 percent of the population. Work is underway to extend its services to areas not covered by medium wave broadcasting with the cooperation at local level through the use of Frequency Modulation (FM) system. Radio Nepal also uses V-sat technology to make its broadcast receivable all over the country. It has medium wave broadcasting stations in all five regions of the country. These stations broadcast their programs in national languages and the news in Nepali, English, Sanskrit, Hindi, Maithili, Bhojpuri, Tharu, Tamang, Newari, Rai-Wantawa, Gurung, Aodhi, Limbu, Magar, Sherpa, Urdu, Khammagar, Ranatharu, and Doteli languages. Since the entertainment and information based broadcasting through the use of FM was opened to the private sector as well, 56 companies (25 of these were licensed last year alone) have obtained license to operate such broadcast. Out of these, 29 are now operating.

Printing Service

- 11.29 Under the HMG policy of developing, extending and strengthening of press run by the Department of Printing into the security printing press, its new building construction is complete. Currently, the Department prints secure materials like bank cheque books, and revenue stickers. With these activities, it has now entered the first stage of security printing.

Motion Pictures

- 11.30 For the coordinated development and expansion of motion pictures, HMG has formed the Motion Pictures Development Board with the membership of experts in the field. In the first 8 months of FY2003/04, 19 motion pictures were made in national languages and certified. These pictures are expected to promote national traditions and cultures. Writing the history of Nepali motion picture has been completed. Preliminary works for putting up Board's own building have been initiated and interactions were held with the private sector for their contribution.

Challenges

- 11.31 Absence of security, unavailability and problem in using explosives in constructing roads due to security reasons, and absence of timely approval of programs are still some of the major challenges in the development of roads transport facility.
- 11.32 Inability to carry out regular repair and maintenance of roads, and inclusion of a number of new projects in annual and periodic plans, but without adequate resource to implement them, has been a persisting challenge.
- 11.33 Lower return on investment on roads because of expensive construction costs, low traffic density, and absence of integrated development is another challenge in this sector.
- 11.34 There has been two challenges, one is to raise the level of investment in the communication sector, and the other is to improve the deteriorating security situation caused by insurgent activities.

- 11.35 Another challenge is to develop fast the communication sector against the odds of difficult terrain, lack of transport infrastructure and unavailability of modern technology.
- 11.36 Lack of co-ordination among Department of Roads, Nepal Water Supply Corporation, Department of Drinking Water and Sewerage and Nepal Telecommunications is a daunting challenge, being faced against the development of sustainable road construction.
- 11.37 Factors like shorter life of roads in comparison to investment, weak monitoring and evaluation system and inability to create an environment to attract adequate interest of the people to sustain roads have created difficulty in maintaining the quality of roads.

12. Social Services

- 12.1 Sub-sectors of Social Service sector like education, health, women development, social welfare, and drinking water need to be developed alongside for the all round development of the country. Government and non-government agencies associated with the health sub-sector development need to improve management of their financial and manpower resources. Level of awareness among people about the significance of environment and family, and personal hygiene need to be raised simultaneously. All these are the prerequisites for producing capable, productive and disciplined citizens in the country to ensure Education For All (*EFA*) controlling water-borne diseases, designing legal framework to address the issues of gender inequality and fulfilling the international commitment of HMG towards the rights of children, the disabled, and the senior citizen are some of the agenda the government needs to address under this sector.

Education:

- 12.2 To enable all children to have access to education, Education Act and the Rules have made provision of subsidy to the child care centers opened under the assistance of Municipalities and the Village Development Committees (VDC). Accordingly, there are 5700 childcare centers in operation at present. This is now a part of the ongoing program of *EFA*. This is also one of the 6 objectives adopted by the Dakar Conference where HMG also gave its commitment.
- 12.3 To meet the goal of *EFA* as envisioned in the Tenth Plan, a five year Education for All, 2004-2009 program has been formulated. The program aims at meeting the six-point commitment made in Dakar Convention on Education such as: overall development of children especially those belonging to the backward classes through their increased access to education; provision of free education to the children of *Dalits* by 2015 AD; implementation of education programs with the objectives of providing equal opportunity for knowledge and skill for livelihood to youth and old-age people; increase the rate of female literacy to 50 percent by 2015 through women focused adult literacy program; avoid discrimination in education against girls at primary and secondary level by 2005 and against male and female students in general by 2015 and finally make all self-reliant through

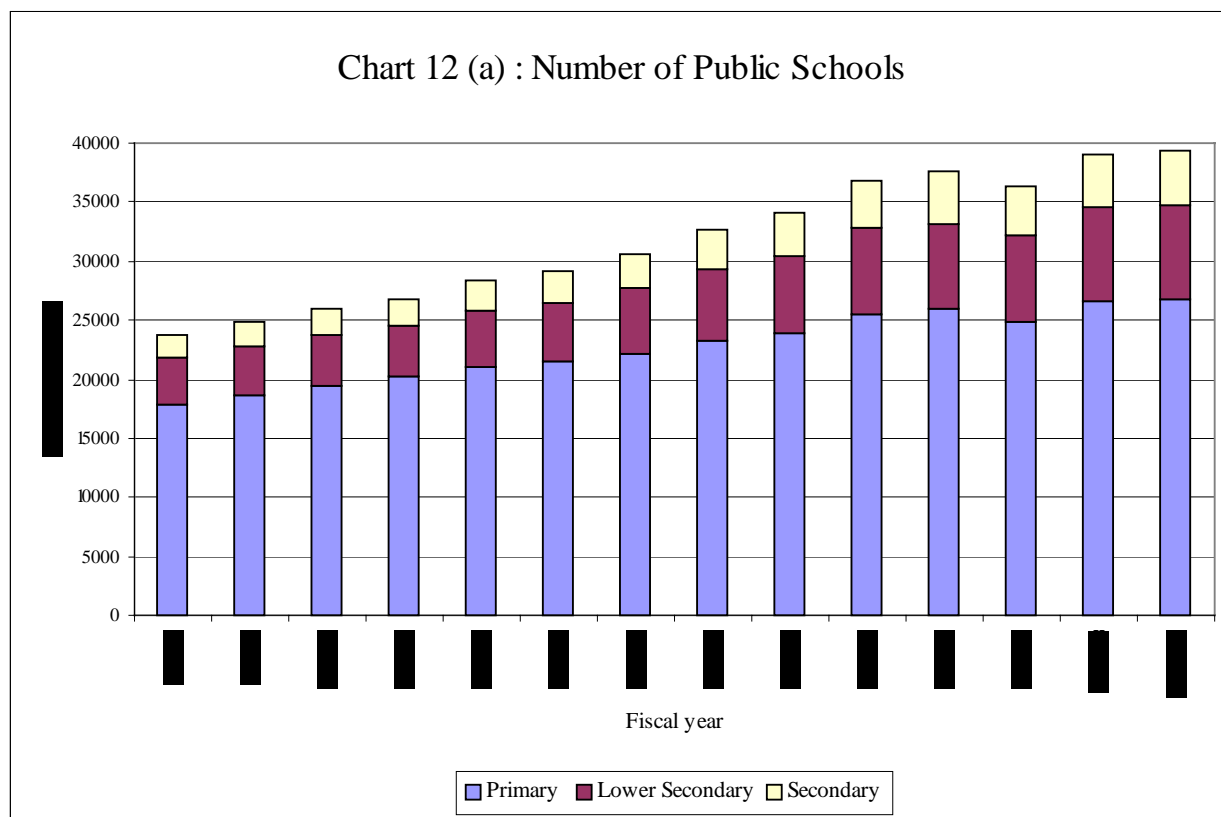
the provision of education for literacy as well as skill for livelihood. With a view to implement the program, national work plan has been formulated and necessary adjustment has been made with Medium Term Expenditure Framework. The long-term goal of poverty alleviation is expected to be achieved with the implementation of the *EFA* through the equal access of education to all. The program is justified since the objectives of the program coincide with two of the Millennium Development Goals. Development partners were approached during the NDF, 2004 meetings for their support to meet the resource gap for the implementation of the *EFA* program.

- 12.4 As per the Education Rules (Seventh Amendment), 2059, community schools are to be handed over to the school management committees for their management and supervision. There was a target of handing over 600 schools in FY2003/04 and to provide additional Rs.100,000 to each of such schools. In the first 8 months of FY2003/04, 760 schools were handed over to the communities with Rs. 68.0 million released for their management. As per the policy of providing subsidy equal to one-fourth of the total salary bill of such schools on the basis of the prescribed student ratio or equivalent to the maximum of one month's salary of one teacher, in the first 8 months of FY2003/04, 1,770 community primary schools of 67 districts have been released a sum of Rs. 94.3 millions at the rate of Rs.53,300 per school.
- 12.5 The Government has announced the policy for providing a lump sum grant of Rs.400,000 to each of the schools of rural areas succeeding to secure above 50 percent result in the SLC examination. Under the said policy and guidelines developed thereon, 25 schools with 50 students appearing SLC examination and securing above 54 percent result have been assessed as eligible in the SLC examinations of 2002.
- 12.6 From FY2002/03, Secondary Education Assistance Program implementation under the assistance of Asian Development Bank and DANIDA is underway. Secondary and lower secondary school teachers training being run under the Secondary Education Development Program has been continued under this program. In addition, preparation of secondary education syllabus, textbook writing and improvement in class teaching are also underway. Free distribution of text books, and school inspection functions have been integrated into the organizational structure of the Ministry with a view to promote quality education through effective inspection of schools.

- 12.7 School fee fixing system for classes 6–10 has been initiated from FY2002/03 as per the Education Act (Seventh Amendment), 2059. Accordingly, the fee for each class is determined by the District Education Committee on the basis of the classification of schools and the recommendation of the School Management Committee. For the decentralization in education, District Education Plan, Village Education Plan, and School Improvement Plan initiated in FY2001/02 have been continued in FY2003/04.
- 12.8 Stipends are being provided to girl child, disabled and *Dalits*, following the policy of enabling such children to attend school. In FY2002/03, 384,172 *Dalit* students were provided with stipends out of the total 527,204 students enrolled. The process is on to provide stipends to the remaining number of students. Initiatives are also underway for colleges and universities receiving government grant to enroll mandatorily a minimum of 10 percent *Dalit* students, 15 percent from ethnic group and 20 percent women.
- 12.9 As per the Tenth Plan, the concept of gender equality is to be integrated in the textbooks of primary level through the higher classes by developing practically useful textbooks. Accordingly, textbook revisions for classes 1–5, are in their final stages. Training in continuous student evaluation, record-keeping, core group building, awareness program preparation, are also being conducted in the current fiscal year.
- 12.10 Literacy, post-literacy income generating and practically useful informal education programs are being conducted in FY2002/03 and FY2003/04 with priority to persons from backward classes and women. A total of 66,299 persons participated in adult literacy program; 38,321 persons in post-literacy program; 17,591 children in child education program; and 280 persons in income-generating program. To give continuity to the literacy program, 20 community study centers have been established.
- 12.11 The University Grant Commission (UGC) is at work to look into ways and means for providing autonomy to the Tribhuvan University in matters of generating income from tuition and efficient use of its institutional resources. Accordingly, the guiding principle of such autonomy will be the cost recovery based university education. In recommending measures to generate additional income and providing additional financial incentive to the teachers, UGC will examine the possibility of utilizing the institutional infrastructure of the Tribhuvan

University and utilize the generated income for the financial benefit of its teachers on the basis of fixed criteria. UGC is also engaged in drafting a bill for one umbrella Act applicable to higher education, for which a task force has been formed in this fiscal year. To produce basic, skilled mid-level manpower, building designing of Manmohan Polytechnic is in progress. Under the program of partnership of the Government, public and the private sector, guidance committee and implementation committee have been formed to establish 5 trade schools, one each in 5 regions of the country.

- 12.12 Under the on-going primary school feeding program, day meal to 342,418 students of 2,782 schools were distributed during FY2002/03. This has been continued in FY2003/04 also.
- 12.13 To provide access to basic and primary education to the children who cannot attend schools, alternative school program has been in place. School outreach program, and flexible schooling program have been continued in the current fiscal year also.
- 12.14 Under the scholarship program for higher education within and outside the country, students are selected by the Ministry of Education and Sports. In FY2002/03, 97 students were selected for study in medicine within the country. Nine students were selected for engineering studies in Russia, China and the Check Republic. Ten students were sent to Italy, Japan and Russia to study various subjects. In FY2003/04, 119 students for medicine and 8 for engineering were selected to study both within the country and abroad.
- 12.15 Council for Technical Education and Vocational Training (CTEVT) has been conducting study and teaching vocational subjects through 19 technical schools. Management of all such technical schools is in its hand. In FY2002/03, 1,003 trainees graduated from various schools, 3237 persons received short-term training, and 1,022 persons took skill tests. According to the objective of initiating institutional and structural reform as needed by the education sector, such reform measures are being implemented. When completed, there will be 75 district education offices, 9 primary teacher-training centers, 40 secondary education development units and 1,297 resources centers in the education structure. By the end of current fiscal year, total number of trained teachers will reach 19,194 in pursuance of the goal of equipping all the primary, lower secondary, and secondary schools with trained teachers.



12.16 In FY 2003/04, there were 26,638 primary, 7,917 lower secondary, and 4,541 secondary schools in the country. In FY 2003/04, number of primary school is estimated to be 26,823, that of lower secondary to be 7,954 and secondary to be 4,569. Number of teachers in FY 2003/04 in primary is estimated to be 111,027, in secondary to be 28,571 and in secondary to be 23,028. In FY 2003/04, number of students in primary, lower secondary and secondary schools are estimated to be 3.074 million, 1.188 and 496,000 respectively.

12.17 According to the estimated figures for March 2004 ratios of school, student and teacher for primary, lower secondary and secondary schools are presented in the following table:

**Table 12 (a)
Schools, Students and Teachers' Ratios***

Ratio	Primary	Lower secondary	Secondary
Student/School	148	149	109
Teacher/School	4	4	5
Student/Teacher	36	42	22
Student/Trained Teacher	196	156	53

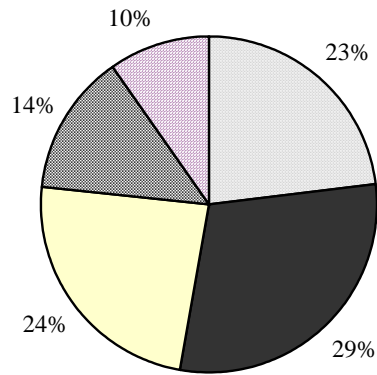
**Estimated*

Source: Education and Sports Ministry

In the previous year Student/School ratios were: 150 (Primary), 145 (Lower secondary), and 84 (Secondary). At mid-September 2003, ratios for Teacher/School were: 4 (primary), 5 (lower secondary) and 4 (secondary) while the Student/teacher stood at 40 (primary), 30 (lower secondary) and 23 (secondary). Ratios of Student/Trained teacher were 322 (primary), 174 (lower secondary) and 58 (secondary).

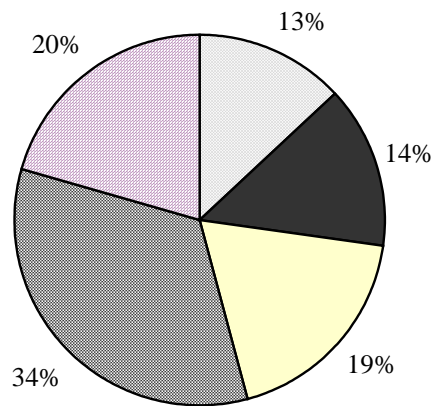
- 12.18 According to the classification of schools under Education (Seventh Amendment Act, 2058, community schools receive grants from HMG. Institutionalized schools are run as Trust or as per the Company Act. As per the estimated figures for mid-September 2003, ratios of student /teacher in government, community and private sector run schools in all 5 development are as shown below:

Public Schools



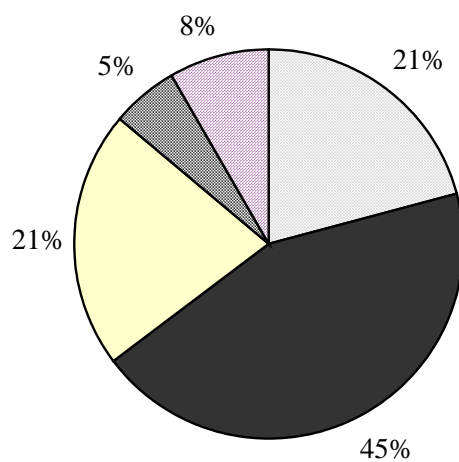
□ Eastern ■ Central □ Western ▨ Mid-Western ▩ Far-Western

Community Schools



□ Eastern ■ Central □ Western ▨ Mid-Western ▩ Far-Western

Private Schools



Eastern
 Central
 Western
 Mid-Western
 Far-Western

Table 12 (b)
Students/Teachers Ratio* (2003/04)

Region	Students/ teacher Ratio		
	Primary	Lower Secondary	Secondary
All Nepal	36	42	22
Government	41	49	26
Community	35	59	46
Private	16	20	10
Eastern	38	51	31
Government	42	50	30
Community	55	154	129
Private	18	21	14
Middle	34	33	17
Government	42	40	23

Community	28	43	39
Private	17	22	9
Western	34	44	22
Government	37	53	28
Community	20	49	26
Private	27	18	9
Mid-Western	42	46	22
Government	43	55	24
Community	60	47	34
Private	11	7	4
Far Western	41	47	24
Government	48	57	27
Community	22	34	24
Private	16	23	12

* Estimate

Source: Education and Sports Ministry

Note: All schools receiving HMG grant are included; under Government category while schools anticipating HMG grant are included in Community category.

- 12.19 Under the higher secondary education system (10+2), distribution of the schools affiliated with the Higher Secondary Education Council (HSEC) by region is shown below:

Table 12 (c)
Affiliated Schools
(By Academic Calendar 2003/04)

Development Region	Public School	Private	Private (+2)	Campus	Total School (Number)
Eastern	102	14	38	19	173
Middle	103	97	102	49	351
(a) Kathmandu Valley	25	77	77	25	204
(b) Outside the Valley	78	20	25	24	147
Western	142	34	16	24	216
Mid-Western	37	7	4	4	52

Far-Western	52	5	4	3	64
Total	436	157	164	99	856
Percent	50.93	18.34	19.16	11.57	100

Source: Higher Secondary Education Council

- 12.20 Number of students of class 11 and class 12 of the higher secondary schools taking regular and partial examinations in school year 1993/94 to 2003/04 is as shown in the table below:

Table 12 (d)
Number of Students of Class 11 and 12 Attending Examinations
(Academic Year 1993/94-2003/04)

Year	11 class			12 class			Total (11 and 12)
	Regular	Partial	Total	Regular	Partial	Total	
2050	1343		1343				1343
2051	1066		1066	782		782	1848
2052	3040	827	3867	884	1140	2024	5891
2053	6341	2026	8367	2256	766	3022	11389
2054	8907	4601	13508	4727	2000	6727	20235
2055	12163	7505	19668	6995	3919	10914	30582
2056	18833	9288	28121	10188	8386	18574	46695
2057	28120	3668	31788	15954	7017	22971	54759
2058	49951	18117	68368	24368	7411	31779	100147
2059	44416	35737	80153	41838	16126	57967	138117
2060	66264	39973	106237	37131	30575	67706	173943
Total	240444	122042	362486	145123	77340	222463	584949

Source: Higher Secondary Education Council

In the school year 2002/03 number of class 11 students attending examinations was 80,153. In school 2003/04 the number has increased by 32.5 percent to the total of 106,237. Class 12 students attending

examinations also increased by 16 percent to 67,706 from 57,967 of the previous school year.

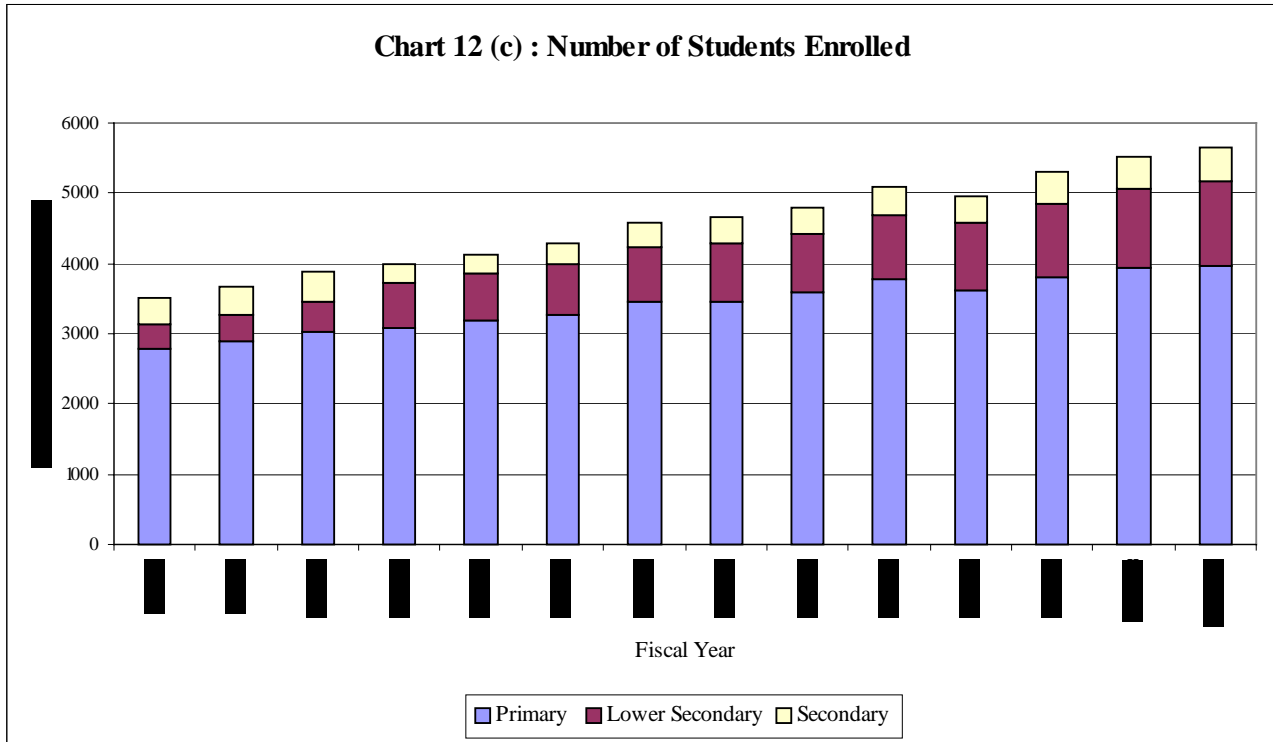
- 12.21 By geographical region, the number of public, private, 10+2 schools and campus by end School year 2003/04 is as shown below:

Table 12 (e)
Affiliated Schools by Geographical Regions
(By Academic Year 2003/04)

Development Region	Geographical Region			Total
	Himalayan	Hills	Terai	
Eastern	16	52	105	173
Middle	16	236	99	351
a) Kathmandu Valley	-	204	-	204
b) Outside the valley	16	32	99	147
Western	2	158	56	216
Mid Western	4	23	25	52
Far Western	13	27	24	64
Total	51	496	309	856

Source: Higher Secondary Education Council

Chart 12 (c) : Number of Students Enrolled



12.22 HMG policy has the provision of supplementing salary of two teachers/per public higher secondary schools totaling 856 up to FY2003/04. The Government, however, could supplement the salary of one teacher per school for 401 such schools due to the lack budgetary resources. One out of 25 students per Public Higher Secondary School, belonging to the *Dalits*, depressed and ethnic group and intelligent, has also been provided a stipend of Rs 2000. Initiative has also been taken to establish a student bank under HSEC to enable SLC passed student of public schools by providing free studentship in classes 11 and 12 of the private higher secondary school. To qualify for such studentship, one must have secured high marks in the SLC examination and he/she belongs to the poor but, *Dalit*, disabled, disadvantaged and to one of the ethnic groups. It is expected that this will come into operation from FY2004/05.

12.23 Duty of inspecting higher secondary schools hitherto done by HSEC has been assigned to the Regional Education Directorate and the District Education Office. Target setting for FY2004/05 include

training of 600 teachers in five subjects, review of existing HSEC act and rules, and organization structure for necessary revisions, profiling current 856 schools, conducting a study to establish one model higher secondary school in each of the 14 zones. In addition, the ongoing study on and an operating only+2 class, requiring higher secondary schools to integrate secondary school classes will be continued.

Higher Education

12.24 Under higher education, there are 5 universities in operation, namely, The Tribhuvan University (TU), Mahendra Sanskrit University, Kathmandu University, Eastern University and the Pokhara University. In FY2003/04, TU had 61 of its own campuses, and 278 private campuses affiliated with the TU, totaling 339 campuses. Number of students in TU campuses is estimated to be 198,565 including 119,139 in its own campuses and 79,426 in affiliated private campuses. This total is less by 8.1 percent against 216,017 students in FY2002/03. According to the policy of phase-wise integration of certificate level with higher secondary school (10+2) system, less number of students are expected to enroll in the certificate level which is the reason for lower estimate.

12.25 Production of technical institutes under TU is given in the following table:

Table 12 (f)
Production of Technical Institutes of Tribhuvan University

Institute and Program	Fiscal year						
	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03
1. Engineering	255	332	647	559	648	665	870
a. Certificate	241	238	514	372	436	441	554
b. Diploma	14	94	72	150	184	181	257
c. Post –Diploma	-	-	-	37	28	43	59

2. Agriculture & Science	75	116	101	146	-	175	241
a. Certificate	57	32	21	69	-	42	53
b. Diploma	18	84	80	77	-	108	144
c. Post-Diploma	-	-	-	77	-	25	44
3. Medicine	365	390	376	458	450	504	516
a. Certificate	268	228	268	309	294	314	302
b. Diploma	48	139	67	90	109	124	148
c. Post-Diploma	49	23	41	59	47	66	66
4. Forestry	166	91	87	134	169	164	66
a. Certificate	124	88	87	95	103	113	66
b. Diploma	42	3	-	39	66	51	-
5. Science & Technology	361	451	346	164	3489	4190	3727
a. Certificate	361	451	346	164	2235	2780	2249
b. Diploma	-	-	-	-	839	963	1175
c. Post Diploma	-	-	-	-	415	447	303
Total	1222	1380	1557	1416	4756	5698	5420

Source: Tribhuvan University (TU)

- 12.26 Number of students graduating in above mentioned programs under the Technical Institutes of TU in FY2001/02 was 5,698. This number in FY2002/03 decreased to 5,420. TU awarded Ph.D. to 17 students in FY2001/02 and to 21 in FY2002/03 as shown in the following table:

Table 12 (g)
Number of Ph.D. Awardees
(FY 1996/97- FY 2002/03)

Institute/Faculty	Fiscal Year						
	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03
1. Engineering	-	-	-	-	-	1	
2. Science & Technology	2	1	1	1	2	-	3
3. Management	1	1	3	1	1	3	4

Faculty							
4.Faculty of Law	-	-	-	-	-	-	1
5. Humanities and Sociology	8	9	8	8	7	13	21
Total	11	11	12	10	10	17	21

Source: TU

- 12.27 TU has been providing health services since 1980 from TU Teaching Hospital, B.P. Koirala Lions Optical Study Center (Eye Hospital), Drug Abuse Care Center and TU Health Center at Kirtipur. A total of 416,603 patients were treated in FY2001/02. In FY 2002/03, total number of patients treated were 404,853.
- 12.28 Mahendra Sanskrit University was established to enable people including scholars of other nations to secure wholesome knowledge of Sanskrit and to develop Nepal as a center of learning Sanskrit. In FY2002/03, there were 3,001 students enrolled in its own and affiliated campuses. This number included 346 students of Karmakanda, Yoga and Sanskrit language training. In FY2003/04, with 820 students of the above-mentioned subjects, total number of students stood at 3,610.
- 12.29 Under the Kathmandu University, there were 2,959 male and 1,746 female students enrolled in various subjects in FY2002/03. In FY2003/04, number of both male and female students increased to 3,740 and 2,275 respectively. The number of students in its own campuses in FY2003/04 are: 786 in school of science, 521 in school of engineering, 120 in school of management, 128 in school of education, 98 in school of arts, and 586 in school of medical science. In colleges affiliated with it, there are 3,056 students in medical science, 541 in management, 192 in arts, and 14 in education.
- 12.30 Under the Purwanchal (Eastern) University, there were 4,399 students enrolled in its own and affiliated campuses. This number in FY2003/04 has increased to 6,388. In FY2002/03, 295 students graduated from this University.
- 12.31 Pokhara University has entered in sixth year of its establishment with the following agenda under its current policy: to foster conducive environment for the employment oriented quality education, to work for the academic advancement of its teachers, promote environment for special education, and to emphasize the use of IT in its teaching methodology and manpower development as necessary. It also emphasizes on IT education in its latest form and content, consolidation of on-going program rather than the expansion of

affiliation. The university has put high emphasis on the operation of its businesses on cost recovery basis. Number of students enrolled in, its own and affiliated, campuses in FY2002/03 were 4,133. In FY2003/04, the number has increased to 4,614.

- 12.32 The criteria of, among others, standard of their program, geographical location, and presence of university's own campus guide annual grant to the community-based campuses. Application of these criteria has been continued in the current fiscal year. Regular grant to 148 campuses ranging from minimum of Rs. 80,000 to the maximum of Rs. 186,000 was distributed in FY2002/03. As for the record, the number of grant receiving campuses from beginning FY1994/95 to end FY2002/03 was 128, 123, 128, 225, 132, 133, 137, 143, and 148 respectively.
- 12.33 With a view to raise the standard of higher education to the international standard by emphasizing on the research activities, the University Grant Commission (UGC) has been operating standard improvement program since its year of establishment. Accordingly, in FY2002/03, grant was provided to 54 research promotion proposals, 7 refresher training/workshops, 44 visiting programs, 27 seminars/workshops, 34 scholarships to Ph.D./M.Phil candidates, and to 3 others to the total of 169 activities. These activities have contributed positively to the promotion of education quality. This program is also continued in FY2003/04.

Health

- 12.34 According to the approved organization structure of the Ministry of Health (MOH), health agencies and their staffing positions by the first 8 months (review period) of FY2003/2004 were: Hospitals 83; Health Centers 10; Health Posts 700; Ayurvedic Dispensaries 287; Sub-health Posts 3141; Primary Health Posts 180; and Hospital beds 5250. Status of health manpower stood at: Doctors 1259; Nurses 10,099; Ayurved Physicians (including Officer Level) 381; Vaidyas (Junior Ayurved Physicians 354; Health Assistants (including Auxiliary Health Workers 7491; Health Workers (including Mat. Child Worker) 3,190; Local

Health Workers 3,985; and Other Health Workers trained Sundeni - traditional maternity care-taker, - Volunteer Women Health Workers) 62,446.

12.35 In FY2003, the activities of the Family Planning and Safe Maternity and Women Volunteer Program operating at the central level included the following

- Procurement of family planning items and distribution
- Safe maternity program
- User of family planning devices
- Women volunteers medicine kit procurement
- Miscellaneous

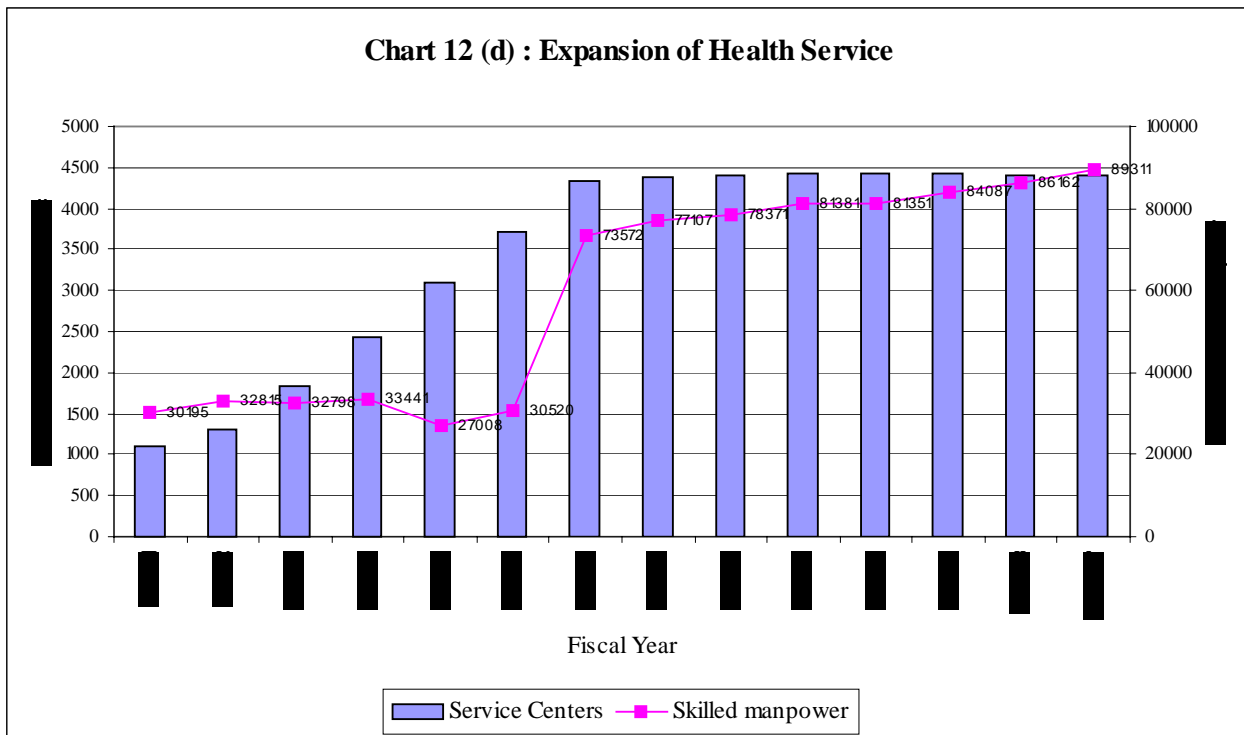
All the targets set for the above mentioned activities were met 100 percent. The family planning program implemented at the district level included 7 activities as listed below. Progress achieved in these activities was 91 percent of the annual target.

- Vasectomy
- Distribution of Temporary (means) and their uses
- Procurement and distribution of maternity items
- Miscellaneous (4 other activities)

Urban health services program included 7 activities. Two of them were procurement of health clinic equipment, and board health promoter training. Ninety five percent of the target was met during the year. In the review period of FY 2003/04, 51 percent of the target fixed for the above mentioned program has been met.

12.36 In FY 2002/03, a total of 43 programs were in implementation, of which 19 were listed as priority one (P1) program. Progress achieved under these programs against annual target was in the range of 50 percent to 100 percent. Those programs and the activities are: procurement and distribution of drug at the center and districts; supply of equipment, machine, and tools to the various health agencies of the kingdom; national TB Program including diagnosis and treatment, training, quality control, anti-pneumonia treatment to children below 5 years age; extended vaccination and national polio vaccination program including BCG, DPT, polio, measles vaccination to children under the age of 1 year; and anti tetanus vaccination to pregnant women; leprosy control program including health education to controlling leprosy; control of malaria, Kalajwor, and Japanese

Encephalitis including research, training, supervision; natural disaster management including supply of drugs necessary to diagnose and control of infectious diseases as and when they emerge; and Aids and Sexually Transmitted Disease Control Program included drug distribution, consultancy services related to HIV/AIDS, publication and distribution of AIDS bulletin, school education, and work plan preparation for HIV/AIDS control. For FY2003/04, of the 38 programs, 32 programs were of central level and 6 were of district level, both classed as P1 and P2 programs. In the review period, 18 programs under P1, and 13 under P2 were under implementation. Above 50 percent of the annual target for these programs has been achieved during the review period.



12.37 In line with the decentralization policy of Government, responsibility of managing sub-health posts are to be handed over to the VDCs. Accordingly, in FY2003/04, 612 sub-health posts have been handed over to the VDCs against the annual target of 500. Under the program of operating specialist assigned mobile health clinic in 15 districts, 12 districts have been covered in the review period of FY2003/04.

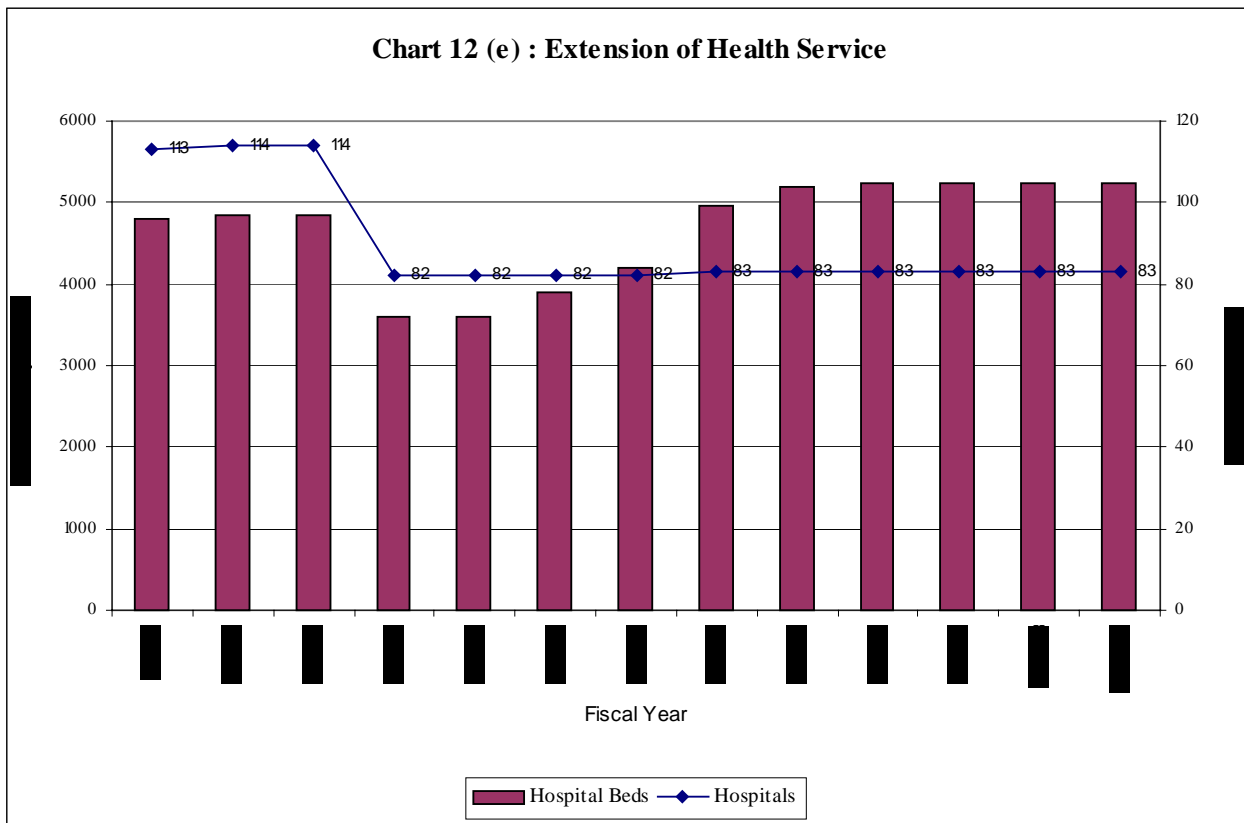
Amount collected from the sale of cigarettes and alcohol products and from their producers have been spent for the treatment of cancer and heart patients at B.P. Koirala Cancer Hospital, Sahid Gangalal Heart Center and Bhaktapur Cancer Hospital.

- 12.38 HIV/AIDS victims are on the rise in Nepal also. Venereal Disease Control program to control this disease has been continued in FY 2003/04. HIV infected 300 patients were treated under this program in FY2003/04.
- 12.39 In FY2002/03, 14 percent of the under two year age children suffered from malnutrition. Among them 289 children out of every 2000 suffered from respiratory disease, and 3.3 percent from severe respiratory disease. Similarly, 200 children out of every 1000 suffered from diahorrea, and 3.0 percent from acute diahorrea during the year. During the fiscal year, blood test for malaria was performed for 8.0-percent/1000 population. Rate of TB patients declared safe after treatment was 90.0 percent of the cases attended. Three per every 1000 population were found to be leprosy patient. In FY2002/03, under the extended vaccination program, progress recorded in BCP vaccination was 97.0 percent, in DPT third and Polio third Dose was 86.0 percent and in anti measles vaccination was 80.0 percent. In safe maternity program, under services to pregnant women, first time services were provided to 53.0 percent, and the maternity services provided by the trained persons were 16.1 percent. Rate of family planning device usage was 38.0 percent.

Drinking Water, Sanitation and Sewerage

- 12.40 Water supply system in urban areas needs to be efficient along with the control of leakages. In order to meet the long-term need of the Kathmandu Valley, Melamchi Water Supply project is under implementation. Till this project is commissioned, alternative must be found to the continuing shortfall in water supply. To make up the shortfall, Manohara and Sainbu sources have been identified and their construction under the Kathmandu Water Supply Consolidation Project is targeted for completion in FY2003/04. Initiative has also been taken to harness minor sources found in and around Kathmandu Valley, including surface and groundwater sources to augment the water supply thereof.

12.41 Water supply facilities cannot be fully extended by the government effort alone. Policy initiative has been taken to involve local community, NGOs and private sector for the extension of such facilities. For the sustainability and the service dependability, concept of community management has been introduced to implement projects in the rural and semi-urban areas. Accordingly, minimum 20 percent of the cost should be borne by the community and in the case of the project targeted to the backward class of people, 10 percent contribution will suffice. To ensure desired services from the facilities thus completed and the positive impact on public health, sanitation and health education program are to be integrated with such scheme for which funds will be earmarked. Water quality improvement, promotion of service standard and its dependability are the other elements of the policy initiative.



- 12.42 Institutional improvement in water supply sector can be seen as evolving. To facilitate the installation of water supply schemes in scattered rural communities, partnership of local bodies and NGOs is invited. To provide technical support to such partnership, District Technical Offices have been set up to implement the plan of the local bodies. Rural Water Supply and Sanitation Development Fund Board and the INGOs are helping local NGOs in extending water supply schemes. The District Water Supply Offices have been replaced by the Water Supply and Sanitation Division/subdivisions to cater to the local need for technical support. In urban and suburban areas, enhancement of service standard and improvement in water quality program are being implemented on cost recovery basis. Proportion of the Government and external assistance in the implementation of rural water supply has been gradually decreasing over time. Awareness creation and expansion of sanitation related activities, however, has become an integral part of the water supply schemes.
- 12.43 In FY2002/03, several programs in water supply sector were in progress. Under the Water Supply and Sewerage Development Program, several projects met 100 percent of their annual targets, namely, the Kathmandu Valley Pipeline Extension Project, Leakage Control Works in Bhairawa and separating of pipes bundled together in Kathmandu Valley, Pokhara, Bharatpur, and Hetauda under the Water Supply Leakage Control and Repair Program. This list of 100 percent target achievement include tubewell construction at Ratna Park, overhead tank erection in Bhairawa and Janakpur, and procurement and installation of submersible pump in Dharan, all under the Water Supply Augmentation Program. Urban Water Supply and Sanitation Rehabilitation project also achieved 100 percent of its target while the Greater Sewerage Project (including Kirtipur) achieved 44.66 percent of its target. Projects and their progress registered in the review period of FY2003/04, are as follows: construction of 3.0 million liter capacity Elevated Tank at Meen Bhawan (90 percent), construction of 2.7 million litre capacity Elevated Tank at Anamnagar (80 percent), and Construction of track main from Bode to Meenbhawan (80 percent), all of the three projects under the Urban Water Supply and Sanitation Rehabilitation Project. Progresses achieved in other projects are: Water Supply Augmentation Program (42 percent), greater Sewerage Project (including Kirtipur) (35 percent), Water Supply Leakage Control and Repair Program (70 percent), Water Supply and Sewerage Program (53 percent), and the New Urban System Improvement Program (68 percent).

12.44 In FY2002/03, Nepal Water Supply and Sewerage Corporation (NWSSC) supplied additional 5 million litres of drinking water every day benefiting 33,000 people. The Water Supply and Sewerage Department (WSSD) made additional 5.552 million liters of water available from rural water supply schemes to benefit 123,000 population. In the review period of FY2003/04, NWSSC supplied another 3 million liters of water/day to benefit 20,000 people. Additional 8.55 million liters of water was made available through WSSD operated schemes benefiting 190,000 people. In FY2002/03, NWSSC constructed additional 2.96 kilometer of sewerage and added 1 more kilometer to it in the review period of FY2003/04.

Housing and Urban Development

12.45 Urban sector has to play a role in the economic growth through its sustained development and employment generation. There is a policy, therefore, to guide urban development works to complement rural development as well. To make the urban living productive, healthy, employment generating and facilitative, there is an urgency to control the present uncontrolled urbanization and redirect efforts to develop this sector in a decentralized and phased manner. The physical development plans should be implemented accordingly. For the emerging urban areas, the present policy also envisages an effective partnership with the local entities in the activities of land development, physical infrastructure services and facilities development and in such other works that helps rural development and poverty reduction. Under this policy, activities implemented during FY2002/03 and during the first 8 months of FY2003/04 and the progress made in the implementation of Urban Area Development and Market Center Study Program was 86.26 percent. The Program consisted of the components of: protection of open field and urban infrastructure development and improvement; improvement of physical facilities; implementation of land development works; strengthening of land record system, and construction of integrated housing. Progress achieved by through Small Town Development was in Rural Development 94.09 percent, Integrated Functional Plan 85.75 percent, and Special Physical and Infrastructure Development Plan 91.57 percent. Progress achieved on the Urban Development Plan was 92.48 percent. This Plan consisted of the components of: Physical Infrastructure Development in 5 model towns, Fencing of Tundikhel in Kathmandu, Feasibility Study of Improving Old Settlements, and Harisiddhi Satellite Town Development. Progress achieved on other projects carried out by the

Department of Housing and Urban Development (in percent) were: Bishnumati Link Road Project (97.86), Myanglung Town Reconstruction Project (100 percent), Urban Environment Improvement Project (61.74), and Building Code and Government Building Construction (86.28).

- 12.46 Preliminary Agreement between the Town Development Fund (Fund) and 15 small towns have been concluded in FY2002/03 on the Project for providing water supply to small towns of the country under the ADB loan assistance. According to the Loan Agreement with ADB, small towns are provided 30 percent of the total cost as loan to them. In addition, the Fund also signed main agreements with 5 small towns and one for the Parsa Town Water Supply and Sanitation Project to provide Rs. 10 million. In the review period of FY2003/04, main agreement with 3 more small towns for water supply and sanitation program were signed. Technical assistance of KfW coordinated by HSSP/GTZ has been provided to improve health posts of various districts and to reconstruct and extend primary health centers. The Fund also provide financial and technical assistance to the municipalities and to the urban development activities, namely, keeping the town clean, operating various basic social services and income-generating activities, and conducting functional research to solve problems of urban development. Progress achieved (in percentage) in the implementation of activities targeted for FY2002/03 were: Grants (59.24), Loans (28.96), Studies (24.38), and construction supervision (34.17). In comparison, progress achieved (in percent) on these activities during the first eight months of FY2003/04 are: Grants (39.4), Loans (100), Studies (10.4), and construction supervision (49.0).

Women, Labor and Skill Development and Child and Social Welfare

- 12.47 The following programs were carried out and achievements were made in FY2002/03 and FY2003/04 under the current policy of mobilizing resources and their utilization for the protection and promotion of rights of women, children, senior citizens and disabled persons.
- Special training classes for the promotion of women participation in public administration (262 women were coached);

- Drafting of bill for equality of women in the place of the prevailing discriminatory laws against women;
- Establishing gender focal points in all ministries;
- Production of 7,290 pieces of handicrafts by Women Skill Development Center;
- Training of 300 persons in tailoring
- Relaxation of restriction for women to work in organized sector in the broader context of ban for women to work in the Gulf countries

Programs carried out during FY2003/04 and progress achieved thereon is as follows:

- Under the Women Development Program being implemented through 75 district offices, 30,186 women groups in 567 VDCs and 28 municipalities were formed, with number of women members under these groups totaling 155,526; and
- A total of 295 cooperatives have formed with the participation of 2,360 groups at the VDC ward level with the amount of savings totaling Rs.188.98 million.

12.48 Under the Mainstreaming Gender Equality Program (MGEP), 35 groups in the 10 districts, namely, Udaypur, Siraha, Kabhrepalanchok, Bhaktapur, Myagdi, Baglung, Dang, Banke, Kailali and Dadeldhura have been formed for the upliftment and promotion of underprivileged and disadvantaged classes of women. There are 854 women and 195 men associated with above-mentioned groups. In addition, 175 women and men were trained as trainers and facilitators.

12.49 Under the MGEP in 10 districts, free legal assistance is being provided to the women and children as victims of domestic violence, sexual assault, and women trafficking. As a result, 344 legal cases were filed; of which 38 are under due process; and 56 cases have been decided. A total of 448 persons were given advice through the telephone help line. Orientation training have been provided to 1009 persons in various subjects. Joint Program for Control of Women Trafficking has been conducted in Nuwakot, Kaski and Rupandehi districts. Under the Program, 10 VDCs from each of Nuwakot and Kaski districts were selected and 8,553 households in each district were surveyed. There are 16 VDC level and 1 District level task forces formed in each of the two districts with total 163 persons as their members. Women

Construction and Management Group is yet another activity under MGEP formed for the mobilization of savings and providing loans to its members. Such groups in Nuwakot totals 176 and 133 in Kaski. There are 5,008 women members in total. They have collected a total of Rs. 2.335 million and forwarded loans amounting to Rs. 1.90 million. On health related activities, 7 health mobilization groups include 127 persons; and 10 leadership mobilization groups have 150 members. From 6 natural medicine clinics, 3000 persons have been benefitted. For the rehabilitation of victims of girl trafficking, 2 centers are in operation. These centers have filed 32 legal cases to seek redress.

- 12.50 As regards the promotion and protection of rights of the children, policies and strategies of the Tenth Plan have guided the program in place. Under the Rehabilitation of Street Children Program, 100 street children have been provided technical training in 6 different subjects through NGOs. Continued protection has been provided to 27 orphan children in each location of Biratnagar, Rajbiraj, Butwal, and Birgunj. In the orphanages operated by NGOs in Mahendranagar, and Kanchanpur, other 50 children are being protected. Under the Emergency Relief to the Children Program, 180 insurgency victim children of 18 districts have been receiving rehabilitation services through Bal Mandirs at Dhangadi and Kapilvastu and NGO operated Bal Mandir at Nepalgunj. Each of these children is provided a sum of Rs.1,000/month as grant. A committee has been tasked to conduct coordinated program for the rehabilitation of such children. A 10-year Work Plan for the children is under preparation. Minimum criteria for operation of children home have been put in place.
- 12.51 Currently 24 organizations working in the field of welfare of the disabled persons are being supported by HMG grants. Materials for ID cards have been distributed in all 75 districts. Skill development training has been provided to 65 disabled persons. In addition, Community Based Rehabilitation program is in operation in 6 districts.
- 12.52 To utilize the capability, experience, knowledge and skills of the senior citizens in social development by facilitating them to live as dignified and secure, services of 20 NGOs have been procured by providing them grant money. At Pashupati Shelter for Old Aged, 205 old men and women have been sheltered. Senior citizen medical treatment services program is being operated in 28 districts.

- 12.53 National work plans have been prepared to fulfill the commitments of the State under the Convention on the Elimination of all forms of Discrimination Against Women, and the Beijing Platform for Action. In addition, the second and the third national periodic reports have been submitted to the United Nations towards the fulfillment of the commitment under the Convention on the Rights of Children (CRC), Trafficking, and ILO conventions.

Challenges

- 12.54 Efforts to extend health facilities to the hill and remote areas through additional incentives and encouragement to the physicians have been jeopardized by the current security related problems.
- 12.55 In the absence of adequate infrastructure, current trend of haphazard and rapid urbanization has added complexity to the urban problems. Many core areas are hardly accessible even by a medium sized means of transport. This in itself poses a high risk to carry out the relief measures necessary at the time of natural disaster and emergencies. Recurrence of water- borne infectious diseases in urban areas is often caused by the supply of polluted drinking water through possible discharge of sewerage in the existing supply lines as sewerage drains run close the water supply pipes. To solve this problem, many of the existing houses need to be relocated. Houses are constructed neglecting the requirement of space for the road. Granting of public land without considering the interest of the adjacent communities creates another problem. In the implementation of urban development program, direct involvement of the local community by way of their consent and sense of ownership has become essential. Finding ways and means to address such issues pose enormous challenge.
- 12.56 Ensuring social protection at a sustainable level in terms of its operation, extension and monitoring continues to remain a challenge.
- 12.57 Promotion of higher secondary education as an integral part of the secondary education, improvement in SLC examination system, ensuring gender equality in accessing to the education program, need to reduce educated unemployment, guardians' initiatives in the management of community schools, and narrowing the existing gap between school education and higher education are the burning issues being faced by the education sector.

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Some facts about Tables

- Due to updating and reclassification of statistics in some tables, that may not tally with the publications of previous years.
- As the formats, data presentation and their classification of some of the tables have been changed, the tables look like slightly different than that of the previous years.
- Tables related to Foreign Aid, Loan etc. may not tally with last years' publications since exchange rate differs .
- While rounding up the statistics, total sums may not tally.
- Signs shown as ' blank' and ' hyphen ' mean that these statistics are either non-available or available in negligible level.
- Changes in net foreign assets because of differences in exchange rates are not considered as causes and effects in Money Supply.
- Changes in Balance of Payments are net changes .

Table 1.1 : Gross Domestic Product #

Rs. in Million

	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03*	2003/04**
Nominal GDP (at Current Price)	85831	99702	116127	144933	165350	191596	209976	239388	269570	289798	330018	366251	393566	405632	435531	472424
Agriculture	42572	50470	55368	65156	70090	80589	85569	96896	108785	112495	132373	145131	151059	160144	171104	183357
Non-Agriculture	43259	49232	60759	79777	95260	111007	124407	142492	160785	177303	197645	221120	242507	245488	264427	289067
Real GDP (at 1994/95 Price)	156478	163893	174908	183371	188780	204397	209976	221930	233040	240816	251758	267096	279749	278848	286480	296459
Agriculture	75137	79512	81320	80392	79631	86356	85569	88830	92706	93496	96151	100856	106380	108752	111471	115629
Non-Agriculture	81341	84381	93588	102979	109149	118041	124407	133100	140334	147320	155607	166240	173369	170096	175009	180830
GDP Deflator	54.9	60.8	66.4	79.0	87.6	93.7	100.0	107.9	115.7	120.3	131.1	137.1	140.7	145.5	152.0	159.4
Agriculture	56.7	63.5	68.1	81.0	88.0	93.3	100.0	109.1	117.3	120.3	137.6	143.9	142.0	147.3	153.5	158.6
Non-Agriculture	53.2	58.3	64.9	77.5	87.3	94.0	100.0	107.6	114.6	120.4	127.0	133.0	139.9	144.3	151.1	159.9
Percentage Change Over Previous Year																
Nominal GDP (at Current Price)	17.3	16.2	16.5	24.8	14.1	15.9	9.6	14.0	12.6	7.5	13.9	11.0	7.5	3.1	7.4	8.5
Agriculture	15.8	18.6	9.7	17.7	7.6	15.0	6.2	13.2	12.3	3.4	17.7	9.6	4.1	6.0	6.8	7.2
Non-Agriculture	18.8	13.8	23.4	31.3	19.4	16.5	12.1	14.5	12.8	10.3	11.5	11.9	9.7	1.2	7.7	9.3
Real GDP (at 1994/95 Price)	5.2	4.5	6.3	4.6	2.9	7.6	2.7	5.4	4.8	3.3	4.5	6.1	4.7	-0.3	2.7	3.5
Agriculture	5.7	5.5	2.2	-1.2	-1.0	7.8	-0.9	3.7	4.2	0.8	2.8	4.9	5.5	2.2	2.5	3.7
Non-Agriculture	4.6	3.6	9.8	9.1	5.7	7.5	5.1	6.5	5.2	4.7	5.6	6.8	4.3	-1.9	2.9	3.3

GDP at Factor Cost before deduction of bank service charge

* Revised Estimates

** Preliminary Estimates

Source: Central Bureau of Statistics

Table 1.2 : Gross Domestic Product by Industrial Origin
(At Current Price)
(As per new series)

Rs. in Million

	Originating	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03*	2003/04**
1	Agriculture, Fisheries & Forestry	42572	50470	55368	65156	70090	80589	85569	96896	108785	112495	132373	145131	151059	160144	171104	183357
2	Mining & Quarrying	421	449	575	795	921	990	1117	1342	1495	1553	1685	1815	1924	2056	2188	2330
3	Manufacturing	4857	5956	7894	12822	14618	17861	19555	22466	24816	26987	30337	33550	35495	32805	34337	36418
4	Electricity, Gas & Water	466	523	815	1241	1543	2163	2862	3598	4457	4383	4632	5942	7004	8263	9505	10231
5	Construction	8231	8943	11078	14769	17318	19621	23093	26093	29263	30483	33262	37382	39584	42290	45014	47641
6	Trade, Restaurants, & Hotels	9052	10507	12902	16563	19260	22497	24326	28317	30551	33687	39313	42895	44572	40772	44027	48937
7	Transport, Communications and Storages	4732	5724	6560	8558	10819	12625	13995	15898	19315	22598	24631	29336	33297	34652	38095	44667
8	Financial & Real Estate	8032	9269	10944	13241	15684	18122	20533	23521	27157	29778	33203	36919	41634	43882	47553	51461
9	Community & Social Services	7469	7861	9991	11788	15115	17128	18924	21257	23731	27834	30582	33281	38997	40768	43708	47382
10	Total GDP at factor cost	85831	99702	116127	144933	165368	191596	209974	239388	269570	289798	330018	366251	393566	405632	435531	472424
	Agriculture GDP at factor cost	42572	50470	55368	65156	70090	80589	85569	96896	108785	112495	132373	145131	151059	160144	171104	183357
	Non-Agriculture GDP at factor cost	43259	49232	60759	79777	95260	111007	124405	142492	160785	177303	197587	221120	242507	245488	264427	289067
11	Less imputed value of banking service (-)	1319	1954	2289	2933	3578	4473	5060	5932	7009	7896	9438	10708	11912	12624	13760	14022
12	Total GDP at factor cost	84512	97748	113838	142000	161790	187123	204914	233456	262561	281902	320580	355543	381654	393008	421771	458402
13	Net Indirect Taxes (+)	4758	5668	6532	7487	9702	12149	14261	15457	17952	18943	21456	23945	29135	29293	33164	36480
14	GDP at producers' price	89270	103416	120370	149487	171492	199272	219175	248913	280513	300845	342036	379488	410789	422301	454935	494882

* Revised Estimate

** Preliminary Estimate.

Source : Central Bureau of Statistics.

Table 1.3 : Gross Domestic Product by Source
(At 1994/95 Price)
(As per new series)

Rs. in million

S/No	Description	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03*	2003/04**
1.	Agriculture, Fisheries & Forestry	75137	79512	81320	80392	79631	86356	85569	88830	92706	93496	96183	100856	106380	108752	111471	115629
2.	Mining & Quarrying	895	846	922	996	1018	1080	1117	1262	1348	1365	1416	1480	1547	1571	1601	1641
3.	Manufacturing	9426	10350	12179	16076	17075	19179	19555	21322	22826	23607	24856	26646	27649	24892	25384	26014
4.	Electricity Gas & Water	1430	1845	2481	2649	2406	2553	2862	3414	3475	3331	3520	4025	4413	4976	5348	5757
5.	Construction	17515	16957	18285	19695	20474	21765	23093	24733	26372	26953	28786	31550	31823	32180	32724	32812
6.	Trade, Restaurant & Hotel	16466	16824	18701	19828	21130	22947	24326	25424	26458	27981	29069	31036	31507	28329	29484	31187
7.	Transport, Communication & Storage	7917	8759	9910	10772	11597	12653	13995	14759	15902	17186	18355	19644	20860	21201	22021	23250
8.	Finance & Real Estate	14198	15198	16647	17519	18522	19684	20534	22096	23136	24494	25719	27026	27491	28402	29206	30017
9.	Community & Social Services	13494	13602	14464	15444	16929	18180	18924	20090	20817	22403	23885	24833	28080	28545	29241	30152
	Agriculture GDP at factor cost	75137	79512	81320	80392	79631	86356	85569	88830	92706	93496	96183	100856	106380	108752	111471	115629
	Non-Agriculture GDP at factor cost	81341	84381	93589	102979	109151	118041	124406	133100	140334	147320	155606	166240	173370	170096	175009	180830
10.	Total GDP at factor cost	156478	163893	174909	183371	188782	204397	209975	221930	233040	240816	251789	267096	279750	278848	286480	296459
11.	Less imputed value of banking service (-)	2287	3060	3277	3519	3892	4518	5060	5616	5703	6181	6610	7230	7831	8064	8394	8252
12.	Total GDP at factor cost	154191	160833	171632	179852	184890	199879	204915	216314	227337	234635	245179	259866	271919	270784	278086	288207
13.	Net indirect taxes (+)	8248	8874	9346	8979	10541	12287	14261	14561	15684	15537	16240	17508	20709	20137	21814	22905
14	GDP at producers' price	162439	169707	180978	188831	195431	212166	219176	230875	243021	250172	261419	277374	292628	290921	299900	311112

* Revised Estimate

** Preliminary Estimate

Source: Central Bureau of Statistic

Table 1.4 : National Accounts Summary
(At Current Price)

Rs. in million

	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03*	2003/04**
Gross Domestic Product																
(Producers' price)	89270	103416	120370	149487	171474	199272	219175	248913	280513	300845	342036	379488	410789	422301	454935	494883
Plus Import of goods and Nfs.	19162	21820	27785	39321	47429	62972	75850	88996	105775	101949	101648	123055	129104	127961	140522	157023
Total Resources Available = Uses	108432	125236	148155	188808	218903	262244	295025	337909	386288	402794	443684	502543	539893	550262	595457	651906
Total Consumption	79120	95273	108856	133280	148302	170052	186710	214487	241351	259407	295473	321911	349257	371526	402188	434390
Private Consumption	70173	86314	97771	121372	133402	154065	166443	191469	216364	231392	264944	287947	309107	329199	355535	383978
Public Consumption	8947	8959	11085	11908	14900	15987	20267	23018	24987	28015	30529	33964	40150	42327	46653	50412
Total Investment	19415	19076	25074	31619	39653	44644	55231	68017	71084	74728	70061	92272	98815	101668	117504	132107
Gross Fixed Capital Formation	16392	17002	22780	29277	37278	42032	48370	56081	60794	65375	65269	73324	78031	81613	86963	92619
Public	7902	7968	8683	10331	11769	13380	15070	17624	19392	22573	23888	26436	31268	32044	31252	33274
Private	8490	9034	14097	18945	25509	28652	33300	38457	41402	42802	41381	46888	46763	49569	55711	59345
Change in Stock	3023	2074	2294	2342	2375	2612	6861	11936	10290	9353	4792	18948	20784	20056	30542	39488
Export of Goods and Nfs.	9897	10887	14226	23909	30948	47548	53084	55405	73853	68659	78150	88360	91821	77068	75764	85409
Gross Domestic Savings	10150	8143	11514	16207	23172	29220	32465	34426	39162	41438	46563	57577	61532	50775	52747	60493
Net Factor Income	1541	1934	2147	2715	3231	3863	4817	3566	4660	6025	10881	13125	16172	18375	16194	12955
Net Current Transfer	116	172	218	482	581	495	819	900	1009	1158	1205	1319	1456	1701	2392	2650
Gross National Savings	11807	10249	13879	19404	26984	33578	38101	38892	44831	48620	58648	70702	77704	69150	68941	73448
Gross National Product	90811	105350	122517	152202	174705	203135	223992	3566	4660	306870	352917	392613	426961	440676	471129	507838

* Revised Estimates

** Preliminary Estimates

Source : Central Bureau of Statistics

Table 2.1 : Government Expenditure & Sources of Finance

	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01
Expenditure	18005.0	19669.3	23549.8	26418.2	30897.7	33597.4	39060.0	46542.4	50723.7	56118.3	59579.0	66272.5	79835.1
Regular	5676.2	6671.8	7570.3	9905.4	11484.1	12409.2	19265.1	21561.9	24181.1	27174.4	31047.7	34523.3	42769.2
Development	12328.8	12997.5	15979.5	16512.8	19413.6	21188.2	19794.9	24980.5	26542.6	28943.9	28531.3	31749.2	37065.9
Receipts	9457.5	11262.9	12894.7	15156.5	18941.7	21974.4	28512.3	32718.2	36361.8	38340.5	41587.6	48605.5	55647.0
Revenue	7776.9	9287.5	10729.9	13512.7	15148.4	19580.8	24575.2	27893.1	30373.5	32937.9	37251.0	42893.8	48893.6
Foreign Grants	1680.6	1975.4	2164.8	1643.8	3793.3	2393.6	3937.1	4825.1	5988.3	5402.6	4336.6	5711.7	6753.4
Overall Surplus (+)	-8547.5	-8406.4	-10655.1	-11261.7	-11956.0	-11623.0	-10547.7	-13824.2	-14361.9	-17777.8	-17991.4	-17667.0	-24188.1
Deficit (-)													
Sources of Financing Deficits													
Foreign Loan	5666.4	5959.6	6256.7	6816.9	6920.9	9163.6	7312.3	9463.9	9043.6	11054.5	11852.4	11812.2	12044.0
Internal Loan	1330.0	2150.0	4552.7	2078.8	1620.0	1820.0	1900.0	2200.0	3000.0	3400.0	4710.0	5500.0	7000.0
(a) Banking System	1320.0	1450.0	3713.2	1178.8	920.0	1000.0	1300.0	750.0	1500.0	1600.0	2850.0	3300.0	-
(b) Non-Banking System	10.0	700.0	839.5	900.0	700.0	820.0	600.0	1450.0	1500.0	1800.0	1860.0	2200.0	-
Cash Balance (-) Surplus	1551.1	296.8	-154.3	2366.0	3415.1	639.4	1335.4	2160.3	2318.3	3323.3	1429.0	354.8	5144.1

Note : The change in foreign exchange rate is adjusted in direct payments

Source : Ministry of Finance; Financial Comptroller General Office.

Table 2.2: Tax Revenue

Rs. in Million

Heading	Fiscal Year															First Eight Month	
	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2002/03	2003/04*
Customs	2289.9	2684.9	3044.3	3358.9	3945.0	5255.0	7018.1	7327.4	8309.1	8502.2	9517.7	10813.3	12552.1	12658.8	14236.4	8832.7	9239.0
Imports	2133.9	2646.0	2752.6	2795.2	3178.0	4356.0	5840.1	6246.5	7093.2	7019.4	7698.3	8959.9	10391.9	9678.4	10567.7	6749.8	7181.3
Exports	62.7	32.6	78.5	114.7	140.7	427.0	332.5	149.9	167.8	217.1	378.0	432.5	492.6	917.4	855.6	665.7	405.4
Indian Excise Refund	91.6	0.0	211.7	447.4	623.5	460.4	837.5	899.9	1009.1	1102.0	1206.0	1331.7	1456.2	1700.9	2370.6	1132.2	1308.6
Others	1.7	6.3	1.5	1.6	2.8	11.6	8.0	31.1	39.0	163.7	235.4	89.2	211.4	362.1	442.5	285.0	343.7
Tax on Consumption and Product of Goods and Services	2665.9	3163.9	3763.0	4921.5	5681.3	7261.2	8792.6	9684.7	10775.2	11249.7	11719.1	13387.3	16153.6	16074.3	18244.8	10888.4	12726.1
Industrial Product	870.9	1094.9	1199.6	1414.1	1452.4	1592.2	1657.3	1944.3	2298.1	2885.8	2953.2	3127.6	3771.2	3807.0	4785.1	2880.1	3900.4
Liquor Contract	6.8	2.1	0.6	0.2	0.4	0.3	-	-	-	-	-	-	-	-	-	-	-
Sales Tax/Value Added Tax	1379.7	1650.1	2026.1	2840.7	3438.2	4693.1	6031.7	6431.3	7126.5	7122.6	7882.2	9854.9	12047.8	11964.0	13459.7	8007.3	8825.7
Entertainment Tax	32.8	33.5	39.4	38.3	53.1	112.2	91.1	100.4	114.0	90.6	23.5	28.5	30.4	2.1	0.0	0.9	0.0
Hotel Tax	93.2	99.7	115.6	191.3	223.4	219.1	229.1	284.2	301.1	45.9	1.5	1.8	0.1	0.0	0.0	0.1	0.0
Air Flight Tax	67.0	87.7	173.4	177.9	205.7	270.7	278.2	311.1	314.2	343.3	240.7	0.0	0.1	0.0	0.0	0.0	0.0
Contract Tax	193.2	170.5	173.3	213.3	293.0	356.5	505.2	613.4	621.3	761.5	618.0	374.5	304.0	301.2	0.0	0.0	0.0
Road & Bridges Maintenance Tax & others	22.3	25.4	35.0	45.7	15.1	17.1	-	-	-	-	-	0.0	-	-	-	-	-
Land Revenue and Registration	401.0	451.7	538.7	636.1	754.9	833.2	937.7	1066.6	1015.4	1004.2	1003.2	1015.9	612.9	1131.8	1414.3	717.3	852.7
Land Revenue	80.4	74.6	82.1	64.8	69.4	61.0	34.9	18.2	5.9	3.6	1.4	4.6	5.1	0.8	0.0	3.0	0.0
House and Land Registration	320.6	377.1	456.6	571.3	685.5	772.2	902.8	1048.4	1009.5	1000.6	1001.8	1011.3	607.8	1131.0	1414.3	714.3	852.7
Tax on Property, Profit & Income	930.3	983.4	829.8	959.1	1281.3	2022.1	2911.6	3589.3	4324.6	5183.7	6512.9	7935.6	9546.5	9465.7	8691.5	4511.6	5466.7
Income Tax from Public Enterprises	216.9	240.9	162.2	171.1	255.3	534.1	860.2	1144.5	1231.1	1317.8	1526.5	2198.8	2928.0	1769.3	1251.0	561.1	1081.3
Income Tax from Semi-Public Enterprises	2.6	2.4	2.7	5.3	2.6	2.1	-	-	-	-	-	0.0	0.0	0.0	0.0	0.0	0.0
Income Tax from Private Corporate Bodies	0.4	0.0	0.0	6.5	9.5	19.7	440.1	563.9	858.4	925.1	1155.0	1339.5	1924.3	1412.0	1236.3	579.8	551.1
Income Tax from Individuals	597.4	625.0	531.2	617.9	800.7	1184.8	1293.1	1470.1	1711.4	2120.8	2772.7	3016.4	3200.5	4419.1	3362.3	2133.7	2406.3
Income Tax from Remunerations	43.8	50.7	49.9	54.7	56.7	83.8	118.4	133.1	168.1	322.2	396.5	451.5	597.3	835.6	1252.6	17.0	0.0
Urban House and Land Tax	19.0	19.1	0.2	22.3	16.7	8.4	34.2	87.2	95.0	110.7	123.3	118.5	2.9	2.3	0.0	0.4	0.3
Vehicle Tax	31.0	31.9	23.9	45.4	63.3	41.4	54.0	70.7	106.2	174.9	219.4	396.5	429.6	559.7	559.5	433.8	530.7
Tax on Interest	18.5	13.1	37.8	19.5	73.4	96.7	111.6	119.8	154.4	212.2	319.5	414.4	463.9	467.7	864.0	454.3	503.5
Other Taxes	0.7	0.3	21.9	16.4	3.1	51.1	-	-	-	-	-	0.0	0.0	0.0	165.8	331.5	393.5
Total	6287.1	7283.9	8175.8	9875.6	11662.5	15371.5	19660.0	21668.0	24424.3	25939.8	28752.9	33152.1	38865.1	39330.6	42587.0	24950.0	28284.5

*Provisional; Due to reclassification of the headings of revenue, amount of revenue of some tax headings do not match with previous data.

Source : Financial Comptroller General Office.

Table 2.3 : Non-Tax Revenue

Rs. in Million

Heading	Fiscal Year															First Eight Month	
	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2002/03	2003/04*
Charges, Fees, Fines and Forfeiture	555.3	776.6	1012.6	1106.3	333.4	248.0	207.1	286.1	270.8	329.6	336.1	386.3	386.7	518.8	579.6	346.7	792.0
Firm Registration	13.9	18.4	19.7	26.1	28.4	32.6	34.3	39.2	47.4	50.9	53.8	65.8	60.0	71.9	78.7	56.5	57.5
Arms Registration	0.9	0.9	0.9	0.9	2.1	2.9	3.2	2.5	2.0	2.8	2.4	2.4	1.5	1.4	1.6	1.0	1.3
Vehicle Licence	11.0	11.5	15.0	19.5	50.5	71.4	50.9	57.2	52.9	68.2	94.7	106.0	95.0	111.1	119.5	74.3	407.4
Judiciary	28.8	27.9	30.3	27.7	30.3	47.4	50.2	114.8	78.3	89.1	97.3	95.8	106.8	192.2	104.3	63.2	63.5
Administration, Penalty & Forfeiture	500.7	717.9	946.7	1032.1	222.1	93.7	68.5	72.4	90.2	118.6	87.9	116.3	123.4	142.2	275.5	151.7	262.3
Receipts from sales of Commodities and Services	340.2	396.5	511.4	765.0	889.5	1270.0	1388.3	1673.3	1799.6	2255.5	2146.6	2428.9	2728.0	2611.1	3063.0	1760.8	2289.6
Drinking Water	1.9	2.1	2.3	2.8	3.9	6.8	16.8	19.2	19.1	21.1	21.4	14.1	9.1	6.5	5.6	3.1	3.3
Irrigation	3.5	1.9	1.0	3.1	1.3	1.4	1.5	1.7	1.7	1.6	1.3	1.5	1.1	1.3	1.4	0.8	0.3
Electricity	4.6	0.6	0.9	1.1	1.9	1.3	2.5	2.5	2.0	212.3	2.4	0.3	0.0	0.0	0.0	0.1	0.0
Postal Service	57.6	59.8	55.4	74.1	96.5	112.8	160.0	157.6	165.7	198.8	201.7	226.6	229.6	230.3	219.9	148.1	167.9
Food and Agriculture	22.8	24.0	25.8	20.1	20.4	21.1	28.9	21.0	30.7	28.7	34.1	43.4	50.6	45.9	42.3	22.9	23.9
Education	12.9	13.2	16.2	17.7	21.6	23.8	20.9	22.7	37.2	58.5	50.5	83.5	94.0	128.0	112.3	80.5	99.9
Forest	75.5	112.7	136.3	197.8	187.3	342.6	335.9	442.1	369.7	390.5	374.6	525.2	602.6	546.2	683.6	391.5	396.1
Transport	66.3	63.4	78.7	150.3	174.5	191.7	179.4	263.1	270.3	311.5	235.9	86.0	86.3	99.9	93.5	57.9	89.7
Others	99.0	119.3	194.8	298.0	382.1	568.5	642.4	743.4	903.2	1032.5	1224.7	1448.3	1654.7	1553.0	1904.4	1055.9	1508.5
Dividend	198.5	233.8	459.5	644.4	755.5	775.7	1060.1	1363.0	1134.4	1311.0	1782.8	2507.5	2336.5	2512.9	2497.6	1109.4	1032.2
financial Institutions	179.8	227.4	455.5	627.1	752.0	755.5	1037.7	1281.3	1120.7	1276.7	1455.2	2135.5	2076.3	2281.8	1904.3	1054.3	802.5
Trading Concerns	11.8	0.4	0.9	3.1	0.0	0.6	9.3	47.2	-	31.0	124.0	9.7	13.4	8.8	11.0	0.0	6.6
Industrial Undertakings	6.9	6.0	0.0	14.2	3.0	0.5	0.8	2.0	0.1	2.8	-	103.2	0.0	0.0	6.1	5.1	3.0
Services Sector	0.0	0.0	3.1	0.0	0.5	19.1	12.3	32.5	13.6	0.5	203.6	138.0	226.6	161.8	576.2	50.0	184.5
Extra	-	-	-	-	-	-	-	-	-	-	0.6	121.1	20.2	60.5	0.0	0.0	35.6
Royalty and Sale of Fixed Assets	38.6	64.9	27.9	137.8	59.9	90.4	196.9	67.8	447.9	565.2	202.3	563.3	949.6	723.9	1945.4	447.9	865.4
Royalty from Mining	3.2	1.4	1.3	2.6	2.3	2.3	5.1	2.2	3.0	3.9	11.1	11.7	5.4	15.3	11.9	5.1	6.3
Other Royalties	10.1	12.3	11.1	117.3	41.0	51.3	91.8	25.5	394.1	440.7	94.8	370.9	483.1	637.2	1142.1	410.0	558.2
Others	25.3	24.8	13.0	14.8	12.8	33.2	100.0	40.1	50.8	120.6	96.4	180.7	461.1	71.4	791.4	32.8	300.9
Mint	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	0.0	0.0	0.0	0.0
Others	-	26.4	2.5	3.1	3.8	3.6	-	-	-	-	-	0.0	0.0	0.0	0.0	0.0	0.0
Principal and Interest Payment	343.0	529.8	498.0	974.4	1431.1	1811.0	2083.1	2818.8	2220.7	2461.1	3927.5	3751.0	3497.2	3109.5	2464.3	779.8	1667.8
Loan Corporations	178.9	250.8	261.3	427.2	735.7	606.1	1210.4	1089.8	862.8	1244.9	2235.2	2176.0	2050.6	1880.7	1516.7	561.6	1095.2
Interest from Loan to Companies & Corporations	163.4	278.4	236.4	543.8	694.8	1191.9	872.4	1724.2	1357.1	1212.4	1682.7	1565.1	1437.1	1206.8	911.2	192.5	548.5
Others	0.7	0.6	0.3	0.4	0.6	13.0	0.3	4.8	0.8	3.8	9.6	9.9	9.5	22.0	36.4	25.7	24.1
Miscellaneous Items	14.0	26.8	43.8	12.2	16.5	14.3	9.6	16.1	75.8	75.7	102.8	104.6	130.8	1638.8	3092.8	1831.0	1039.0
Miscellaneous	14.0	26.8	43.8	12.2	16.5	14.3	9.6	16.1	75.8	75.7	102.8	104.6	130.8	1638.8	3092.8	1831.0	1039.0
Total	1489.6	2003.6	2553.5	3637.1	3485.9	4209.4	4945.1	6225.1	5949.2	6998.1	8498.4	9741.6	10028.8	11115.0	13642.7	6275.6	7686.0

*Provisional

Source: Financial Comptroller General Office.

Table 2.4 : Regular Expenditure

/1/

Rs. in Million

Heading	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
Constitutional Organs	91.2	103.6	191.2	282.7	169.7	204.4	214.8	234.9	471.0	353.5	384.2	431.5	438.2	569.5	825.4
His Majesty & Royal Family	29.6	42.4	42.3	48.6	53.9	58.2	60.5	64.2	69.6	73.4	83.4	87.8	92.9	116.2	387.9
State Council	2.5	2.4	2.1	2.7	3.3	3.6	3.9	4.5	4.7	5.5	5.1	6.1	6.7	8.1	9.2
Parliamentary Secretariat	15.0	13.3	10.1	44.7	48.3	66.3	59.9	71.0	100.3	117.7	128.3	144.0	150.6	182.4	73.7
Supreme Court	6.3	6.0	5.9	8.9	12.6	14.2	16.2	30.2	34.4	31.0	49.5	25.9	31.6	43.9	46.9
Commission for Prevention of Misuse Authority	2.0	2.2	1.9	2.1	3.1	3.4	3.8	4.9	5.2	6.5	6.4	7.4	8.7	14.2	20.3
Auditor General Office	13.6	13.9	14.0	19.7	20.3	20.1	20.1	24.0	26.6	31.2	33.6	34.8	41.9	55.9	54.8
Public Service Commission	13.6	14.3	12.8	17.1	16.7	18.2	24.9	23.1	37.1	39.1	36.2	45.1	30.3	46.6	61.7
Election Commission	6.0	6.5	99.3	135.5	7.4	15.3	2.1	6.8	185.9	41.3	33.4	70.8	56.8	86.6	154.6
Attorney General Office	2.6	2.7	2.7	3.4	3.4	4.3	3.7	5.2	5.9	6.4	6.7	7.9	9.7	11.4	11.3
Judiciary Council	-	-	-	-	0.7	0.8	0.9	1.1	1.3	1.4	1.6	1.7	9.0	4.2	5.0
General Administration	845.1	963.4	1180.4	1534.3	1816.5	1900.5	2119.8	2509.7	2842.3	3158.8	3615.6	4070.4	6258.4	7728.0	7818.2
Council of Ministers	7.8	7.8	6.7	9.0	8.8	9.2	9.3	17.3	21.5	27.4	23.2	26.5	33.5	46.3	38.2
HMG Secretariat	135.7	136.9	117.2	166.1	232.8	181.3	241.7	215.0	253.1	259.7	293.9	345.3	524.8	972.4	936.6
District Administration	63.5	66.1	51.7	67.6	80.4	78.6	95.4	95.1	108.2	107.5	123.4	128.9	133.4	194.1	179.4
Police	543.4	655.0	892.2	1151.9	1331.2	1474.6	1584.0	1926.9	2195.8	2487.2	2897.8	3267.8	5183.0	6044.0	6218.2
Jail	39.6	37.3	55.2	59.5	71.8	72.4	80.8	88.7	100.6	105.8	110.6	121.4	127.5	143.7	157.5
Miscellaneous	52.6	58.1	55.0	80.2	91.5	84.4	15.3	152.1	146.8	154.1	150.0	161.5	237.2	18.5	270.3
Administration Reform	2.4	2.4	2.4	0.0	0.0	0.0	93.1	14.8	16.3	17.1	16.7	19.0	19.0	309.0	18.0
Revenue Administration	111.2	124.4	124.8	173.5	191.4	194.9	222.5	252.5	261.7	288.9	314.9	339.2	384.1	477.1	471.9
Land Revenue	50.1	55.7	57.3	81.9	90.1	94.0	104.0	121.3	122.1	124.6	140.7	152.6	162.6	195.5	197.4
Customs	30.6	35.1	35.5	52.7	55.6	56.6	59.4	67.6	72.3	78.0	82.1	87.3	102.6	131.5	130.2
Excise	13.1	12.4	12.4	14.1	15.6	16.2	17.6	19.5	19.5	33.1	32.5	35.2	43.1	124.5	118.6
Tax	16.9	20.7	19.0	24.2	29.4	27.2	29.1	31.7	34.3	36.3	42.2	45.0	53.5		
Revenue Tribunal	0.5	0.5	0.5	0.6	0.7	0.9	1.4	1.8	2.5	2.8	3.0	3.4	4.6	5.6	5.6
Others	-	-	-	-	-	-	11.0	10.6	11.0	14.1	14.4	15.7	17.7	20.0	20.1
Economic Adm. & Planning	41.7	47.8	48.4	59.4	68.4	78.4	86.4	97.4	101.7	112.5	122.0	130.7	185.1	202.5	206.7
Planning	2.4	2.7	2.4	3.1	3.4	3.2	3.3	3.9	4.0	4.3	4.3	4.6	5.7	7.4	6.3
Statistics	2.7	3.1	2.9	3.7	4.4	17.4	19.0	24.0	25.5	29.7	31.3	33.1	37.9	49.2	48.7
Comptroller General's Office	36.6	42.0	43.1	52.6	60.6	57.8	64.1	69.5	72.2	78.5	86.4	93.0	141.5	145.9	151.7
Metric Measurement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Judicial Administration	79.5	88.0	84.2	112.0	146.4	149.5	163.7	191.4	222.7	247.6	275.7	276.0	317.5	437.0	437.0
Court	79.0	87.6	83.9	112.0	146.4	149.5	163.7	191.4	222.7	247.6	275.7	276.0	317.5	437.0	437.0
Court for Prevention of Misuse of Authority	0.4	0.4	0.2	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Services	150.8	152.1	183.4	230.0	310.1	329.6	376.7	385.0	440.4	482.1	607.4	672.6	600.3	672.3	722.7
Foreign Services	130.9	133.3	161.3	200.4	237.1	261.1	311.9	319.4	362.8	308.1	339.9	440.5	396.1	407.6	459.5
Miscellaneous	19.9	18.8	22.0	29.6	73.0	68.5	64.8	65.6	77.6	174.0	267.5	232.1	204.2	264.7	263.2
Defence	898.7	1027.2	1151.4	1489.0	1723.6	1877.4	2001.3	2126.4	2357.6	2582.8	2994.8	3482.1	3813.4	5859.8	7381.5
Defence	760.8	822.3	1145.8	1482.6	1717.3	1871.1	1994.8	2118.8	2348.4	2573.4	2985.0	3469.9	3802.2	5847.3	7294.1
Miscellaneous	137.9	204.9	5.6	6.4	6.3	6.3	6.5	7.6	9.2	9.4	9.8	12.2	11.2	12.5	87.4

Contd.

Table 2.4 : Regular Expenditure

/2/

Rs. in Million

Heading	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/2001	2001/2002	2002/03
Social Services	634.9	716.1	742.6	999.0	1269.3	1352.8	4441.6	5375.0	5909.1	6993.3	7376.9	8327.9	10882.2	13350.5	13749.0
Education	282.9	319.7	366.3	472.6	685.2	741.9	3612.1	4359.2	4847.0	5766.8	6040.2	6754.8	8260.8	10295.0	10511.6
Health	251.1	296.6	293.8	410.9	460.8	505.1	637.1	799.0	885.4	1049.0	1137.4	1324.8	1547.3	1980.0	2032.3
Drinking Water	16.5	2.6	2.3	3.7	4.4	3.5	9.6	10.7	10.9	11.4	12.3	13.0	15.0	10.5	13.2
Local Development	30.1	8.5	6.8	9.2	10.1	9.6	12.9	11.4	11.9	13.0	17.7	17.9	21.8	19.5	29.2
Other Social Services	54.3	88.8	73.4	102.6	108.8	92.7	169.8	194.8	153.9	153.1	169.3	217.4	1037.3	1045.5	1162.7
Economic Services	351.4	423.8	374.8	548.7	586.1	605.3	1353.9	1533.5	1738.2	1889.9	2167.9	2224.8	1631.1	1905.1	2048.1
Agriculture	29.8	31.6	33.0	40.4	45.6	36.9	63.2	68.1	75.1	80.8	88.6	99.5	111.4	135.1	138.8
Irrigation	8.7	10.1	4.6	8.9	9.5	8.4	98.3	103.9	99.5	104.4	110.9	117.2	131.6	43.5	207.1
Land Reform	11.5	11.9	13.9	14.7	31.9	29.9	30.3	32.5	31.1	32.5	35.9	39.3	46.5	48.1	47.7
Survey	14.9	14.9	17.7	22.2	25.9	27.6	45.5	39.1	43.7	46.0	54.5	60.5	71.7	87.2	88.3
Forest	15.7	17.3	17.4	22.6	21.3	23.4	381.9	481.4	512.9	539.6	731.8	790.9	829.4	1007.8	1021.2
Industry & Mining	15.6	16.1	15.1	21.0	24.0	22.5	183.2	186.0	231.4	231.2	233.8	231.7	183.3	237.7	204.5
Communication	131.7	185.5	144.3	258.0	265.0	278.2	328.9	373.7	476.1	563.8	630.5	658.7	6.9	27.3	28.6
Transportation	115.9	127.4	120.0	148.5	148.8	165.3	192.3	211.7	227.4	244.3	232.8	174.9	196.0	254.6	243.9
Electricity	0.0	-	-	-	-	-	-	-	8.7	10.1	10.4	9.5	8.1	9.7	10.8
Other Economic Services	7.7	8.9	8.9	12.4	14.1	13.1	30.0	37.0	32.3	37.2	38.7	42.6	46.2	54.1	57.2
Loans & Investment	8.9	6.7	10.0	3.0	24.0	16.0	5.2	17.4	31.7	24.9	15.1	39.2	10.0	12.6	2.0
Loans & Investment	8.9	6.7	10.0	3.0	24.0	16.0	5.2	17.4	31.7	24.9	15.1	39.2	10.0	12.6	2.0
Loan Repayment & Interest	1720.7	2279.2	2407.4	3797.1	4560.5	4855.1	6083.3	6715.5	7527.2	7682.8	8723.0	10032.8	10388.4	12205.2	16181.3
Payment of Principal	534.1	802.3	739.0	1207.0	1597.9	1898.2	2653.2	2847.5	3453.3	3931.2	4642.7	5212.7	5690.6	6435.0	9559.5
Payment of Interest	1186.6	1476.9	1668.4	2590.1	2962.6	2956.9	3430.1	3867.9	4073.9	3751.6	4080.3	4820.1	4697.8	5770.2	6621.8
Miscellaneous	742.3	739.9	1075.7	676.7	618.1	845.3	2195.7	2123.2	2277.5	3357.3	4450.2	4496.1	7860.5	5170.4	5128.6
Travelling Exp. of Dignitaries and Government Delegation	35.6	51.0	7.9	9.1	27.3	37.7	62.2	76.1	68.9	66.2	90.7	79.1	91.1	103.8	88.8
Pension, Allowances & Gratuity	113.0	144.6	190.1	326.9	219.2	466.8	589.0	584.7	728.6	1028.6	1261.1	1372.0	1573.1	2985.1	3325.1
Hospitality	0.8	0.5	0.3	0.9	0.5	1.2	1.2	2.8	3.3	1.7	1.0	0.5	3.1	0.2	0.0
Emergency Help, Donation & Prizes	-	-	-	-	0.1	-	-	2.0	1.1	-	0.2	0.2	2.2	0.3	0.0
Compensation	0.6	5.5	0.0	5.5	2.5	3.0	1.3	37.0	22.1	24.5	26.4	39.9	22.5	22.2	8.2
Miscellaneous	150.3	401.0	153.0	188.7	299.6	197.9	301.4	728.9	1001.0	1944.7	1402.8	1220.0	1208.1	1319.7	1557.7
Contingency	442.1	137.3	724.3	145.6	68.9	138.7	1240.5	693.4	452.5	291.6	1668.0	1784.4	4960.4	739.1	148.8
Total	5676.5	6672.2	7574.1	9905.4	11484.1	12409.2	19265.1	21561.9	24181.1	27174.4	31047.7	34523.3	42769.2	48590.0	54973.0

Source: Financial Comptroller General Office

Table 2.5 : Development Expenditure

Rs. in Million

	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
Constitutional Organgs	-	-	-	-	-	-	-	-	-	3.6	28.5	26.6	12.7	13.4	9.1
Commission for Abuse of Authority	-	-	-	-	-	-	-	-	-	-	-	1.5	1.4	2.2	0.2
Auditor General Office	-	-	-	-	-	-	-	-	-	1.5	15.1	15.2	2.6	3.5	2.1
Public Service Commission	-	-	-	-	-	-	-	-	-	2.1	13.4	9.9	3.7	1.6	2.0
Office of Attorney General	-	-	-	-	-	-	-	-	-	-	-	-	5.0	6.1	4.8
General Administration	35.0	14.3	11.3	13.8	29.0	31.3	33.5	41.6	34.5	46.4	79.2	108.1	127.2	250.1	98.8
Administration Reform	35.0	14.3	11.3	13.8	29.0	31.3	33.5	41.6	34.5	46.4	79.2	108.1	127.2	250.1	98.8
Economic Administ. & Planning	10.1	10.8	83.3	39.3	18.7	19.5	31.6	33.2	17.3	19.3	20.5	28.6	196.2	94.1	32.7
Planning	4.1	3.4	5.2	5.9	6.6	8.0	20.6	20.6	8.1	9.7	10.7	15.3	19.1	14.9	11.9
Statistics	6.0	7.4	78.1	33.4	12.1	11.5	11.0	12.6	9.2	9.6	9.8	13.3	177.1	79.2	20.8
Social Services	3309.2	3973.2	3569.3	5040.3	7245.5	7104.1	6224.8	7612.7	9281.3	10323.5	10265.4	12,406.2	12,872.7	11,530.3	12,188.8
Education	1458.8	1479.8	1716.0	2395.2	3465.0	3822.1	1453.6	1791.0	2356.2	2037.1	1641.3	2,573.7	2,783.9	2,755.1	2,730.0
Health	616.0	393.8	366.8	507.2	600.2	560.5	858.5	915.5	1621.2	2076.1	1677.2	2,126.7	1,972.4	1,876.7	1,619.8
Drinking Water	469.3	617.4	538.5	1334.4	1821.4	1073.6	1102.2	1206.4	1327.1	1670.0	1866.8	2,423.0	2,407.2	1,747.3	2,011.2
Local Development	458.6	454.1	321.3	406.5	656.1	1006.9	2416.1	3345.3	3622.9	3678.8	3968.7	4,136.7	4,626.2	4,156.2	5,266.9
Other Social Services	306.5	1028.1	626.7	397.0	702.8	641.0	394.3	354.5	353.9	861.5	1111.4	1,146.1	1,083.0	995.0	560.9
Economic Services	8241.6	8200.7	11893.3	11063.3	12111.5	13841.4	12852.7	16982.7	17054.7	17900.2	17324.4	18,648.6	21,114.3	17,452.0	15,591.3
Agriculture	1016.2	1183.5	1534.6	1276.0	2077.2	2300.3	2639.4	2224.0	1889.6	2144.3	1926.2	2,089.5	2,329.3	2,561.2	1,832.2
Irrigation	1623.2	1204.8	1118.9	2212.2	2017.3	3232.1	2550.8	2884.6	2726.6	2437.6	2940.7	3,044.6	3,953.3	3,141.5	2,137.5
Land Reform	29.3	38.8	40.4	31.3	5.9	4.2	1.4	29.1	25.7	51.5	61.4	63.6	90.0	104.8	38.9
Survey	80.8	64.5	68.9	87.6	108.4	190.0	198.7	238.4	246.8	184.0	241.5	200.2	251.8	250.0	172.0
Forestry	556.7	547.2	460.1	884.3	928.8	966.5	408.4	378.7	463.8	410.4	480.5	519.0	478.9	630.9	623.9
Industry & Mining	554.3	1049.0	1751.5	2427.2	1085.6	648.0	27.2	306.0	263.5	477.1	289.4	833.9	366.8	582.5	585.5
Communication	374.7	128.4	56.7	116.0	474.7	437.6	1517.8	1151.7	1095.9	1188.4	466.0	282.5	244.0	271.3	1,721.2
(a) Post Office	8.0	1.8	2.1	2.5	6.6	8.4	-	23.8	18.3	18.4	20.9	17.2	54.4	23.0	8.8
(b) Telecommunication	366.7	126.6	54.6	113.5	468.1	429.2	1517.8	1127.9	1077.6	1170.0	445.1	265.3	189.6	248.3	1,712.4
Transportation	1857.2	1590.1	1979.5	2381.0	2844.0	3363.2	3010.6	5968.5	5305.2	5619.9	5111.3	4,695.4	5,354.9	4,518.0	3,725.3
(a) Roads	1392.0	1090.6	1375.6	2059.3	2499.5	2991.2	2277.1	2859.2	4752.7	4853.6	4350.4	3,613.0	4,106.6	3,630.3	2,763.8
(b) Bridges	114.3	81.4	202.0	85.1	53.7	109.5	383.2	920.7	226.7	139.1	328.1	663.8	671.0	488.2	242.5
(c) Aviation	316.4	410.3	394.2	221.1	290.8	262.5	316.8	2060.9	299.4	618.1	430.8	417.8	508.9	194.9	1.0
(d) Others	34.5	7.8	7.7	15.5	-	-	33.4	127.7	26.4	9.1	2.0	0.8	68.4	204.6	718.0
Electricity	2003.4	2087.6	1363.1	1414.4	2229.1	2312.2	1764.9	3210.2	4447.3	4704.7	4811.3	5,537.9	6,813.7	4,395.3	3,902.3
Other Economic Services	145.3	306.8	3519.6	233.3	340.5	387.3	488.8	591.5	590.3	682.3	996.1	1,382.0	1,231.6	996.5	852.5
(a) Commerce	20.8	57.3	43.2	37.0	37.4	7.2	10.0	20.0	34.0	198.5	409.6	359.8	356.2	67.8	89.2
(b) Labour	14.9	8.3	9.4	12.2	15.3	17.9	47.8	59.7	55.9	57.8	53.3	60.9	73.8	93.1	66.6
(c) Tourism	17.2	18.4	12.4	12.5	61.8	68.1	147.4	189.2	203.7	159.5	154.1	221.5	383.7	253.9	189.7
(d) Metereology & Hydrology	24.7	16.2	16.2	16.1	19.3	18.8	20.3	28.3	38.8	41.4	179.5	235.1	164.4	145.7	62.1
(e) Supply and Others	68.2	206.5	3438.3	155.5	206.7	275.3	263.3	294.3	257.9	225.0	199.6	504.7	253.5	436.0	444.9
Miscellaneous	732.8	798.7	422.2	356.1	8.9	191.9	652.3	310.3	154.8	650.9	813.3	531.1	2,742.8	2,142.3	1,112.3
Miscellaneous	212.9	518.0	-	-	-	-	-	-	-	-	-	-	48.2	62.3	39.1
Contingency	519.9	280.7	422.2	356.1	8.9	191.9	652.3	310.3	154.8	650.9	813.3	531.1	2,694.6	2,080.0	1,073.2
Total	12328.7	12997.5	15979.5	16512.8	19413.6	21188.2	19794.9	24980.5	26542.6	28943.9	28531.3	31,749.2	37,065.9	31,482.2	29,033.0

Source: Financial Comptroller General Office.

Table 2.6 : Foreign Aid Commitment by Major Sources

Rs. in Million

	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	First Eight Month	
																2002/03	2003/04
1. Bilateral	3532.3	6605.4	3494.9	7643.2	12650.0	7402.3	9744.8	10355.9	19768.0	13797.8	13787.4	11293.4	17495.9	18438.7	15312.4	9706.7	6277.5
Grant	3215.3	6078.3	2734.4	7643.2	12386.0	7267.1	9670.0	8558.1	10946.3	12342.4	13299.1	11293.4	14046.0	17292.2	15183.1	9577.4	6277.5
Loan	317.0	527.1	760.5	-	264.0	135.2	74.8	1797.8	8821.7	1455.4	488.3	-	3449.9	1146.5	129.3	129.3	0.0
2. Multilateral	6870.7	9224.6	2170.5	13440.9	7876.7	5769.9	3132.1	6181.4	19875.0	18224.3	4565.0	9154.6	13791.0	14789.0	27890.3	14742.9	7477.5
Grant	1543.7	160.5	35.5	417.9	3611.7	158.9	1496.8	2508.3	2797.4	6026.0	5.0	1566.8	243.0	6048.0	12174.5	8960.8	154.7
Loan	5327.0	9064.1	2135.0	13023.0	4265.0	5611.0	1635.3	3673.1	17077.6	12198.3	4560.0	7587.8	13548.0	8741.0	15715.8	5782.1	7322.8
3. Total	10403.0	15830.0	5665.4	21084.1	20526.7	13172.2	12876.9	16537.3	39643.0	32022.1	18352.5	20448.0	31287.0	33227.7	43202.7	24449.6	13755.0
Grant	4759.0	6238.8	2769.9	8061.1	15997.7	7426.0	11166.8	11066.4	13743.7	18368.4	13304.2	12860.2	14289.1	23340.2	27357.6	18538.2	6432.2
Loan	5644.0	9591.2	2895.5	13023.0	4529.0	5746.2	1710.1	5470.9	25899.3	13653.7	5048.3	7587.8	16997.9	9887.5	15845.1	5911.4	7322.8

Source: Ministry of Finance

Table 2.7 : Foreign Aid Commitment (by Sectors)

Rs. in Million

Source	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00#	2000/01#	2001/02#	2002/03#	2003/04*
Agriculture, Irrigation & Forestry	3901.1 <i>3815.0</i>	2992.4 <i>2992.4</i>	3616.2 <i>3616.2</i>	5003.3 <i>4951.9</i>	2354.9 <i>2162.6</i>	1550.7 <i>1519.0</i>	3326.5 <i>2617.9</i>	2518.6 <i>2053.3</i>	6489.5 <i>6489.5</i>	12997.4 <i>12997.4</i>	3804.0 <i>3804.0</i>	685.8 <i>685.8</i>	3290.3 <i>3290.3</i>	748.3 <i>748.3</i>	3976.1 <i>3976.1</i>	126.5 <i>126.5</i>
Transport and Communication	1437.2 <i>1403.6</i>	3076.7 <i>3076.7</i>	398.8 <i>348.4</i>	3949.9 <i>3949.9</i>	1226.9 <i>895.9</i>	5280.9 <i>2665.7</i>	1200.1 <i>929.7</i>	5597.2 <i>5597.2</i>	1989.8 <i>1989.8</i>	812.8 <i>812.8</i>	1380.9 <i>1380.9</i>	5628.8 <i>5628.8</i>	924.6 <i>924.6</i>	5361.2 <i>4017.2</i>	4410.2 <i>4410.2</i>	44.3 <i>44.3</i>
Power	1296.3 <i>1296.3</i>	3187.6 <i>3187.6</i>	585.5 <i>585.5</i>	2797.4 <i>2797.4</i>	4474.7 <i>4190.6</i>	670.5 <i>670.5</i>	1952.4 <i>1952.4</i>	3144.5 <i>2183.4</i>	18879.5 <i>18879.5</i>	2993.9 <i>2993.9</i>	3318.0 <i>3318.0</i>	4174.4 <i>4174.4</i>	1158.7 <i>1158.7</i>	758.5 <i>758.5</i>	6282.1 <i>6282.1</i>	1322.1 <i>1322.1</i>
Industry & Mining	32.7 <i>28.1</i>	186.4 <i>186.4</i>	17.0 <i>17.0</i>	446.6 <i>446.6</i>	1034.4 <i>1034.4</i>	46.6 <i>46.6</i>	254.1 <i>254.1</i>	- <i>-</i>	- <i>-</i>	156.5 <i>156.5</i>	1372.7 <i>1372.7</i>	876.6 <i>876.6</i>	0.0 <i>0.0</i>	0.0 <i>0.0</i>	25.7 <i>25.7</i>	0.0 <i>0.0</i>
Rural Development	1280.5 <i>1284.7</i>	60.2 <i>60.2</i>	467.4 <i>467.4</i>	243.9 <i>243.9</i>	504.6 <i>125.8</i>	579.5 <i>579.5</i>	602.5 <i>602.5</i>	2482.1 <i>1319.4</i>	906.0 <i>906.0</i>	1491.7 <i>1491.7</i>	848.4 <i>848.4</i>	1474.0 <i>1474.0</i>	3399.1 <i>3399.1</i>	2148.9 <i>2148.9</i>	2318.4 <i>2318.4</i>	128.1 <i>128.1</i>
Water Supply & Sewerage	922.8 <i>922.8</i>	508.4 <i>508.4</i>	- <i>-</i>	3794.8 <i>3794.8</i>	1565.4 <i>1565.4</i>	- <i>-</i>	59.0 <i>59.0</i>	- <i>-</i>	2177.4 <i>2177.4</i>	0.0 <i>0.0</i>	440.0 <i>440.0</i>	518.7 <i>518.7</i>	15418.4 <i>15418.4</i>	6205.8 <i>6205.8</i>	3201.2 <i>3201.2</i>	1944.2 <i>1944.2</i>
Education	922.8 <i>922.8</i>	1784.1 <i>1784.1</i>	- <i>-</i>	2687.1 <i>2687.1</i>	1523.2 <i>1523.2</i>	1210.3 <i>1210.3</i>	210.2 <i>210.2</i>	1062.9 <i>779.3</i>	201.0 <i>201.0</i>	4094.5 <i>4094.5</i>	1083.2 <i>1083.2</i>	4034.5 <i>4034.5</i>	540.2 <i>540.2</i>	2007.4 <i>2007.4</i>	9208.0 <i>9208.0</i>	899.8 <i>899.8</i>
Health	1401.6 <i>1176.6</i>	690.6 <i>690.6</i>	487.2 <i>477.1</i>	113.1 <i>113.1</i>	3730.3 <i>961.3</i>	2884.4 <i>1445.0</i>	1052.1 <i>652.1</i>	472.0 <i>472.0</i>	4333.8 <i>4317.8</i>	1107.0 <i>1107.0</i>	1246.4 <i>1246.4</i>	- <i>-</i>	9.6 <i>9.6</i>	4895.6 <i>4895.6</i>	642.7 <i>610.7</i>	176.6 <i>176.6</i>
Others	59.6 <i>59.6</i>	3343.6 <i>2933.4</i>	93.4 <i>93.4</i>	2047.7 <i>1657.4</i>	4112.3 <i>3038.9</i>	949.3 <i>949.3</i>	4220.1 <i>3405.1</i>	1260.1 <i>1260.1</i>	4666.0 <i>4106.0</i>	8368.4 <i>8125.4</i>	4858.9 <i>4433.9</i>	3055.2 <i>2121.6</i>	6546.0 <i>5430.1</i>	11102.2 <i>10348.6</i>	13138.2 <i>13138.2</i>	9113.3 <i>7903.3</i>
Total	10403.0 <i>9991.3</i>	15830.0 <i>15419.8</i>	5665.4 <i>5604.9</i>	21084.1 <i>20642.3</i>	20526.7 <i>15498.1</i>	13172.2 <i>9085.9</i>	12877.0 <i>10683.0</i>	16537.3 <i>13664.7</i>	39643.0 <i>39067.0</i>	32022.1 <i>31779.1</i>	18352.5 <i>17927.5</i>	20448.0 <i>19514.4</i>	31286.9 <i>30171.0</i>	33227.9 <i>31130.3</i>	43202.7 <i>43170.6</i>	13754.9 <i>12544.9</i>

* First Eight Months

Note: Figures in Italic indicate commitment made by members of Nepal Development Forum.

1) Land reform : In agriculture

2) Physical Planning : In drinking water

3) Tourism and civil aviation : In industry

4) Supplies : In rural development

Source : Ministry of Finance

Table 2.8 : Foreign Aid Disbursement by Major Sources

Rs. in Million

	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
1. Bilateral	1707.7	2544.9	2939.9	3597.3	3638.5	2627.1	3988.7	3533.3	6012.7	6297.7	4167.6	4929.1	2771.2	4675.3	10044.4
Grant	1199.9	1544.3	1337.1	1207.5	2330.9	2044.2	3271.4	3073.3	5162.0	4983.2	3583.6	4171.2	2184.5	4588.3	9387.2
Loan	507.8	1000.6	1602.8	2389.8	1307.6	582.9	717.3	460.0	850.7	1314.5	584.0	757.9	586.7	87.0	657.2
2. Multilateral	3959.2	3882.2	3050.1	4203.1	5597.1	8930.1	7260.7	10755.7	9019.2	10159.4	12021.4	12594.8	16026.2	9709.5	5841.1
Grant	278.3	254.5	292.9	323.5	943.0	349.4	665.7	1751.8	826.3	419.4	753.0	1540.5	4568.9	2097.9	1951.9
Loan	3680.9	3627.7	2757.2	3879.6	4654.1	8580.7	6595.0	9003.9	8192.9	9740.0	11268.4	11054.3	11457.3	7611.6	3889.2
3. Total	5666.9	6427.1	5990.0	7800.4	9235.6	11557.2	11249.4	14289.0	15031.9	16457.1	16189.0	17523.9	18797.4	14384.8	15885.5
Grant	1478.2	1798.8	1630.0	1531.0	3273.9	2393.6	3937.1	4825.1	5988.3	5402.6	4336.6	5711.7	6753.4	6686.2	11339.1
Loan	4188.7	4628.3	4360.0	6269.4*	5961.7**	9163.6	7312.3	9463.9	9043.6	11054.5	11852.4	11812.2	12044.0	7698.6	4546.4

* Under loan assistance, the amount of Structural Adjustment Loan (SAL) Rs. 547.5 million is not included.

** Under Loan assistance, the SAL amount of Rs. 540.7 million and industrial sector programme loan Rs. 508.5 million is not included.

Source: Financial Comptroller General Office

Table 2.9: Foreign Aid Disbursement by Sectors

/1/

Rs. in Million

Sectors	1988/89			1989/90			1990/91			1991/92			1992/93		1993/94			1994/95			1995/96		
	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan	Total	Loan	Total	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan	Total
Agriculture, Irrigation and Forestry	211.4	1255.4	1466.8	194.9	1294.8	1489.7	141.1	1112.1	1253.2	313.3	1632.1	1945.4	1465.4	1927.4	614.3	4904.8	5519.1	1032.6	2429.8	3462.4	345.2	3054.4	3399.6
Agriculture	82.6	446.9	529.5	92.5	443.7	536.2	62.4	547.2	609.6	126.4	270.4	396.8	553.5	724.9	263.9	1801.0	2064.9	492.4	810.0	1302.4	83.8	1013.5	1097.3
Irrigation	71.1	720.8	791.9	46.9	725.5	772.4	20.4	414.9	435.3	93.9	1065.0	1158.9	834.2	1027.1	82.7	1631.0	1713.7	313.7	1569.4	1883.1	109.8	1992.7	2102.5
Forest	57.4	87.7	145.1	55.0	125.6	180.6	57.8	150.0	207.8	93.0	296.7	389.7	77.7	171.2	197.4	1132.4	1329.8	130.5	50.4	180.9	32.6	48.2	80.8
Others+	0.3	-	0.3	0.5	-	0.5	0.5	-	-	-	-	-	0.0	4.2	70.3	340.4	410.7	96.0	0.0	96.0	119.0	0.0	119.0
Transport, Power and Communication	672.3	2447.9	3120.1	920.5	1758.6	2679.1	1043.8	1531.8	2575.6	475.0	2010.1	2485.1	3299.6	3939.6	896.3	3273.1	4169.4	2532.7	3103.6	4574.7	3591.3	4461.4	8052.7
Transport	334.5	683.5	1017.9	371.3	378.6	749.9	687.1	670.3	1357.4	174.7	953.5	1128.2	1409.4	1466.0	843.8	1276.0	2119.8	1741.1	1120.0	1799.8	2561.8	1475.6	4037.4
Power	296.1	1439.3	1735.4	526.2	1275.4	1801.6	356.7	806.9	1163.6	300.3	943.1	1243.4	1579.5	2008.5	50.9	1581.4	1632.3	51.6	1201.8	1253.3	817.4	2084.7	2902.1
Communication	41.6	325.1	366.7	23.0	104.6	127.6	-	54.6	54.6	-	113.5	113.5	310.7	465.1	1.6	415.7	417.3	740.0	781.8	1521.8	212.1	901.1	1113.2
Industry and Commerce	46.2	145.0	191.1	10.7	645.9	656.6	120.2	1270.7	1390.9	30.6	2143.7	2174.3	663.3	696.9	155.4	234.5	389.9	121.0	359.3	480.3	12.4	3.5	15.9
Social Services	510.2	334.7	845.0	633.3	922.5	1555.8	643.3	932.5	1575.8	708.1	483.5	1191.6	533.4	2667.6	717.5	751.1	1468.6	1260.5	1419.6	2680.1	851.9	1784.3	2636.2
Education	34.5	234.4	268.9	65.9	118.7	184.6	30.8	91.4	122.2	58.2	146.9	205.1	139.3	712.3	165.0	452.1	617.1	452.0	866.8	1318.8	464.6	853.0	1317.6
Health	288.0	0.8	288.8	106.3	3.3	109.6	105.4	-	105.4	182.0	-	182.0	-	266.3	226.8	-	226.8	386.2	30.1	416.3	193.5	39.6	233.1
Drinking Water	62.2	55.4	117.7	90.7	149.9	240.6	50.4	131.5	181.9	417.9	215.1	633.0	275.7	1201.6	25.5	299.0	324.5	182.3	191.9	374.2	126.9	586.7	713.6
Others++	125.6	44.1	169.6	370.4	650.6	1021.0	97.5	160.9	258.4	50.0	121.5	171.5	118.4	487.4	300.2	-	300.2	240.1	330.8	570.8	66.9	305.0	371.9
Others+++	38.1	5.7	43.9	39.4	6.5	45.9	0.3	61.6	61.9	4.0	-	4.0	-	4.1	10.1	-	10.1	51.7	0.0	51.7	24.3	160.3	184.6
Total	1478.2	4188.7	5666.9	1798.8	4628.3	6427.1	1807.8	4638.3	6446.1	1531.0	6269.4	7800.4	5961.7	9235.6	2393.6	9163.5	11557.1	3937.1	7312.3	11249.4	4825.1	9463.9	14289.0

Contd.

Table 2.9: Foreign Aid Disbursement (by Sectors)

/2/

Rs. in Million

Sectors	1996/97			1997/98			1998/99			1999/00			2000/01			2001/02			2002/03		
	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan	Total
Agriculture, Irrigation and Forestry	625.9	2201.6	2827.5	308.6	2543.5	2852.1	458.8	2925.1	3383.9	516.4	2693.4	3209.8	532.8	3,242.0	3,774.8	725.0	2,560.8	3,285.8	689.0	1,488.9	2,177.9
Agriculture	162.4	273.7	436.1	144.4	780.5	924.9	100.5	808.9	909.4	79.0	788.3	867.3	27.5	778.8	806.3	289.5	607.2	896.7	141.3	433.2	574.5
Irrigation	171.6	1876.8	2048.4	0.0	1681.9	1681.9	192.5	2003.0	2195.5	205.3	1867.8	2073.1	347.1	2,436.8	2,783.9	183.5	1,895.9	2,079.4	245.1	996.4	1,241.5
Forest	168.1	51.1	219.2	111.4	81.1	192.5	76.0	113.2	189.2	172.7	37.3	210.0	96.7	26.4	123.1	227.0	0.0	227.0	302.6	18.8	321.4
Others+	123.8	0.0	123.8	52.8	0.0	52.8	89.8	0.0	89.8	59.4	0.0	59.4	61.5	0.0	61.5	25.0	57.7	82.7	0.0	40.5	40.5
Transport, Power and Communication	3373.0	5131.5	8504.5	3176.6	5813.0	8989.6	1712.5	6179.7	7892.2	2119.8	6039.5	8159.3	3,222.5	6,012.6	9,235.1	2,312.4	3,593.3	5,905.7	6,693.6	1,080.5	7,774.1
Transport	1618.5	1995.9	3614.4	1641.0	2115.9	3756.9	1231.0	1945.6	3176.6	1757.0	847.2	2604.2	2,068.8	1,292.5	3,361.3	1,687.4	801.3	2,488.7	2,214.0	384.5	2,598.5
Power	1303.0	2565.5	3868.5	828.8	3289.8	4118.6	437.0	4234.1	4671.1	325.1	5192.3	5517.4	1,120.4	4,626.8	5,747.2	578.3	2,763.1	3,341.4	3,074.5	472.5	3,547.0
Communication	451.5	570.1	1021.6	706.8	407.3	1114.1	44.5	0.0	44.5	37.7	0.0	37.7	33.3	93.3	126.6	46.7	28.9	75.6	1,405.1	223.5	1,628.6
Industry and Commerce	5.9	17.5	23.4	30.2	167.9	198.1	13.1	391.6	404.7	14.7	283.8	298.5	19.9	0.0	19.9	319.2	49.5	368.7	372.9	28.3	401.2
Social Services	1972.0	1693.0	3665.0	1887.2	2530.1	4417.3	2134.1	2312.3	4446.4	2998.9	2795.1	5794.0	2,970.1	2,283.6	5,253.7	3,190.8	1,495.0	4,685.8	3,582.6	1,738.4	5,321.0
Education	851.8	933.9	1785.7	477.0	923.6	1400.6	405.7	535.8	941.5	1250.3	709.8	1960.1	1,367.7	56.2	1,423.9	1,601.3	278.5	1,879.8	1,509.2	519.4	2,028.6
Health	769.2	90.1	859.3	670.6	415.5	1086.1	403.8	357.3	761.1	553.3	497.0	1050.3	491.0	145.0	636.0	379.3	0.0	379.3	611.9	36.0	647.9
Drinking Water	121.2	376.1	497.3	181.8	695.7	877.5	217.2	623.2	840.4	532.3	839.8	1372.1	523.1	782.6	1,305.7	398.2	575.4	973.6	611.4	562.8	1,174.2
Others++	229.8	292.9	522.7	557.8	495.3	1053.1	1107.4	796.0	1903.4	663.0	748.5	1411.5	588.3	1,299.8	1,888.1	812.0	641.1	1,453.1	850.1	620.2	1,470.3
Others+++	11.5	0.00	11.5	0.0	0.0	0.0	18.1	43.7	61.8	61.9	0.4	62.3	8.1	0.0	8.1	138.8	0.0	138.8	1.0	210.3	211.3
Total	5988.3	9043.6	15031.9	5402.6	11054.5	16457.1	4336.6	11852.4	16189.0	5711.7	11812.2	17523.9	6,753.4	11,538.2	18,291.6	6,686.2	7,698.6	14,384.8	11,339.1	4,546.4	15,885.5

+ Survey and Land Reform

+ + Local Development, Supply and other Social Services, Tourism, Labour, Hydrology and meteorology and others only.

+ + + Statistics, Administrative Reform, Planning and contingencies.

Source: Financial Comptroller General Office.

Table 2.10 : Foreign Loan and Debt Servicing

Rs. in Million

	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04*
Direct																
Outstanding Upto Last Year	23861.8	31467.5	52688.8	64569.2	81738.1	94257.9	107504.9	120555.9	125214.1	150126.8	161813.6	182001.8	193793.8	214821.8	222733.9	238530.6
Borrowing	5671.4	5959.6	7296.7	7281.8	6920.9	9163.6	7312.2	9463.9	8963.9	13850.9	10839.5	12362.4	11104.3	10049.5	6192.4	9383.3
Repayments	387.6	700.8	588.0	941.1	1251.8	1467.2	1827.1	1986.6	2101.2	2779.0	3195.3	3679.9	4499.4	4750.1	5496.2	2704.3
Interest Payments	312.2	419.6	497.0	722.3	878.6	1020.2	1156.2	1306.3	1246.7	1420.8	1548.6	1640.1	1700.7	1816.0	2021.6	1057.5
Net Outstanding	29145.6	36726.3	59397.5	70909.9	87407.2	101954.3	112990.0	128033.2	132076.8	161198.7	169457.8	190684.3	200398.7	220121.2	223430.1	245209.6
Indirect																
Outstanding Upto Last Year	72.3	75.6	108.8	15.1	14.7	13.5	12.0	12.3	11.2	10.5	9.3	8.1	6.9	5.7	4.4	3.1
Borrowing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayments	1.0	1.0	1.0	1.1	1.1	1.0	1.1	1.1	1.2	1.2	1.2	1.2	1.2	1.3	1.3	1.3
Interest Payments	0.5	0.5	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.2	0.4	0.2	0.1	0.1	0.1	0.1
Net Outstanding	71.3	74.6	107.8	14.0	13.6	12.5	10.9	11.2	10.0	9.3	8.1	6.9	5.7	4.4	3.1	1.8
Total Foreign Loan																
Outstanding Upto Last Year	23934.1	31543.1	52797.6	64584.3	81752.8	94271.4	107516.9	120568.2	125225.3	150137.3	161822.9	182009.9	193800.7	214827.5	222738.3	238533.7
Borrowing	5671.4	5959.6	7296.7	7281.8	6920.9	9163.6	7312.2	9463.9	8963.9	13850.9	10839.5	12362.4	11104.3	10049.5	6192.4	9383.3
Repayments	388.6	701.8	589.0	942.2	1252.9	1468.2	1828.2	1987.7	2102.4	2780.2	3196.5	3681.1	4500.6	4751.4	5497.5	2705.6
Interest Payments	312.7	421.8	497.5	722.7	879.0	1020.5	1156.5	1316.6	1247.0	1421.0	1549.0	1640.3	1700.8	1816.1	2021.7	1057.6
Net Outstanding	29216.9	36800.9	59505.3	70923.9	87420.8	101966.8	113000.9	128044.4	132086.8	161208.0	169465.9	190691.2	200404.4	220125.6	223433.2	245211.4

* First Eight Months

Note : Outstanding may differ due to exchange rate fluctuation.

Source: Financial Comptroller General Office.

Table 2.11 : Ownership Pattern of Government Bonds and Treasury Bills

Rs. in Million

Description	Mid July						Mid July						Mid March			
	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2001	2002	2003	2004
1 Treasury Bills																
a Nepal Rastra Bank	3834.0	320.0	1468.0	1273.5	535.7	242.0	310.0	1410.0	1261.9	1641.3	0.0	4696.7	3050.5	15263.9	15816.9	8415.5
b Commercial Banks	204.5	821.0	310.0	940.0	2769.5	3967.4	4371.1	4339.0	4207.1	5412.1	8127.5	10059.0	22267.0	23029.8	31173.8	35131.6
c Others	51.5	30.0	43.0	137.5	178.0	193.8	535.2	643.5	1673.5	1039.1	1055.0	2831.2	2293.3	2812.8	1870.0	3282.9
Sub-Total	4090.0	1171.0	1821.0	2351.0	3483.2	4403.2	5216.3	6392.5	7142.5	8092.5	9182.5	17586.9	27610.8	41106.5	48860.7	46830.0
2 Development Bonds																
a Nepal Rastra Bank	1513.5	2001.9	2001.9	2001.9	1824.6	1824.6	1674.6	1674.4	1534.4	1526.7	1526.7	1526.7	2272.2	2266.2	1796.0	3068.7
b Commercial Banks	2947.7	2900.4	3222.6	3324.0	3177.1	3177.1	2937.6	2330.4	2046.5	1052.6	1211.6	1658.6	2184.4	5426.6	7240.9	6476.5
c Financial Institutions	102.0	101.6	96.5	90.4	88.9	90.1	82.5	81.8	63.1	8.5	110.5	133.5	539.1	1404.0	3621.7	3474.8
d Provident Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	500.0	1250.0	1250.0
e Govt. Business Enterprise	20.1	9.5	9.5	9.5	10.0	10.0	10.0	9.5	8.0	0.0	0.0	100.0	175.0	75.0	12.5	12.5
f Private Business Enterprise	39.8	37.9	31.8	31.6	29.4	28.2	27.4	25.9	20.0	2.0	1.0	1.0	10.0	11.0	101.5	91.5
g Individuals	5.9	3.4	2.5	2.1	2.1	2.1	0.0	0.2	0.2	0.0	0.0	0.0	553.1	1205.1	1165.7	890.0
h Non-profit Organizations	22.7	33.9	23.8	22.8	0.1	0.1	0.1	0.0	0.0	452.4	452.4	452.4	228.4	202.8	870.9	795.0
Sub-Total	4651.7	5088.6	5388.6	5482.3	5132.2	5132.2	4732.2	4122.2	3672.2	3042.2	3302.2	3872.2	5962.2	11090.7	16059.2	16059.0
3 National Savings Certificate																
a Nepal Rastra Bank	194.2	0.0	0.0	0.0	245.6	179.7	354.1	602.5	1288.6	1470.5	663.3	368.7	343.2	20.7	63.1	63.1
b Commercial Banks	41.7	41.7	41.7	41.7	167.8	167.9	167.9	167.8	154.5	154.5	154.5	154.5	154.5	117.8	110.0	110.0
c Financial Institutions	64.6	63.3	106.0	102.8	132.1	100.5	129.3	192.0	224.8	578.3	1371.7	1111.2	987.9	608.9	574.7	574.7
d National Insurance Company	442.7	491.9	557.6	691.5	849.3	969.5	1063.5	1074.6	1261.6	1244.2	1246.1	1473.2	713.7	788.2	579.5	579.5
e Provident Fund	647.1	667.1	997.7	1089.6	1456.4	1535.0	1557.9	1411.5	1384.6	1473.2	1567.1	1384.9	1475.6	1455.6	1158.1	1158.1
f Govt. Business Enterprise	0.0	70.9	91.4	172.2	342.0	385.2	462.6	426.2	472.0	461.9	823.9	973.4	573.9	725.9	480.8	480.8
g Private Business Enterprise	190.6	158.1	179.5	206.6	197.1	210.6	275.4	297.8	328.5	407.6	411.7	429.8	343.8	342.2	282.5	282.5
h Individuals	153.0	189.4	370.6	488.9	65.7	94.0	114.6	210.0	248.8	340.8	793.4	1031.2	1268.1	1059.7	551.7	551.7
i Non-profit Organizations	462.6	514.1	552.0	853.2	1090.3	1259.1	1566.2	1694.0	1999.8	2605.5	2854.7	3499.5	6615.7	6417.1	5829.4	5829.4
Sub-Total	2196.5	2196.5	2896.5	3646.5	4546.3	4901.5	5691.5	6076.4	7376.5	8736.5	9886.4	10426.4	12476.4	11536.1	9629.8	9629.8
4 Public Saving Card																
a Personal area														3.1	0.0	1.5
Sub-Total														628.1	931.1	1178.9
5 Special Bonds.																
a. Five years special bonds (N.R.BK)	137.5	137.5	137.5	137.5	137.5	137.5	137.5	137.5	111.2	80.2	80.2	32.8	0.0	0.0	0.0	0.0
b IMF Promisory Note (N.R.BK)	560.3	625.3	760.5	760.5	1411.0	2178.2	2178.2	2587.0	2645.2	2645.2	2992.7	3860.0	3888.1	4171.7	4171.7	4171.7
c. CB PASS 20 years Special Bond and others	0.0	3669.0	3669.0	8478.1	8524.7	8703.5	12675.5	12742.2	13294.3	13294.3	12962.7	13891.3	10106.2	5087.6	4992.8	5151.5
1 Nepal Rastra Bank	0.0	3669.0	3669.0	5449.0	5449.0	6007.8	9792.9	9916.6	10702.2	10702.2	10702.2	11630.8	7845.7	2396.7	1838.0	1838.0
2 Commercial Banks.	0.0	0.0	0.0	3029.1	3075.7	2695.7	1409.1	1352.1	1118.6	1118.6	787.0	787.0	787.0	787.0	944.6	944.6
3 Employee's Provident Fund	0.0	0.0	0.0	0.0	0.0	0.0	1473.5	1473.5	1473.5	1473.5	1473.5	1473.5	1473.5	1473.5	1473.5	1473.5
4 Individuals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	430.4	736.7	895.4
Sub-Total	697.8	4431.8	4567.0	9376.1	10073.2	11019.2	14991.2	15466.7	16050.7	16019.7	16035.6	17784.1	13994.3	9259.3	9164.5	9323.2
6 Total																
a Nepal Rastra Bank	6239.5	6753.7	8036.9	9622.4	9603.4	10569.8	14447.3	16328.0	17543.5	18066.1	15965.1	22115.7	17399.7	24122.3	23685.7	17558.5
b Commercial Banks	3193.9	3763.1	3574.3	7334.8	9190.1	10008.1	8885.7	8189.3	7540.0	7737.8	10280.6	12659.1	25392.9	29361.2	39469.3	42662.7
c. Others	2202.6	2371.1	3061.9	3898.7	4441.4	4878.2	7298.2	7540.5	9158.4	10087.0	12161.0	14894.8	17251.1	20137.2	21490.3	22799.7
Grand Total	11636.0	12887.9	14673.1	20855.9	23234.9	25456.1	30631.2	32057.8	34241.9	35890.9	38406.7	49669.6	60043.7	73620.7	84645.3	83020.9

Note : Including CB PASS 20 years special bonds and forest compensation special Bonds.

Source: Nepal Rastra Bank

Table 3.1 : Overall Urban Consumers' Price Index by Months
(Base Year 1995/96 = 100)

Mid-Months	National			Kathmandu			Hill			Terai		
	2001/02	2002/03	2003/04*	2001/02	2002/03	2003/04*	2001/02	2002/03	2003/04*	2001/02	2002/03	2
July /August	141.5	147.5	155.4	135.4	141.5	148.7	146.4	150.6	157.6	143.3	150.0	
August/September	143.7	148.4	156.1	137.9	142.0	149.9	148.0	151.1	158.2	145.7	151.3	
September/October	144.4	148.7	157.1	139.2	141.9	151.9	148.4	151.0	158.3	146.1	152.0	
October/November	144.8	148.0	156.6	138.6	140.9	151.3	148.2	150.0	157.7	147.4	151.7	
November/December	143.1	147.0	154.2	137.2	140.0	149.0	146.6	149.3	156.1	145.4	150.3	
December/January	140.7	145.3	152.5	136.4	138.4	147.9	144.4	148.4	155.0	142.0	148.4	
January/February	139.4	145.8	152.7	134.6	138.9	148.4	143.4	149.0	154.7	140.9	148.8	
February/March	139.4	146.7	153.1	134.0	139.1	148.9	143.3	149.7	154.8	141.2	150.3	
March/April	140.1	151.5		134.2	143.0		144.5	154.7		142.0	155.5	
April/May	141.2	152.1		135.8	144.5		145.7	155.8		142.8	155.3	
May/June	142.8	152.2		136.8	145.0		147.2	155.7		144.8	155.4	
June/July	144.5	153.3		138.3	145.5		148.3	156.3		146.9	156.9	
Annual Average	142.1	148.9		136.5	141.7		146.2	151.8		144.0	152.2	
Changes in Price Index (%) (Mid July-March)	-0.1	1.5	-0.1	-0.2	0.6	2.3	-0.6	0.9	-1.0	0.0	2.3	
Average Inflation Rate (%) First Eight Months	2.9	3.6	5.1	1.9	2.6	6.6	2.7	2.6	4.5	3.6	4.4	
Annual Inflation Rate %	2.9	4.8		2.0	3.8		2.5	3.8		3.4	5.7	

* Provisional

Source : Nepal Rastra Bank.

Table 3.2: National Urban Consumers' Price Index
(Base Year 1995/96=100)

Commodities	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	First Eight Months		% Change
								2002/03	2003/04*	
Overall Index	108.1	117.1	130.4	134.9	138.1	142.1	148.9	147.2	154.7	5.1
Food and Beverages	108.2	116.6	135.5	136.1	133.0	137.9	144.0	142.9	148.9	4.2
Grains and Cereal Products	109.1	112.5	133.5	145.0	125.1	127.7	138.2	136.7	140.8	3.0
Rice	106.5	110.1	132.9	145.8	124.4	125.8	136.6	135.3	139.2	2.9
Pulses	106.1	103.6	123.6	118.7	121.6	123.9	125.3	125.8	125.3	-0.4
Vegetable	103.7	121.0	145.1	120.6	125.6	135.0	135.7	138.1	143.3	3.8
Spices	105.7	113.8	139.3	141.2	153.0	156.1	142.3	141.5	145.3	2.7
Meat, Fish and Eggs	111.1	120.6	128.5	134.0	137.8	143.5	148.2	146.1	155.2	6.2
Milk and Milk Products	112.0	120.6	132.1	136.9	144.7	146.4	147.8	147.2	150.4	2.2
Oil and Clarified Butter	102.5	111.0	143.2	110.9	105.7	114.5	136.9	130.3	152.8	17.3
Sugar and Related Product	104.2	112.8	118.0	113.4	126.4	133.8	124.4	127.8	118.5	-7.3
Beverage	109.2	125.3	136.2	141.2	144.0	151.2	161.6	161.4	163.0	1.0
Sncks	111.0	124.0	139.8	150.8	162.9	168.2	174.1	171.3	182.5	6.5
Non-Food Items & Services	108.0	117.8	124.6	133.4	144.2	147.2	154.6	152.2	161.5	6.1
Cloths & Readymade Garments	107.8	115.2	122.1	127.8	130.6	133.8	135.7	135.4	137.7	1.7
Cloths	104.9	107.6	112.5	120.2	123.4	125.5	124.6	124.4	125.4	0.8
Readymade Garments	108.6	116.7	123.4	127.7	130.3	133.5	136.6	136.3	138.0	1.2
Footware	108.3	119.3	124.9	127.1	129.1	131.2	132.7	132.6	133.6	0.8
Housing Materials	107.8	114.5	119.1	127.5	142.5	144.5	153.0	148.1	162.4	9.7
Fuel,Light and Water	111.2	119.6	122.9	139.2	170.2	168.6	182.6	172.2	200.6	16.5
Transport & Communications	111.8	125.7	130.2	146.5	158.4	162.4	172.2	164.8	186.0	12.9
Medical and Personal Care	107.5	119.9	131.0	139.4	147.4	156.5	163.2	162.5	168.8	3.9
Education, Educational Materials and Recreation	107.6	120.4	128.9	141.6	161.4	159.3	174.1	173.9	181.9	4.6
Cigarettes	106.8	124.6	130.2	137.4	139.9	146.3	150.5	150.3	153.2	1.9

* Provisional

Source: Nepal Rastra Bank

Table 3.3 : Consumer's Price Index by Commodities Group

(Base Year 1995/96=100)

Commodities	National								
	Jun/July	Feb/Mar	% Change	Jun/July	Feb/Mar	% Change	Jun/July	Feb/Mar	% Change
	2000/01	2001/02		2001/02	2002/03		2002/03	2003/04*	
Overall Index	139.6	139.4	-0.1	144.5	146.7	1.5	153.3	153.1	-0.1
Food & Beverage	134.9	131.9	-2.2	141.0	140.9	-0.1	148.4	145.3	-2.1
Grains and Cereal Products	121.9	123.7	1.5	132.6	136.8	3.2	144.0	135.7	-5.8
Rice	120.3	119.8	-0.4	131.7	131.3	-0.3	144.0	132.3	-8.1
Pluses	122.8	121.8	-0.8	128.2	121.9	-4.9	125.6	126.4	0.6
Vegetable & Fruits	133.9	107.3	-19.9	138.8	119.6	-13.8	138.0	121.0	-12.3
Spices	160.1	155.5	-2.9	143.2	141.0	-1.5	147.7	152.1	3.0
Meat, Fish & Eggs	141.4	143.1	1.2	146.6	148.7	1.4	152.7	157.1	2.9
Milk & Milk Products	146.5	144.9	-1.1	147.1	147.9	0.5	149.4	150.3	0.6
Oil & Ghee	108.7	111.8	2.9	123.5	136.4	10.4	148.3	163.3	10.1
Sugar & related products	133.1	128.3	-3.6	131.3	119.2	-9.2	116.7	126.9	8.7
Beverage	146.4	153.2	4.6	153.3	161.9	5.6	162.0	160.8	-0.7
Snacks	167.8	168.1	0.2	169.1	173.8	2.8	181.2	184.4	1.8
Non-Food Items & Services	145.2	148.1	2.0	148.7	153.5	3.2	158.9	162.2	2.1
Cloths & Readymade Garments	131.7	134.0	1.7	134.0	136.4	1.8	135.8	138.4	1.9
Cloths	125.8	124.5	-1.0	124.7	125.1	0.3	124.5	127.5	2.4
Readymade Garments	130.5	134.1	2.8	134.0	137.6	2.7	136.8	138.1	1.0
Footware	129.5	130.8	1.0	132.1	132.8	0.5	133.1	132.7	-0.3
Housing Materials	142.4	145.9	2.5	146.5	150.7	2.9	161.6	163.9	1.4
Fuel, light & water	167.0	169.9	1.7	170.0	174.2	2.5	200.5	201.3	0.4
Transport & Communication	161.9	162.1	0.1	163.7	165.1	0.9	186.7	183.5	-1.7
Medical & Personal Care	149.6	158.5	5.9	159.8	163.7	2.4	164.5	170.4	3.6
Education, Educational Materials and Recreation	161.7	159.5	-1.4	159.6	174.3	9.2	174.1	182.5	4.8
Cigarettes	141.4	147.4	4.2	148.2	150.8	1.8	151.1	153.1	1.3

* Provisional

Source : Nepal Rastra Bank

Table 3.3 : Consumer's Price Index by Commodities Group

(Base Year 1995/96=100)

Commodities	Kathmandu								
	Jun/July	Feb/Mar	% Change	Jun/July	Feb/Mar	% Change	Jun/July	Feb/Mar	% Change
	2000/01	2001/02		2001/02	2002/03		2002/03	2003/04*	
Overall Index	134.3	134.0	-0.2	138.3	139.1	0.6	145.5	148.9	2.3
Food & Beverage	130.7	127.3	-2.6	135.6	133.2	-1.8	141.2	142.5	0.9
Grains and Cereal Products	126.4	126.8	0.3	132.7	134.3	1.2	148.9	143.2	-3.8
Rice	127.1	126.5	-0.5	134.1	134.0	-0.1	153.1	145.8	-4.8
Wheat and Flour	119.7	141.3	18.0	137.8	181.8	31.9	160.5	163.1	1.6
Pluses	120.8	113.4	-6.1	121.8	111.5	-8.5	113.7	115.1	1.2
Vegetable & Fruits	117.7	96.2	-18.3	129.4	110.4	-14.7	114.6	115.3	0.6
Spices	160.0	151.5	-5.3	139.0	133.6	-3.9	143.8	146.4	1.8
Meat, Fish & Eggs	134.6	137.1	1.9	140.0	141.5	1.1	145.2	150.6	3.7
Milk & Milk Products	133.2	133.4	0.2	133.5	133.6	0.1	134.3	134.3	0.0
Oil & Ghee	104.4	109.2	4.6	118.2	132.1	11.8	139.5	163.0	16.8
Sugar & related products	135.5	130.9	-3.4	135.2	126.4	-6.5	122.6	130.1	6.1
Beverage	134.8	136.3	1.1	134.9	135.9	0.7	136.3	135.8	-0.4
Snacks	154.2	155.1	0.6	156.6	157.4	0.5	168.0	174.5	3.9
Non-Food Items & Services	138.1	141.1	2.2	141.3	145.4	2.9	150.2	155.7	3.7
Cloths & Readymade Garments	133.7	133.8	0.1	133.5	134.7	0.9	134.8	140.0	3.9
Cloths	127.8	124.9	-2.3	125.6	127.0	1.1	126.9	134.7	6.1
Readymade Garments	132.5	133.6	0.8	132.8	133.7	0.7	134.0	135.6	1.2
Footware	129.9	132.7	2.2	132.6	132.5	-0.1	132.7	134.4	1.3
Housing Materials	137.4	141.2	2.8	141.3	146.1	3.4	156.6	159.5	1.9
Fuel, light & water	169.3	174.0	2.8	174.0	178.8	2.8	208.8	209.0	0.1
Transport & Communication	149.1	151.2	1.4	153.0	155.7	1.8	172.6	172.7	0.1
Medical & Personal Care	144.2	164.3	13.9	164.8	167.0	1.3	166.8	173.3	3.9
Education, Educational Materials and Recreation	138.1	126.2	-8.6	126.1	136.3	8.1	136.1	150.1	10.3
Cigarettes	125.1	131.4	5.0	131.1	133.6	1.9	133.4	137.1	2.8

* Provisional

Source : Nepal Rastra Bank

Table 3.3 : Consumer's Price Index by Commodities Group

(Base Year 1995/96=100)

Commodities	Terai								
	Jun/July	Feb/Mar	% Change	Jun/July	Feb/Mar	% Change	Jun/July	Feb/Mar	% Change
	2000/01	2001/02		2001/02	2002/03		2002/03	2003/04*	
Overall Index	141.2	141.2	0.0	146.9	150.3	2.3	156.9	155.1	-1.1
Food & Beverage	135.0	132.4	-1.9	142.0	143.9	1.3	151.3	145.5	-3.8
Grains and Cereal Products	118.3	121.6	2.8	134.0	140.6	4.9	143.5	132.5	-7.7
Rice	115.9	116.0	0.1	132.8	132.1	-0.5	141.8	125.7	-11.4
Wheat and Flour	123.1	142.4	15.7	138.0	179.9	30.4	151.6	161.3	6.4
Pluses	119.4	124.3	4.1	130.1	127.1	-2.3	131.6	132.9	1.0
Vegetable & Fruits	142.6	111.5	-21.8	140.8	122.9	-12.7	151.1	122.1	-19.2
Spices	154.6	155.0	0.3	141.8	143.9	1.5	148.9	155.1	4.2
Meat, Fish & Eggs	144.5	146.2	1.2	149.1	151.3	1.5	154.8	160.5	3.7
Milk & Milk Products	152.3	148.6	-2.4	149.8	150.8	0.7	153.2	155.4	1.4
Oil & Ghee	109.4	112.4	2.7	125.9	137.9	9.5	154.1	166.4	8.0
Sugar & related products	131.7	126.0	-4.3	128.1	115.1	-10.1	113.0	124.5	10.2
Beverage	143.9	153.7	6.8	154.7	169.0	9.2	169.0	166.7	-1.4
Snacks	169.2	168.5	-0.4	168.3	175.3	4.2	180.1	182.4	1.3
Non-Food Items & Services	148.8	151.9	2.1	152.9	158.1	3.4	163.7	166.8	1.9
Cloths & Readymade Garments	134.5	138.4	2.9	138.7	141.6	2.1	140.2	141.9	1.2
Cloths	133.2	131.8	-1.1	131.8	131.2	-0.5	130.6	130.7	0.1
Readymade Garments	131.8	137.9	4.6	138.3	143.6	3.8	141.6	143.5	1.3
Footware	130.8	131.5	0.5	134.2	134.7	0.4	135.1	132.8	-1.7
Housing Materials	145.0	148.2	2.2	148.8	153.2	3.0	164.3	166.8	1.5
Fuel, light & water	165.8	167.8	1.2	168.0	172.4	2.6	195.8	198.5	1.4
Transport & Communication	163.3	162.1	-0.7	163.4	164.2	0.5	185.7	183.4	-1.2
Medical & Personal Care	152.7	156.0	2.2	157.9	162.6	3.0	163.7	171.2	4.6
Education, Educational Materials and Recreation	171.1	176.0	2.9	176.3	194.6	10.4	194.2	201.1	3.6
Cigarettes	152.4	157.0	3.0	158.6	160.6	1.3	161.4	162.2	0.5

* Provisional

Source : Nepal Rastra Bank

Table 3.3 : Consumer's Price Index by Commodities Group

(Base Year 1995/96=100)

Commodities	Hill								
	Jun/July	Feb/Mar	% Change	Jun/July	Feb/Mar	% Change	Jun/July	Feb/Mar	% Change
	2000/01	2001/02		2001/02	2002/03		2002/03	2003/04*	
Overall Index	144.2	143.3	-0.6	148.3	149.7	0.9	156.3	154.8	-1.0
Food & Beverage	141.6	138.3	-2.3	147.1	145.7	-1.0	152.7	149.7	-2.0
Grains and Cereal Products	124.2	124.3	0.1	128.5	130.8	1.8	137.6	132.2	-3.9
Rice	121.1	119.3	-1.5	125.0	125.0	0.0	135.3	128.1	-5.3
Wheat and Flour	121.4	139.6	15.0	136.5	172.3	26.2	148.9	147.1	-1.2
Pluses	135.4	128.8	-4.9	133.9	125.1	-6.6	128.9	127.2	-1.3
Vegitable & Fruits	137.3	114.3	-16.8	148.8	125.4	-15.7	141.2	127.5	-9.7
Spices	174.9	163.5	-6.5	153.6	145.1	-5.5	151.0	153.0	1.3
Meat, Fish & Eggs	143.9	144.4	0.3	150.5	153.6	2.1	159.4	158.3	-0.7
Milk & Milk Products	152.9	153.9	0.7	162.2	163.6	0.9	163.9	162.9	-0.6
Oil & Ghee	113.7	114.6	0.8	125.7	139.6	11.1	147.4	155.2	5.3
Sugar & related products	133.0	130.4	-2.0	133.6	118.5	-11.3	116.9	127.9	9.4
Beverage	172.3	179.6	4.2	180.0	185.7	3.2	185.4	185.7	0.2
Snacks	186.2	188.1	1.0	191.9	197.0	2.7	205.7	206.2	0.2
Non-Food Items & Services	147.0	149.0	1.4	149.6	154.2	3.1	160.3	160.6	0.2
Cloths & Readymade Garments	120.8	122.4	1.3	122.2	125.2	2.5	125.4	126.6	1.0
Cloths	102.9	104.4	1.5	103.8	105.5	1.6	103.9	107.1	3.1
Readymade Garments	123.9	124.7	0.6	124.5	127.7	2.6	128.7	127.6	-0.9
Footware	125.3	125.8	0.4	125.9	128.1	1.7	128.2	129.5	1.0
Housing Materials	143.8	147.7	2.7	148.9	151.4	1.7	162.9	163.2	0.2
Fuel, light & water	166.4	168.7	1.4	168.7	171.5	1.7	199.4	196.0	-1.7
Transport & Communication	179.2	180.1	0.5	182.2	182.9	0.4	212.8	201.4	-5.4
Medical & Personal Care	150.2	155.8	3.7	156.4	161.0	2.9	163.0	163.5	0.3
Education, Educational Materials and Recreation	175.1	169.6	-3.1	169.6	182.2	7.4	182.5	185.8	1.8
Cigarettes	138.6	147.7	6.6	148.0	152.7	3.2	152.8	155.0	1.4

* Provisional

Source : Nepal Rastra Bank

Table 3.4 :National Wholesale Price Index
(1999/00=100)

Groups and sub-groups	weight %	2001/02	2002/03	% Change	2002/03	2003/04*	% Change
		Mid-July	Mid-Mar		Mid-July	Mid-Mar	
		1	2	2/1=3	4	5	5/4=6
Overall Index	100.0	106.3	109.6	3.1	112.7	113.5	0.7
Agricultural Commodities	49.6	105.0	108.6	3.5	110.7	107.3	-3.1
Fodgrains	16.6	87.5	100.1	14.3	97.8	90.0	-7.9
Cash Crops	6.1	132.0	101.8	-22.9	117.8	99.2	-15.8
Pulses	3.8	108.8	112.3	3.2	111.8	116.2	4.0
Fruits and Vegetables	11.2	110.4	114.1	3.3	116.9	114.9	-1.7
Spices	1.9	86.0	99.3	15.4	103.8	107.5	3.6
Livestock Production	10.0	113.8	121.4	6.7	121.8	128.7	5.7
Domestic Manufactured Commodities	20.4	105.7	108.9	3.0	110.1	117.4	6.6
Food Related Products	6.1	103.6	108.7	4.9	107.6	111.7	3.8
Beverages and Tobacco	5.7	111.8	111.6	-0.2	112.0	116.1	3.7
Construction Materials	4.5	106.1	108.6	2.4	116.0	134.2	15.7
Others	4.1	100.0	105.7	5.7	104.5	109.1	4.4
Imported Commodities	30.0	108.8	111.7	2.7	117.9	121.3	2.9
Petroleum Products and Coal	5.4	125.8	131.8	4.8	158.1	158.5	0.3
Chemical Fertilizers and Chemical Goods	2.5	121.0	123.3	1.9	125.8	129.1	2.7
Transport Vehicles and Machinery Goods	7.0	101.0	103.0	2.0	103.6	110.7	6.8
Electric and electronic Goods	1.9	99.3	97.4	-1.9	97.6	95.7	-2.0
Drugs and Medicine	2.7	101.7	103.1	1.4	104.1	108.1	3.9
Textile related Products	3.1	103.6	106.3	2.6	107.0	112.2	4.9
Others	7.5	106.8	110.4	3.4	114.2	116.6	2.1

* Provisional

Source : Nepal Rastra Bank

Table 3.5 : Average Retail Price of Some Major Commodities

Rs. Per. Kg.

Mustard Oil Rs. Per. Ltr.

Commodities	Unit	2002/03						2003/04*					
		Hill		Terai		National		Hill		Terai		National	
		Jul/Aug	Feb/Mar	Jul/Aug	Feb/Mar	Jul/Aug	Feb/Mar	Jul/Aug	Feb/Mar	Jul/Aug	Feb/Mar	Jul/Aug	Feb/Mar
Rice Coarse	Per.Kg	21.45	17.02	14.17	14.63	18.84	16.08	20.57	25.16	15.32	13.85	18.82	20.92
Wheat Flour	Per.Kg	19.67	18.14	16.03	16.52	17.23	16.87	21.24	26.60	15.51	17.17	19.33	23.06
Black Gram	Per.Kg	49.71	49.85	37.16	43.03	47.18	48.75	50.21	49.95	40.43	43.00	47.16	47.63
Rahar	Per.Kg	55.56	52.88	46.30	47.59	52.19	49.31	55.77	60.30	47.20	48.10	53.09	56.23
Mustard Oil	Per.Kg	87.02	96.34	63.31	77.94	82.19	70.42	104.35	107.97	94.68	108.50	101.33	108.14
Ghee (Purified)	Per. Lt.	187.82	233.22	190.00	241.88	218.75	225.30	228.19	229.22	233.60	254.17	229.99	238.58
Mutton	Per. Kg	181.50	192.20	163.75	188.75	183.61	174.54	192.45	207.50	195.00	200.00	193.25	205.00
Potato	Per.Kg	16.08	11.48	13.22	6.74	14.65	9.11	11.72	9.16	8.96	5.83	10.86	8.05
Dried Onion	Per.Kg	21.78	15.66	13.81	11.50	17.80	13.58	24.07	36.13	14.58	33.50	20.91	35.26
Ginger	Per.Kg	30.49	19.41	19.63	17.53	25.06	18.47	41.38	45.43	32.64	66.00	38.47	52.29

* Provisional

+ As the retail transaction of maize is minimal, maize has been omitted from the list of price collection from FY 2000/01.

Source : Department of Agriculture , Marketing Development Division.

Table 3.6 : Monthly National Average Retail Price of Some Agricultural Commodities

Rs. Per. Kg.
Mustard Oil Rs. Per Litre

S.N.	Commodities	Year	Mid-Aug	Mid-Sep	Mid-Oct	Mid-Nov	Mid-Dec	Mid-Jan	Mid-Feb	Mid-Mar*	National Average of Eight Months
1	Rice Coarse	2002/03	18.84	18.55	17.64	18.63	15.97	15.72	16.39	15.90	17.21
		2003/04*	18.82	19.88	19.08	18.48	16.97	17.66	19.08	20.92	18.86
2	Wheat Flour	2002/03	17.23	17.84	15.76	17.63	16.21	16.35	16.93	17.38	16.92
		2003/04*	19.33	18.89	20.91	21.01	21.19	20.78	21.35	23.06	20.82
3	Black Gram	2002/03	47.18	51.07	49.31	52.00	48.45	46.86	46.63	46.82	48.54
		2003/04*	47.16	45.69	46.43	46.84	46.48	45.41	45.49	47.63	46.39
4	Rahar	2002/03	52.19	52.79	49.71	51.63	51.72	49.32	50.23	50.53	51.02
		2003/04*	53.09	52.14	52.74	53.30	54.75	54.78	53.92	56.23	53.87
5	Mustard Oil	2002/03	82.17	81.06	79.99	83.69	85.94	84.58	83.19	83.07	82.96
		2003/04*	101.33	99.34	101.98	102.89	102.64	102.20	104.26	108.14	102.85
6	Ghee (Purified)	2002/03	218.75	224.41	231.69	233.17	245.63	229.12	235.00	237.75	231.94
		2003/04*	229.99	232.45	235.36	237.64	234.59	235.89	231.26	238.58	234.47
7	Mutton	2002/03	183.61	179.17	184.82	187.29	186.18	190.28	184.58	190.67	185.83
		2003/04*	193.25	194.72	193.33	193.17	191.50	193.50	189.33	205.00	194.23
8	Potato	2002/03	15.72	15.30	16.97	17.15	17.71	10.63	9.54	9.31	14.04
		2003/04*	10.86	12.07	13.15	13.33	12.54	11.78	10.72	8.05	11.56
9	Dried Onion	2002/03	19.41	21.92	18.37	22.98	20.85	16.24	13.84	13.71	18.42
		2003/04*	20.91	22.90	26.74	26.56	26.98	28.78	31.68	35.26	27.48
10	Ginger	2002/03	27.99	30.37	26.42	26.84	17.53	19.06	18.96	21.34	23.56
		2003/04*	38.47	37.85	36.23	36.30	33.34	35.11	37.81	52.29	38.43

* Preliminary

+ As the retail transaction of maize is minimal, maize has been omitted from the list of price collection from FY 2000/01.

Source : Department of Agriculture , Marketing Development Division.

Table 3.7 : Price Situation of Some Petroleum Products[@]

Price in Rs.

Items	Unit	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95+	1995/96	1996/97*	1997/98#	1998/99	1999/00	2000/01	2001/02	2002/03**	2003/04***
Petrol	Per Lt.	12.90	19.00	20.00	25.00	29.00	29.00	29.00	31.00	34.00	39.00	40.00	40.00	46.00	52.00	54.00	54.00
Diesel	Per Lt.	7.50	9.10	10.00	10.00	11.50	12.00	12.00	13.50	14.00	15.50	15.50#	23.00	26.50	26.50	31.00	31.00
Kerosene	Per Lt.	5.75	6.90	8.50	8.00	9.75	9.75	8.50	9.50	9.50	10.50	10.50	13.00	17.00	17.00	24.00	24.00
Kerosene (subsidized)																20.00	20.00
Aircraft Turbine Oil	Per Lt.	43.65	1326.00	13.26	15.57	16.66	16.66	19.30	19.30	21.74	23.53	23.53	28.80	28.80	28.80	33.00	33.00
Light Diesel Oil	Per K.L	5855.89 -		8915.56	8915.56	10689.08	10689.08	10981.69	12211.54	15622.81	15622.81	12237.76	13505.24	22906.78	23365.51	28094.82✱	28094.82
Furnace Oil	Per K.L	5142.61	6024.70	7896.82	7896.82	7896.82	7896.82	8980.58	10922.33	11582.52	11938.22	10567.22	12760.72	17359.62	23615.62	23615.62	23615.62
L. P. Gas	Per M.T. -	-	-	7160.00	8530.00	11622.93	16024.00	16024.00	16024.00	15674.00	19858.11	19858.11	17816.26	22241.45	30346.80	37487.74	37487.74✱✱

@ Prices of Kathmandu Valley only

+Price in Mid - April 1995

*Mid - April 1996

** Since 2060.01.07

*** Since 2060.01.25

✱ Since 2060.07.20

✱✱ Since 2060.04.02

Since Mid-Jan. 1998

Source: Nepal Oil Corporation

Table 3.8 : Supply Position of Some Petroleum Products

Main Item of Petroleum	Unit	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04*
Petrol	In K.L.	17340	14708	17241	26780	29910	31056	34942	41191	44889	46939	49994	55589	59245	63578	68482	46058
Diesel	In K.L.	75356	103273	106438	166552	179900	196047	227226	250504	257235	300604	315780	310561	326060	287657	301672	181818
Kerosene	In K.L.	63246	92672	75939	122458	149237	162077	180536	208720	243005	282026	294982	331120	316381	390113	351696	208033
Light Diesel Oil	In K.L.	-	9327	16541	2542	1530	-	4191	4375	2017	967	547	4005	3418	2413	610	556
Furnace Oil	In K.L.	-	-	-	11062	20222	27319	31567	18449	16858	27776	33860	26876	20999	18255	14502	6405
Air Fuel	In K.L.	-	-	-	24836	29210	30250	37536	40621	47688	51412	55549	56849	63130	47274	53546	44653
L.P. Gas	In M.ton	-	-	-	-	-	-	-	18400	21824	22961	25019	30627	40102	48757	56079	43871

* First Eight Months

Source: Nepal Oil Corporation

Table 4.1 : Monetary Survey

S. N.	Description	Mid-July														
		1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2
1	Net Foreign Assets	5573.6	6203.5	9338.9	16151.7	20792.4	29125.0	36218.1	37085.5	37703.6	40191.1	55572.8	65027.6	80467.5	87798.0	
2	Net Domestic Assets	15849.0	20401.6	22213.5	21560.8	24878.2	29197.5	33559.0	43899.2	54948.6	63529.5	70889.8	87772.6	105653.4	126656.1	1
3	Domestic Credit	20469.3	26584.3	29661.6	34491.4	41609.1	49404.9	57828.1	72184.7	89265.7	100916.7	115812.1	134832.7	158001.2	187855.4	2
4	Net Claims on Government	9259.0	12345.1	13940.2	16821.4	19001.6	23446.2	23482.0	25191.2	27531.7	29229.4	31753.1	34918.2	38242.6	49191.1	
5	Claims on Govt. Enterprises	3263.2	3882.2	4033.8	3561.3	4827.3	5749.8	4739.2	5050.4	6209.3	7028.6	7228.9	9114.0	10310.9	11906.4	
	(a) Financial	1297.0	1714.3	2005.4	2225.4	2788.0	3291.7	3227.2	3821.5	4251.0	5431.6	6170.4	7547.3	8502.8	9683.4	
	(b) Non-Financial	1966.2	2167.9	2028.4	1335.9	2039.3	1458.1	1512.0	1228.9	1958.3	1597.0	1058.5	1566.7	1808.1	2223.0	
6	Claims on Private Sector	7947.1	10357.0	11687.6	14108.7	17780.2	21208.9	29606.9	41943.1	55524.7	64658.7	76830.1	90800.5	109447.6	126757.9	1
7	Net Capital & Other Items	4620.3	6182.7	7448.1	12930.6	16730.9	20207.4	24269.1	28285.5	34317.1	37387.2	44922.2	47060.1	52347.8	61199.3	
8	Money Supply, M2 (9+10)	21422.6	26605.1	31552.4	37712.5	45670.5	58322.5	69777.1	80984.7	92652.2	103720.6	126462.6	152800.1	186120.9	214454.1	2
9	Money Supply, M1	9596.6	11775.4	14223.0	16283.6	19457.7	23833.0	28510.4	32985.4	36498.0	38460.3	45163.8	51062.5	60979.8	70576.9	
	(a) Currency	6374.6	7946.6	9718.2	11654.5	13639.7	16313.0	19659.7	22493.9	25046.4	27333.7	30893.2	34984.3	42143.0	48295.1	
	(b) Demand Deposits	3222.0	3828.8	4504.8	4629.1	5818.0	7520.0	8850.7	10491.5	11451.6	11126.6	14270.6	16078.1	18836.8	22281.8	
10	Fixed & Savings Deposits ++	11826.0	14829.7	17329.4	21428.9	26212.8	34489.5	41266.7	47999.3	56154.2	65260.3	81298.8	101737.7	125141.1	143877.2	1
11	Change in Money Supply (%)															
	M1	18.2	22.7	20.8	14.5	19.5	22.5	19.6	15.7	10.6	5.4	17.4	13.1	19.4	15.7	
	M2	22.4	24.2	18.6	19.5	21.1	27.7	19.6	16.1	14.4	11.9	21.9	20.8	21.8	15.2	

* Provisional

** Estimate

++ Includes margin deposits

Source : Nepal Rastra Bank.

Table 4.2 : Determinants of Money Supply

Rs.in Million

S. N.	Description	Changes Over Previous Year														Mid-March		
		1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03*	2002/03*	2003/04**
1	Net Foreign Assets @	629.9	3135.4	6812.8	4640.7	8332.6	7093.1	867.4	618.1	2487.5	15381.7	9454.8	15439.9	7330.5	621.1	2987.9	565.5	11329.2
2	Net Domestic Assets	4552.6	1811.9	-652.7	3317.4	4319.3	4361.5	10340.2	11049.4	8580.9	7360.3	16882.8	17880.8	21002.7	8913.1	18735.0	10572.5	5833.7
3	Domestic Credit	6115.0	3077.3	4829.8	7481.6	7853.0	8587.5	14841.2	16011.0	11651.0	14895.3	19020.7	23168.5	29854.2	19452.0	21121.0	12408.4	4487.5
4	Net Claims on Government	3086.1	1595.1	2881.2	2180.2	4444.6	35.8	1709.2	2340.5	1697.7	2523.7	3165.1	3324.4	10415.0	10386.0	3248.4	1753.6	-7054.7
5	Claims on Govt. Enterprises	619.0	151.6	-472.5	1266.0	-77.5	-10.6	311.2	1158.9	819.3	200.3	1885.1	1197.0	1611.5	2508.7	230.8	-968.5	2062.1
	Financial	417.3	291.1	220.0	562.6	503.7	-64.5	594.3	429.5	1180.6	738.8	1376.9	955.6	1180.6	1655.7	473.6	-1235.9	1927.3
	Non-financial	201.7	-139.5	-692.5	703.4	-581.2	53.9	-283.1	729.4	-361.3	-538.5	508.2	241.4	414.9	853.0	-242.8	267.4	134.8
6	Claims on Private Sector	2409.9	1330.6	2421.1	4035.4	3485.9	8562.3	12820.8	12511.6	9134.0	12171.4	13970.5	18647.1	17310.3	6557.4	17642.0	11263.3	9480.1
7	Net Capital & Other Items @	1562.4	1265.4	5482.5	4164.3	3533.6	4226.0	4501.0	4961.6	3070.1	7535.0	2137.9	5287.6	8134.1	10539.0	2185.8	1476.0	-1346.4
8	Money Supply, M2 (9+10)	5182.5	4947.3	6160.1	7958.0	12652.0	11454.6	11207.6	11667.5	11068.4	22742.0	26337.5	33320.8	28533.2	9534.2	21923.0	11138.0	17163.3
9	Money Supply, M1	2178.8	2447.6	2060.6	3174.1	4375.3	4677.4	4475.0	3512.6	1962.3	6703.5	5898.6	9917.4	9797.1	6579.3	6597.9	1842.2	2081.1
	(a) Currency	1572.0	1771.6	1936.3	1985.2	2673.3	3346.7	2834.2	2552.5	2287.3	3559.5	4091.1	7158.7	6352.1	7363.2	1226.9	3069.0	5495.1
	(b) Demand Deposits	606.8	676.0	124.3	1188.9	1702.0	1330.7	1640.8	960.1	-325.0	3144.0	1807.5	2758.7	3445.0	-783.9	5371.0	-1226.8	-3414.0
10	Fixed and Savings Deposits +	3003.7	2499.7	4099.5	4783.9	8276.7	6777.2	6732.6	8154.9	9106.1	16038.5	20438.9	23403.4	18736.1	2954.9	15325.0	9295.8	15081.9

* Provisional

** Estimate

+ Includes margin deposits.

@ Exchange valuation gain/loss has not been adjusted.

Source : Nepal Rastra Bank.

Table 4.3 : Sources of Funds and Their Use by Commercial Banks

Rs. in Million

	Purpose	Mid-July															Mid-March		
		1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003*	2003*	2004**
1	Total Deposits	14951.9	18954.6	21885.0	26687.5	33328.6	43543.1	52168.5	61045.5	71207.5	81542.4	102401.6	126773.6	154530.3	181203.4	183728.1	202733.8	193252.5	216511.9
2	Demand Deposits	2986.2	3924.0	4293.7	4782.4	6451.2	8302.1	10156.8	12014.4	13215.5	12917.4	16409.4	17777.6	20307.6	24629.2	23749.2	28299.4	22987.4	26164.4
3	Savings Deposits	3338.8	4321.8	5218.2	6671.5	8634.9	12923.3	17460.7	22765.9	25887.3	29783.1	36884.4	50140.8	65703.6	80987.8	83817.7	97236.4	89813.3	107508.7
4	Fixed Deposits	8036.4	10044.7	11761.5	14382.6	17326.4	21414.7	23358.7	24811.8	30155.5	36974.7	47300.5	56844.3	66516.2	73488.8	74373.7	75348.4	78391.2	80226.5
5	Margin Deposits	590.5	664.1	611.6	851.0	916.1	903.0	1192.3	1453.4	1949.2	1867.2	1807.3	2010.9	2002.9	2097.6	1787.5	1849.6	2060.6	2612.3
6	Borrowings from Nepal Rastra Bank	357.4	160.1	50.5	37.2	34.0	47.8	29.2	15.4	364.6	6.5	5.5	5.5	45.1	5.5	1043.7	947.4	213.7	113.8
7	Foreign Liabilities	48.7	38.8	0.5	11.4	10.4	0.6	0.5	-	-	-	-	21.7	0.0	0.0	228.4	134.2	75.0	2046.3
8	Net Other Sources	1581.0	2418.5	2793.7	5353.4	7089.8	8164.5	10943.1	12634.5	18143.2	21211.4	22439.2	22878.2	26770.3	30354.3	35271.0	39337.1	39122.1	39343.2
9	Sources = Uses	16939.0	21572.0	24729.7	32089.5	40462.7	51756.0	63141.3	73695.4	89715.3	102760.3	124846.3	149609.0	181345.7	211563.2	220271.2	243152.5	232663.3	258015.2
10	Liquid Funds	3415.5	4307.5	5812.6	7679.0	8304.0	15113.3	18905.0	17512.9	20700.9	24248.6	31048.6	37710.2	45160.9	50643.8	46951.9	41330.0	40294.2	41858.7
11	Cash in Hand	587.5	761.3	808.2	953.9	1147.0	1360.1	1859.4	2037.6	2446.4	2837.3	2889.7	3310.4	3507.0	4116.9	4908.9	4723.3	3546.5	3856.4
12	Balance with Nepal Rastra Bank @	1364.3	2032.9	2522.0	3528.7	3704.3	+9515.1	+11003.9	+8322.0	+9036.6	+11017.3	12704.0	13340.8	15426.6	18363.4	18167.8	16519.0	14417.4	17919.1
13	Foreign Currency in Hand	198.1	199.8	296.8	353.9	414.7	335.6	459.5	455.8	592.9	627.5	750.7	692.6	632.1	665.9	616.9	721.6	836.8	634.3
14	Balance held Abroad	1265.6	1313.5	2185.6	2842.5	3038.0	3902.5	5582.2	6697.5	8625.0	9766.5	14704.2	20366.4	25595.2	27497.6	23258.3	19366.1	21493.5	19448.9
15	Loans & Advances	13523.5	17264.5	18917.1	24410.5	32158.7	36642.7	43236.3	56182.5	69014.4	78511.7	93797.7	111968.8	136184.8	160919.4	173319.2	201822.5	192369.1	216156.5
16	Claims on Government	3222.2	3771.4	3582.4	7343.1	9198.6	9998.0	8894.1	8197.8	7548.4	7746.2	10280.7	12659.1	18176.7	25393.0	29143.8	39469.3	36469.3	42662.7
17	Claims on Govt. Enterprises	2022.5	3072.7	3254.9	2830.7	4079.5	4189.9	4243.9	4318.7	5060.0	5533.1	5607.1	7463.1	8684.3	10225.4	12760.5	13104.4	11952.8	15161.3
18	Claims on Private Sector	7941.2	10079.8	11527.2	13553.1	17633.2	21115.8	29653.0	42379.2	54584.8	63169.7	75643.9	89433.1	107343.1	123417.4	130088.4	148073.2	142440.3	157089.8
19	Foreign Bills Purchase & Discounted	337.6	340.6	552.6	683.6	1247.4	1339.0	1445.3	1286.8	1821.2	2062.7	2266.0	2413.5	1980.7	1883.6	1326.5	1175.6	1506.7	1242.7
20	Loans & Advances Deposits Ratio (%)#	68.9	71.2	70.1	64.0	68.9	61.2	67.7	78.6	86.3	86.8	81.6	78.3	76.4	74.8	78.5	80.1	80.7	80.1

Not including claims on Government

@ Includes transfer amount from FY 1995/96.

* Provisional

** Estimate

+ Including Nepal Rastra Bank Bond.

Source: Nepal Rastra Bank.

Table 4.4 : Loan Disbursement by Commercial Banks+

in million

	Fiscal year 2002/03	First eight months	
		2002/03*	2003/04**
Agriculture ***	3734.5	3746.5	3974.5
Mines	399.4	491.6	425.1
Production	42910.5	41791.2	45668.7
Construction	2729.2	2447.6	2904.6
Metal, productions, machinery & electrical tools & fittings	1430.1	1371.2	1522.0
Transportation, equipment production and fittings	1359.8	1356.3	1447.2
Communication and public services	6523.4	5840.3	6942.7
Wholesalers & retailers	27555.3	25124.5	29326.5
Finance, insurance and fixed assets	4250.3	3549.3	4523.5
Service industries	12212.5	11607.6	12997.5
Consumable	3364.6	3607.1	3580.9
Local government	1.5	2.00	1.6
Other	14283.5	15338.1	15201.6
Total	120754.6	116273.3	128516.4

* Provisional

** Estimated

+ Sectoral classification as per new formats

*** excluding the amount deposited by commercial bank branches of Agricultural Development Bank to their Head Office

Table 4.5 : Distribution of Loans by Some Financial Institutions

Rs. in Million

Description	1988/89	1989/90	1990/91**	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	First Eight Months *	
																2002/03	2003/04
1. Agricultural Development Bank.																	
(a) Loan Disbursement	1049.5	1170.8	1095.1	1469.0	1985.3	2887.9	3433.7	3896.8	4023.4	4369.8	5562.4	7130.0	8037.0	8888.9	10115.2	6030.4	5905.7
(b) Realisation	732.1	754.9	741.3	1142.5	1383.9	1832.8	2165.0	2788.1	2873.0	3463.5	4233.9	5341.3	6065.0	6997.5	8173.3	4712.8	5050.9
(c) Loan Disbursement ,Net	317.4	415.9	343.8	326.5	601.4	1055.1	1268.7	1108.7	1150.4	906.3	1328.5	1796.4	1972.0	1891.4	1941.9	1317.6	854.8
(d) Outstanding Loan	2568.8	2984.7	3328.8	3655.3	4256.7	5311.8	6580.5	7689.2	8839.6	9745.9	11094.4	12890.7	14855.1	16673.8	18615.7	17991.4	19470.5
2. Nepal Industrial Development Corp.																	
(a) Loan Disbursement	101.6	206.5	247.5	371.3	292.9	394.2	361.8	783.4	711.4	396.2+	292.1+	107.7	81.7	77.2	36.5	21.9	21.4
(b) Realisation	53.6	105.9	173.0	246.5	226.3	260.1	332.6	186.2	205.2	278.1	348.6	358.3	240.1	165.2	86.0	23.6	71.6
(c) Loan Disbursement ,Net	47.7	100.6	74.5	124.8	66.6	134.1	29.2	597.2	506.2	118.1	-56.5	-250.6	-158.4	-88.0	49.5	-1.7	-50.2
(d) Outstanding Loan	737.6	838.2	912.7	1037.5	1104.1	1238.2	1267.4	1864.6	2370.8	2488.9	2432.4	2181.8	2023.4	1996.3	2058.7	1994.6	2011.3
3. Employee's Provident Fund																	
(a) Loan Disbursement	417.4	454.1	193.4	53.5	48.7	158.6	826.6	936.1	510.7	751.9	1054.0	1651.3	2524.9	3616.4	5190.3	3240.3	2600.5
(b) Realisation	270.2	84.6	-	32.7	59.4	91.3	98.7	206.3	146.7	525.8	315.0	293.3	585.9	564.4	896.0	533.9	933.6
(c) Loan Disbursement ,Net	147.2	369.5	96.0	20.8	-10.7	67.3	727.9	729.8	364.0	226.1	739.0	1358.0	1939.0	3052.0	4294.3	2706.4	1666.9
(d) Outstanding Loan	1516.3	1580.2	289.4	310.2	299.5	366.8	1094.7	1824.5	2188.5	2482.0	3221.0	4579.0	6518.0	9570.0	13864.3	12276.4	15531.2
4. Total																	
(a) Loan Disbursement	1568.5	1580.1	1536.0	1893.8	2326.9	3440.7	4622.1	5616.3	5245.5	5517.9	6908.5	8889.0	10643.6	12582.5	15342.0	9292.6	8527.6
(b) Realisation	1061.3	916.5	2585.7	1421.7	1669.6	2184.2	2596.3	3180.6	3224.9	4267.4	4897.5	5992.9	6891.0	7727.1	9155.3	5270.3	6056.1
(c) Loan Disbursement ,Net	507.2	933.6	514.3	472.1	657.3	1256.5	2025.8	2435.7	2020.6	1250.5	2011.0	2903.8	3752.6	4855.4	6285.7	4022.3	2471.5
(d) Outstanding Loan	4822.7	5403.1	4530.9	5003.0	5660.3	6916.8	8942.6	11378.3	13398.9	14649.4	16747.8	19651.5	23396.5	28240.1	34538.7	32262.4	37013.0

* Estimate

** Adjusted as per change in accounting system of EPF

+ Provisional Cash Only

Source : N.I.D.C. , ADB and EPF.

Table 6.1 : Direction of Foreign Trade

Rs. in Million

Description	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	First Eight Months	
																2002/03	2003/04*
																Export F.O.B.	4195.3
India	1034.9	602.5	1552.2	1450.0	1621.7	2408.9	3124.3	3682.6	5226.2	8794.4	12530.7	21220.7	26030.2	27956.2	26430.0	18417.0	20903.4
Other countries	3160.4	4553.7	5835.3	12256.5	15644.8	16884.5	14514.9	16198.5	17410.3	18719.1	23145.6	28602.0	29623.9	18988.6	23500.6	15375.2	14189.3
Import C.I.F.	16263.7	18324.9	23226.5	31940.0	39205.6	51570.8	63679.5	74454.5	93553.4	89002.0	87525.3	108504.9	115687.2	107389.0	124352.1	80192.9	87867.6
India	4238.7	4674.5	7323.1	11245.5	12542.1	17035.4	19615.9	24398.6	24853.3	27331.0	32119.7	39660.1	45211.0	56622.1	70924.2	44872.7	50028.1
Other countries	12025.0	13650.4	15903.4	20694.5	26663.5	34535.4	44063.6	50055.9	68700.1	61671.0	55405.6	68844.8	70476.2	50766.9	53427.9	35320.2	37839.5
Trade Balance	-12068.4	-13168.7	-15839.0	-18233.5	-21939.1	-32277.4	-46040.3	-54573.4	-70916.9	-61488.5	-51849.0	-58682.2	-60033.1	-60444.2	-74421.5	-46400.7	-52774.9
India	-3203.8	-4072.0	-5770.9	-9795.5	-10920.4	-14626.5	-16491.6	-20716.0	-19627.1	-18536.6	-19589.0	-18439.4	-19180.8	-28665.9	-44494.2	-26455.7	-29124.7
Other countries	-8864.6	-9096.7	-10068.1	-8438.0	-11018.7	-17650.9	-29548.7	-33857.4	-51289.8	-42951.9	-32260.0	-40242.8	-40852.3	-31778.3	-29927.3	-19945.0	-23650.2
Total volume of Trade	20459.0	23481.1	30614.0	45646.5	56472.1	70864.2	81318.7	94335.6	116189.9	116515.5	123201.6	158327.6	171341.3	154333.8	174282.7	113985.1	122960.3
India	5273.6	5277.0	8875.3	12695.5	14173.8	19444.3	22740.2	28081.2	30079.5	36125.4	44650.4	60880.8	71241.2	84578.3	97354.2	63289.7	70931.5
Other countries	15185.4	18204.1	21738.7	32951.0	42308.3	51419.9	58578.5	66254.4	86110.4	80390.1	78551.2	97446.8	100100.1	69755.5	76928.5	50695.4	52028.8
% Share in Total Trade	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
India	25.8	22.5	29.0	27.8	25.1	27.4	28.0	29.8	25.9	31.0	36.2	38.5	41.6	54.8	55.9	55.5	57.7
Other countries	74.2	77.5	71.0	72.2	74.9	72.6	72.0	70.2	74.1	69.0	63.8	61.5	58.4	45.2	44.1	44.5	42.3

* Provisional

Petroleum import from the FY 1999/00 has been included in the import from India.

Source : Nepal Rastra Bank .

Table 6.2 : Commodity Trade by SITC Group

Rs. in Million

SITC Group	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	First Eight Months	
																2002/03	2003/04*
Export	4295.3	5106.2	7387.5	13705.8	17266.5	19293.4	17639.2	19881.1	22636.5	27513.5	35676.3	49822.7	55654.1	46944.8	49930.6	33792.2	35092.7
Food & live Animals	577.6	616.0	986.5	1941.6	1862.9	1163.4	1562.7	1946.6	2661.7	3123.2	3724.5	4240.4	4776.6	5094.2	6100.9	4048.7	4084.7
Tobacco & Beverage	6.6	4.1	11.2	13.0	13.2	12.8	11.3	9.7	14.9	22.8	50.0	117.2	75.6	145.7	138.7	82.3	6.6
Crude Materials & Inedibles	249.9	238.6	312.1	437.4	531.8	432.4	485.5	768.7	663.5	487.1	469.9	561.3	751.1	624.5	800.1	492.8	474.0
Mineral Fuels & Lubricants	-	-	-	-	0.3	-	-	1.3	1.4	20.9	0.5	2.2	1.3	1.6	5.5	5.2	14.6
Animals & Vegetable Oil & Fats	100.3	20.1	201.9	160.3	176.4	138.4	214.1	251.3	312.6	2136.3	3597.2	3229.7	4104.0	7421.4	4278.7	3944.6	2903.1
Chemicals & Drugs	26.0	10.9	17.7	19.6	28.7	212.1	302.3	640.4	1353.4	1968.5	2804.0	3933.2	4041.7	3308.3	3279.0	2031.3	2287.3
Classified by Materials	1982.6	2643.1	4312.3	7557.2	10298.3	10912.6	9260.3	10455.7	11028.6	11637.1	13539.6	15838.7	18909.3	17394.9	17794.7	11282.5	14200.3
Machinery & Transport Equipment	5.8	0.1	0.1	0.3	1.2	6.4	37.1	35.2	59.6	58.0	97.8	390.8	343.6	364.9	208.2	144.7	533.7
Miscellaneous Manufactured Articles	1346.5	1573.3	1545.7	3576.4	4352.3	6415.1	5765.8	5772.2	6540.3	8059.6	11392.8	21509.2	22650.9	12589.3	17281.5	11719.5	10585.3
Not Classified	-	-	-	-	1.4	0.2	0.1	-	0.5	0.0	0.0	0.0	0.0	0.0	43.3	40.6	3.1
Import	16253.7	18324.9	23226.3	31940.0	39205.6	51570.8	63679.5	74454.5	93553.4	89002.0	87525.3	108504.9	108504.9	107387.5	124352.1	80192.9	87867.6
Food & live Animals	1322.6	1607.7	1820.5	2947.5	3024.7	4084.8	4464.0	4785.8	5400.5	4929.0	7619.5	10839.0	5994.4	6333.2	9370.5	5957.8	5967.0
Tobacco & Beverage	197.1	226.6	257.0	288.3	469.3	367.6	500.9	508.6	590.7	799.5	846.1	906.5	906.1	717.1	792.2	541.5	790.9
Crude Materials & Inedibles	1182.7	1571.1	2013.4	3415.7	3977.0	3122.3	3347.9	4865.9	5487.1	6976.2	6246.7	7012.4	7559.6	6732.7	8479.3	4711.6	6691.7
Mineral Fuels & Lubricants	1116.6	1515.5	2278.3	3644.7	3834.1	4837.0	4717.1	5549.3	7160.3	9537.3	8737.5	9097.9	11269.2	15200.8	19944.1	12939.8	13402.9
Animals & Vegetable Oil & Fats	342.7	476.3	741.7	801.8	1085.1	1457.2	2056.0	2830.9	2327.6	2025.8	3329.0	4446.0	5589.2	7887.5	7750.5	5179.4	5855.8
Chemical & Drugs	1532.6	2823.9	3051.1	4615.3	5265.0	5541.4	7193.2	8686.8	8504.2	11077.3	12476.4	14474.2	12941.9	12380.9	14319.5	9399.0	10642.2
Classified by Materials	4671.0	5065.0	5950.8	8599.9	11633.1	19147.4	25300.6	28129.7	44741.9	32601.6	25638.0	34420.0	41188.0	32889.1	34888.2	22940.4	23887.9
Machinery & Transport Equipment	4847.0	3790.4	5990.8	5892.5	7701.7	10037.5	13027.6	15301.1	13794.9	16734.7	18063.7	20547.9	23027.8	19513.8	20702.1	13217.0	15119.1
Miscellaneous Manufactured Articles	1036.6	1247.8	1120.7	1547.6	2185.9	2884.5	3057.2	3794.6	4016.4	3974.0	4302.4	6682.8	7210.2	5670.3	6582.7	4613.0	4123.7
Not Classified	4.8	0.6	2.0	186.7	29.7	91.1	15.0	1.8	1529.8	346.6	266.0	68.2	0.8	62.1	1523.0	693.4	1386.4

* Provisional

Source: Nepal Rastra Bank

Table 6.3 : Export of Major Commodities to India

Rs. in Million

Description	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03*	First Eight Months *	
																2002/03	2003/04
Timber	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rice (Husked)	-	-	-	-	-	-	-	-	-	8.0	74.1	0.0	16.6	0.0	0.0	0.0	0.0
Maize	1.3	0.1	5.8	-	-	-	-	-	-	4.4	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Mustard & Linseeds	50.8	3.7	5.8	72.7	149.6	91.3	64.8	48.0	35.2	9.5	19.2	29.3	37.9	10.2	46.7	46.3	32.9
Herbs	13.7	4.5	21.3	22.4	24.0	28.1	41.7	40.5	52.6	50.9	31.4	61.2	71.5	84.1	111.9	62.4	47.8
Ghee	49.9	7.8	27.6	22.6	43.6	46.5	49.6	35.4	90.0	167.0	39.2	-	470.7	60.0	54.6	34.4	23.3
Dried Ginger	30.3	9.9	29.4	21.9	30.7	23.1	76.9	47.2	46.5	41.5	41.1	59.5	61.0	80.5	108.4	83.1	53.8
Pulses	51.8	2.7	77.0	14.3	6.3	183.0	401.5	314.7	510.7	198.8	281.2	969.7	713.5	1005.7	880.4	787.7	485.2
Kutch	43.6	-	5.8	10.1	5.6	4.8	3.2	4.2	6.2	7.4	11.3	10.2	12.6	8.8	11.2	6.6	5.4
Live Animals	126.1	73.1	178.1	158.6	152.9	173.4	181.2	176.3	183.4	163.2	54.1	71.9	45.8	56.2	62.5	40.1	29.2
Flour	0.1	0.2	4.5	1.7	-	-	-	0.3	3.9	8.3	13.4	0.0	60.8	44.4	7.1	7.1	20.0
Ginger	30.5	29.2	73.4	84.6	73.9	73.8	90.9	137.3	140.7	167.2	151.7	161.5	161.8	207.9	315.4	270.3	239.4
Oil Cake	49.0	22.6	78.1	67.7	99.7	110.0	105.6	103.4	104.1	124.4	165.0	222.4	212.8	302.6	311.1	208.8	222.1
Catechu	3.3	11.0	93.1	101.0	46.5	4.6	7.5	27.1	55.4	69.7	117.3	199.3	150.0	180.4	145.4	80.9	94.3
Rice bran Oil	53.2	5.1	136.4	94.0	120.3	99.5	121.2	129.3	106.2	95.4	106.7	45.0	124.7	90.6	210.0	144.4	134.9
Salseed Oil	35.8	-	33.9	-	2.5	-	47.5	0.1	0.4	-	3.7	51.9	0.0	1.6	1.9	1.9	0.0
Raw Jute	36.5	117.5	5.7	-	44.2	40.0	86.0	33.0	3.2	5.0	0.1	0.0	113.6	8.3	0.0	0.0	0.0
Jute Cutting	10.5	-	-	0.5	-	0.5	0.1	2.8	3.3	1.4	-	0.1	1.1	0.0	0.0	0.0	0.0
Jute Goods	134.0	4.5	272.3	191.4	176.4	242.0	231.1	453.2	565.1	720.2	871.7	1103.9	1294.2	1630.1	1899.0	1329.0	1149.8
a) Hessian	58.5	2.2	105.2	72.2	67.8	72.0	15.3	76.1	69.2	155.5	153.2	103.9	50.5	44.7	44.2	26.6	62.1
b) Sacking	46.6	0.6	78.0	29.5	11.2	24.1	0.2	28.4	74.9	267.3	298.4	403.2	540.4	609.2	855.9	511.7	678.3
c) Twins	28.9	1.7	89.1	89.7	97.4	145.9	215.6	348.7	421.0	297.4	420.1	596.8	703.3	976.2	998.9	790.7	409.4
Cardamom	-	-	-	-	-	-	137.7	195.4	208.6	227.7	233.4	223.0	298.2	359.9	469.6	315.9	339.3
Noodles	-	-	-	-	-	-	41.7	64.6	141.4	79.9	124.8	126.8	136.0	227.0	309.7	200.7	203.4
Cattlefeed	-	-	-	-	-	-	38.9	31.0	57.2	56.3	139.5	200.9	195.5	215.0	405.9	291.2	343.6
Tooth Paste	-	-	-	-	-	-	197.9	309.2	384.5	823.5	1291.4	2262.9	2033.4	1606.7	1002.8	453.5	934.8
Polyster Yarn	-	-	-	-	-	-	251.5	238.0	326.3	549.5	370.8	630.3	773.6	1070.4	656.9	410.9	694.4
Medicine (Ayurbedic)	-	-	-	-	-	-	0.0	0.0	0.0	197.9	348.6	511.3	487.4	583.4	743.1	682.3	190.9
Soap	-	-	-	-	-	-	0.0	0.0	0.0	568.9	728.3	1083.5	950.6	528.9	469.2	297.6	342.1
Veg. Ghee	-	-	-	-	-	-	0.0	0.0	0.0	1580.0	3146.4	2743.0	3560.3	7081.4	3812.3	3648.7	2629.4
Pashmina	-	-	-	-	-	-	0.0	0.0	0.0	0.0	0.0	3544.2	2728.5	635.7	464.0	360.6	336.2
Thread	-	-	-	-	-	-	0.0	0.0	0.0	0.0	0.0	1169.2	1656.9	846.9	1235.2	782.5	1031.8
Copper wire Rod	-	-	-	-	-	-	0.0	0.0	0.0	0.0	0.0	631.5	2081.6	2620.5	356.6	296.8	111.0
M.S. Pipe	-	-	-	-	-	-	0.0	0.0	0.0	0.0	168.7	425.3	353.1	410.4	548.2	354.2	636.0
Plastic Utensils	-	-	-	-	-	-	0.0	0.0	0.0	0.0	7.2	302.5	693.9	770.9	807.7	386.9	803.9
Zinc Sheet	-	-	-	-	-	-	0.0	0.0	0.0	0.0	0.2	58.0	72.0	13.0	970.6	194.5	1845.1
G.I. Pipe	-	-	-	-	-	-	0.0	0.0	0.0	0.0	21.3	65.1	328.7	165.9	357.2	172.3	378.0
Textiles	-	-	-	-	-	-	0.0	0.0	0.0	0.0	115.9	138.0	449.3	147.3	378.6	142.8	504.3
Juice	-	-	-	-	-	-	0.0	0.0	0.0	0.0	156.9	242.8	303.5	452.9	600.1	350.8	445.3
Total	720.4	291.9	1048.2	863.5	976.2	1120.6	2176.5	2391.0	3024.9	5926.0	8834.7	17344.3	20651.1	21507.6	17753.3	12445.2	14307.6
Other	314.5	310.6	504.0	586.5	645.5	1288.3	947.8	2129.8	3319.3	6952.1	10549.4	18197.1	22481.6	6448.6	8676.7	5971.8	6595.8
Grand Total	1034.9	602.5	1552.2	1450.0	1621.7	2408.9	3124.3	3682.6	5226.2	8794.4	12530.7	35541.4	43132.7	27956.2	26430.0	18417.0	20903.4

* Provisional

Source: Nepal Rastra Bank

Table 6.4 : Export of Major Commodities to Other Countries

Rs. in Million

Description	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	First Eight Months	
																2002/03	2003/04*
Pulses	46.0	208.8	169.9	1144.3	1043.0	164.3	55.4	348.7	528.3	858.3	915.7	87.1	501.1	216.0	214.9	125.8	255.3
Cardamon (Large)	14.9	5.6	-	-	-	-	0.2	-	-	-	5.4	-	21.8	71.5	125.4	80.9	131.0
Medicinal Herbs	0.8	2.6	1.2	4.5	3.5	3.5	7.2	8.1	18.0	14.3	9.6	15.1	25.9	25.4	33.3	16.8	30.6
Catechu	1.6	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	0.0	0.0	0.0
Wollen Goods	16.8	23.2	21.9	46.8	-	-	-	-	-	-	-	-	0.0	0.0	0.0	0.0	0.0
Nepalese Paper & Paper	1.8	-	-	-	19.9	25.4	50.2	47.3	66.4	82.7	121.5	168.4	196.7	200.5	262.0	158.3	157.7
Products	161.2	283.9	210.6	218.0	243.6	222.6	416.5	387.6	288.5	417.3	270.5	181.9	658.4	464.7	227.3	164.3	181.7
Hides & Skins	1634.0	2318.5	3733.0	7048.1	9594.2	9534.1	7718.1	8163.9	8880.0	8485.3	9802.0	9842.1	8592.3	6212.5	5320.0	3305.1	3522.4
Carpets (Hand Knotted Wollen)	1117.8	1399.2	1350.3	3254.5	3930.3	5943.2	5139.3	5374.8	5955.0	7015.4	9701.9	13942.4	13124.7	7833.0	11890.1	8081.1	6623.3
Readymade Garments	91.6	71.1	86.9	176.5	84.7	91.5	145.4	81.8	142.1	135.0	173.5	218.1	233.9	233.8	352.1	217.3	376.3
Handicrafts														274.1	347.7	231.2	226.3
Pashmina														1245.0	1152.3	856.0	766.2
Total	3086.5	4312.9	5573.8	11892.7	14919.2	15984.6	13532.3	14412.2	15878.3	17008.3	21000.1	24455.1	23354.8	16776.5	19925.1	13236.8	12270.8
Other	73.9	240.8	261.5	363.8	725.6	899.9	982.6	1786.3	1532.0	1710.8	2145.5	4146.9	6269.1	2212.1	3575.5	2138.4	1918.5
Grand Total	3160.4	4553.7	5835.3	12256.5	15644.8	16884.5	14514.9	16198.5	17410.3	18719.1	23145.6	28602.0	29623.9	18988.6	23500.6	15375.2	14189.3

* Provisional

Source: Nepal Rastra Bank.

Table 6.5 : Income and Expenditure of Convertible Foreign Exchange

Rs. in million

Description	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	First Six Months	
																2002/03	2003/04*
																Income	11150.8
- Services	2879.9	2777.8	3343.1	4675.1	4632.1	6457.6	9343.7	8526.4	8459.2	10817.2	15225.8	15836.5	18520.5	14122.7	17264.9	7997.2	11637.0
Gorkha Remittances	602.1	676.8	549.6	423.6	549.7	223.0	1842.9	716.0	979.9	1285.9	1627.0	1288.2	3557.5	4334.2	4221.4	1937.0	2567.8
Tourist's Expenditure	1856.5	1541.7	1993.8	3090.7	2615.1	4819.7	5896.2	6605.9	6158.8	7850.9	11584.2	11691.0	11969.2	7798.4	10369.4	5343.5	8591.1
Intrest on Investment Abroad	421.3	559.3	799.7	1160.8	1467.3	1414.9	1604.6	1204.5	1320.5	1680.4	2014.6	2857.3	2993.8	1990.1	2674.1	716.7	478.1
- Merchandise Export	3005.2	4239.9	5763.4	10020.6	10389.5	16033.2	15624.5	14719.4	15603.9	16355.3	18766.6	23724.4	29789.7	18311.0	22578.9	11213.2	11608.2
- Diplomatic Mission	1527.0	1818.6	1829.9	2903.2	5805.3	4707.8	4689.7	2989.0	2362.9	4374.4	8327.3	6247.7	7254.4	9663.9	4661.9	1869.1	1212.1
- Foreign Aid	3037.1	3645.9	3877.6	3712.6	5188.6	4474.6	4419.3	7943.4	8921.5	9868.4	8518.4	11072.4	23459.0	18968.3	12988.2	3999.8	13383.3
- Miscellaneous	701.6	880.5	1651.8	3744.5	1307.9	4487.6	5026.2	3281.6	2932.9	3568.6	7101.7	7369.0	10799.6	15087.5	41188.6	20278.0	20807.0
Expenditures	8463.9	11446.8	11197.1	18885.0	21496.8	29789.2	35510.6	33463.3	34821.5	39912.3	45164.3	53066.0	82560.3	71105.8	81420.1	39123.6	41894.4
- Services	1930.2	2100.6	2569.0	6012.5	6869.9	8221.2	10858.2	11336.0	10188.1	9820.0	8318.6	10636.5	13839.5	14643.4	16763.6	8822.6	7881.3
Amortization	1063.2	1143.2	1318.0	2214.8	2582.4	3263.1	4983.7	3772.2	3870.6	4496.4	5227.8	5776.3	6476.3	6915.3	7302.4	3595.5	3235.5
Others	867.0	957.3	1251.0	3797.7	4287.5	4958.1	5874.5	7563.8	6317.5	5323.6	3090.8	4860.2	7363.2	7728.1	9461.2	5227.1	4645.8
- Merchandise Import	5876.0	8710.8	7745.9	8349.1	11255.3	18638.5	21527.3	21361.5	24099.7	29590.0	34185.9	41152.2	66569.0	52791.4	64296.7	30047.8	33597.9
- Diplomatic Missions	140.0	141.5	167.2	59.2	61.0	204.3	238.5	478.4	298.1	361.1	1128.9	604.7	507.6	463.9	211.7	200.8	348.0
- Miscellaneous	517.7	494.0	715.0	4464.2	3310.6	2725.2	2886.6	287.4	235.6	141.2	1530.9	672.6	1644.2	3207.1	148.1	52.4	67.2
Surplus or Deficit (-)	2686.9	1915.9	5268.7	6171.0	5826.6	6371.6	3592.8	3996.5	3458.9	5071.6	12775.5	11184.0	7262.9	5047.6	17262.4	6233.7	16753.2

* Provisional

Source: Nepal Rastra Bank

Table 6.6 : Gold and Foreign Exchange Holdings of Banking System

Rs. in Million

Year/Mid-Month	Nepal Rastra Bank							Commercial Banks			Total (1+8)
	Total (2+3+4+5)	Gold	IMF Gold Tranche	Special Drawing Rights	Foreign Exchange (6+7)	Con-vertible	Incon-vertible	Foreign Exchange (9+10)	Conver-tible	Inconver-tible	
	1	2	3	4	5	6	7	8	9	10	11
1988 July	5594.1	150.7	175.7	4.2	5263.5	4808.2	455.3	1801.3	1263.7	537.6	7395.4
1989 July	6837.1	176.7	200.2	3.3	6456.9	6207.4	249.5	1853.9	1329.5	524.4	8691.0
1990 July	8979.4	187.7	225.4	11.5	8554.8	7127.3	1427.5	3035.0	2344.4	690.6	12014.4
1991 July	15390.0	275.5	321.5	16.4	14776.6	13329.0	1447.6	3880.0	3075.4	804.6	19270.0
1992 July	20182.2	274.8	352.5	3.6	19551.3	19125.6	425.7	4700.1	4020.2	679.9	24882.3
1993 July	28647.9	316.1	388.5	10.0	27933.3	25926.5	2006.8	5577.1	4840.7	736.4	34225.0
1994 July	35261.3	316.8	414.3	1.5	34528.7	31584.2	2944.5	7487.0	6552.8	934.2	42748.3
1995 July	35423.0	324.4	450.1	3.7	34644.8	28365.4	6279.4	8440.1	7771.3	668.8	43863.1
1996 July	34231.2	362.9	459.6	9.6	33399.1	27432.4	5966.7	11039.1	10502.1	537.0	45270.3
1997 July	36909.8	366.1	451.4	7.6	36084.7	26973.4	9111.3	12456.7	11528.9	927.8	49366.5
1998 July	48393.1	436.1	514.5	5.7	47436.8	36016.3	11420.5	17720.9	16621.6	1099.3	66114.0
1999 July	54138.6	439.7	517.0	3.6	53178.3	48290.3	4888.0	23472.5	20697.0	2775.5	77611.1
2000 July	66647.8	454.2	532.4	11.1	65650.1	54364.9	11285.2	28208.0	25956.0	2252.0	94855.8
2001 July	76143.6	481.6	533.5	3.1	75125.4	52972.4	22153.0	30047.1	27194.9	2852.2	106190.7
2002 July	81794.6	503.2	591.1	0.8	80699.5	56699.5	24000.0	25201.7	23609.7	1592.0	106996.3
2003 July*	88043.0	482.2	592.7	2.0	86966.1	76752.0	10214.1	21263.3	20249.2	1014.1	109306.3
2004 March**	103309.9	472.5	617.9	56.3	102163.2	89415.2	12748.0	21325.9	20027.5	1298.4	124635.8

* Provisional

** Estimate

Source : Nepal Rastra Bank

Table 6.7 : Balance of Payments Summary

/1/

Rs. In million

Particulars	Fiscal Year				% change during 6 months	
	1999/00	2000/01	2001/02	2002/03	2002/03	2003/04*
A. Current Account	17084.4	20148.5	18161.1	11614.7	9482.2	13423.1
Goods : Exports f.o.b.	58494.7	69788.5	57983.5	50760.7	24213.9	26290.3
Oil	8898.5	13837.0	10452.1	0.0	0.0	0.0
Other	49596.2	55951.5	47531.4	50760.7	24213.9	26290.3
Goods : Imports f.o.b.	-110750.2	-126238.0	-111342.0	-121053.0	-56177.5	-63130.4
Oil	-17910.5	-24940.7	-22136.5	-18811.6	-8802.5	-8807.5
Other	-92839.7	-101297.3	-89205.5	-102241.4	-47375.0	-54322.9
Balance on Goods	-52255.5	-56449.5	-53358.5	-70292.3	-31963.6	-36840.1
Services Net	11924.9	9302.3	3938.4	7049.7	2699.5	3769.8
Services : Credit	30819.9	29821.7	23508.2	26518.9	11739.4	13515.4
Travel	12073.9	11717.0	8654.3	11747.7	3756.1	7166.1
Government n.i.e.	8827.2	7614.2	8894.5	6624.0	3949.0	2629.8
Other	9918.8	10490.5	5959.4	8147.2	4034.3	3719.5
Services : Debit	-18895.0	-20519.4	-19569.8	-19469.2	-9039.9	-9745.6
Transportation	-8527.0	-9308.7	-8854.4	-8618.4	-4120.9	-4203.4
Travel	-4720.2	-5520.4	-5731.1	-6171.5	-2908.7	-2905.5
Other	-5647.8	-5690.3	-4984.3	-4679.3	-2010.3	-2636.7
Balance on Goods and Services	-40330.6	-47147.2	-49420.1	-63242.6	-29264.1	-33070.3
Income Net	2361.3	1700.7	-604.9	-675.7	-442.0	-1270.1
Income : Credit	4569.3	5470.5	4297.0	4487.0	2189.5	1434.5
Income : Debit	-2208.0	-3769.8	-4901.9	-5162.7	-2631.5	-2704.6
Balance on Goods, Services and Income	-37969.3	-45446.5	-50025.0	-63918.3	-29706.1	-34340.4
Current Transfer Net	55053.7	65595.0	68186.1	75533.0	39188.3	47763.5
Current Transfer : Credit	56952.8	67027.7	70157.3	77765.1	40802.4	49006.1
Grants	12874.8	12046.4	12650.5	13842.2	6868.8	10480.2
Workers' remittances	36818.1	47216.1	47536.3	54203.3	28665.3	34741.0
Pensions	5941.0	6309.1	8269.6	7327.3	4472.1	2909.4
Other	1318.9	1456.1	1700.9	2392.3	796.2	875.5
Current Transfer : Debit	-1899.1	-1432.7	-1971.2	-2232.1	-1614.1	-1242.6
B. Capital Account	7899.6	6173.1	5694.0	5393.9	4474.1	969.9
Capital Transfers	7899.6	6173.1	5694.0	5393.9	4474.1	969.9
Total, Groups A plus B	24984.0	26321.6	23855.1	17008.6	13956.3	14393.0

Contd.

Particulars	Fiscal Year				% change during 6 months	
	1999/00	2000/01	2001/02	2002/03	2002/03	2003/04*
C. Financial Account (exclu.group E)	6205.4	-28522.2	-37333.4	-17198.9	-3935.4	-8731.2
Direct investment abroad	0.0	0.0	0.0	0.0	0.0	0.0
Direct investment in Nepal	232.6	-33.0	-282.3	961.4	-182.2	0.0
Portfolio investment	0.0	0.0	0.0	0.0	0.0	0.0
Other investment : assets	-10507.8	-30191.1	-35136.9	-34629.5	-22594.4	-26384.8
Trade credits	11893.3	1108.2	-1294.5	1041.0	-591.3	-4483.7
Other	-22401.1	-31299.3	-33842.4	-35670.5	-22003.1	-21901.1
Other investment : liabilities	16480.6	1701.9	-1914.2	16469.2	18841.2	17653.6
Trade credits	5444.2	-9319.0	-5279.0	16899.3	15788.9	9372.9
Loans	8878.4	6693.4	2899.6	-52.4	914.9	4993.6
General Government	8485.4	6976.5	2963.5	-432.8	953.8	5023.7
Drawings	12548.0	11715.1	8040.3	5236.0	3750.1	7291.8
Repayments	-4062.6	-4738.6	-5076.8	-5668.8	-2796.3	-2268.1
Other Sectors	393.0	-283.1	-63.9	380.4	-38.9	-30.1
Drawings	905.5	24.5	1.7	614.0	0.0	68.8
Repayments	-512.5	-307.6	-65.6	-233.6	-38.9	-98.9
Currency and deposits	2158.0	4327.5	465.2	-377.7	2137.4	3287.1
Nepal Rastra Bank	185.2	138.4	-197.4	-23.4	43.9	133.9
Deposit money banks	1972.8	4189.1	662.6	-354.3	2093.5	3153.2
Other liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Total, Group A through C	31189.4	-2200.6	-13478.3	-190.3	10020.9	5661.8
D. Net Errors and Omissions	-14582.8	11749.5	10600.6	4176.2	-9376.7	6248.4
Total, Group A through D	16606.6	9548.9	-2877.7	3985.9	644.2	11910.2
E. Reserves and related items	-16606.6	-9548.9	2877.7	-3985.9	-644.2	-11910.2
Reserve assets	-16253.5	-9224.1	3203.4	-3685.2	-464.5	-12538.8
Nepal Rastra Bank	-11463.1	-7445.1	-1712.7	-7809.9	699.2	-12536.1
Deposit Money Banks	-4790.4	-1779.0	4916.1	4124.7	-1163.7	-2.7
Use of Fund credit and loans	-353.1	-324.8	-325.7	-300.7	-179.7	628.6
Exceptional financing	0.0	0.0	0.0	0.0	0.0	0.0
Charge in Net Foreign Assets (-deficit)	14448.6	5221.4	-3342.9	4363.6	-1493.2	8623.1

* Provisional

Source : Nepal Rastra Bank

Table 8.1 : Area, Production & Yield of Principal Food Crop

Area :
Productio
Y

Food Crops		1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03 ^a
Paddy	Area	1421	1497	1505	1506	1514	1551	1560	1517	
	Production	2928	3579	3699	3641	3710	4030	4216	4165	
	Yield	2.06	2.39	2.46	2.42	2.45	2.59	2.7	2.73	
Maize	Area	771	792	793	799	802	819	825	826	
	Production	1273	1331	1312	1367	1346	1445	1484	1511	
	Yield	1.65	1.68	1.65	1.71	1.68	1.76	1.8	1.83	
Wheat	Area	634	654	665	647	641	660	641	667	
	Production	914	1013	1056	1001	1086	1184	1158	1258	
	Yield	1.44	1.55	1.59	1.55	1.69	1.79	1.81	1.89	
Barley	Area	31	39	39	37	32	28	28	28	
	Production	30	41	39	37	32	31	31	31	
	Yield	0.96	0.95	1.00	1.00	1.00	1.10	1.08	1.11	
Millet	Area	250	260	260	262	264	263	260	258	
	Production	268	282	289	285	291	295	283	283	
	Yield	1.07	1.09	1.11	1.09	1.10	1.12	1.09	1.09	
Total Area		3107	3242	3262	3251	3253	3321	3314	3296	
Total Production		5413	6246	6395	6331	6465	6985	7172	7248	

Index of Food Crops

(1994/95=100)

Area	100.00	104.35	104.99	104.63	104.70	106.89	106.66	106.08	10
Production	100.00	115.39	118.14	116.96	119.43	129.04	132.50	133.88	13
Yield	100.00	110.58	112.53	111.78	114.07	120.73	124.22	126.20	12

* Revised Estimate

** Preliminary Estimate

Source : Central Bureau of Statistics & Ministry of Agriculture and Co-operative, Agriculture Statistics Division

Table 8.2 : Area, Production & Yield of Principal Cash Crops

Area : Thousand Hectare
Production: Thousand M.T.
Yield: M.T./Hectare

Cash Crops		1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03*	2003/04**
Sugercane	Area	42	45	46	49	54	58	59	59	60	59
	Production	1500	1569	1622	1718	1972	2103	2212	2248	2343	2305
	Yield	35.99	35.00	35.30	35.13	36.58	36.18	37.22	37.80	38.78	38.80
Oil seeds	Area	170	185	184	179	190	190	189	188	187	187
	Production	102	116	119	109	120	123	132	135	125	133
	Yield	0.60	0.63	0.65	0.61	0.63	0.65	0.70	0.72	0.70	0.71
Tobacco	Area	7	6	6.00	6.0	4.4	4.3	4.2	3.8	3.6	3.4
	Production	7	6	5.0	4.6	3.9	3.8	3.9	3.8	3.4	3.3
	Yield	0.91	0.90	0.83	0.80	0.88	0.89	0.94	0.99	0.96	0.97
Potato	Area	97	106	110	112	118	123	129	135	140	143
	Production	840	898	961	935	1091	1183	1314	1473	1531	1643
	Yield	8.62	8.48	8.74	8.39	9.24	9.64	10.18	10.90	10.92	11.49
Jute	Area	9	11	11	12	11.6	14.7	11.3	11.6	11.8	11.8
	Production	11	15	14	15	15.1	15.2	16.4	17.0	17.1	16.9
	Yield	1.20	1.34	1.27	1.26	1.33	1.04	1.45	1.45	1.44	1.43
Total Area		325	353	357	358	378	390	392.5	397.4	402.4	404.2
Total Production		2460	2604	2721	2781.6	3202	3428	3678.3	3876.8	4019.5	4101.2

Index of Cash Crops.
(1994/95=100)

Area	100.00	108.62	109.85	110.15	116.31	120	120.62	122.46	124.00	124.37
Production	100.00	105.85	110.61	113.09	130.16	139.35	149.51	157.60	163.41	166.71
Yield	100.00	97.46	100.70	102.66	111.91	116.12	123.96	128.69	131.79	134.05

* Revised Estimate

** Preliminary Estimate

Note: Revised Statistics, Area and production are given in thousand and productivity is given in accurate figure.

Source : Central Bureau of Statistics & Ministry of Agriculture and Co-operative, Agriculture Statistics Division

Table 8.3 : Other Crops Production

In Thousand Metric Ton

Description	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03*	2003/04**	% Changed in 2003/04 over 2002/03
Pulses	156.70	163.23	161.32	154.54	191.14	204.69	201.78	214.85	223.00	215.70	228.84	237.32	243.24	250.40	256.90	262.30	2.10
Fruits	404.40	463.31	502.36	502.00	519.50	535.00	565.00	367.49	428.23	425.60	456.00	447.33	487.33	473.62	518.86	510.00	-1.71
Vegetables	922.00	993.56	970.20	1128.00	1197.00	1197.00	1256.85	1327.29	1350.00	1412.20	1342.57	1489.66	1652.98	1738.09	1799.97	1889.67	4.98
Total Production	1483.10	1620.10	1633.88	1784.54	1907.64	1936.69	2023.63	1909.63	2001.23	2053.50	2027.41	2174.31	2383.55	2462.11	2575.73	2661.97	3.35

* Revised Estimate

** Preliminary Estimate

Source : Central Bureau of Statistics and Ministry of Agriculture and Co-operative, Agriculture Statistics Division

Table 8.4 : Livestock Production

In Thousand Metric Ton

Description	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03*	2003/04**	% Change in 2003/04 Over 2002/03
Meat	142.01	145.15	147.08	148.42	149.89	153.52	159.24	161.52	174.27	180.67	185.03	189.16	194.26	198.64	203.89	208.20	2.11
Milk & Milk Products	834.41	859.36	865.42	871.82	876.59	885.36	903.64	961.56	1012.16	1048.04	1072.94	1097.02	1124.13	1158.79	1195.93	1225.20	2.45
Egg (in Million)	288.06	342.15	369.52	368.16	370.93	375.10	412.11	396.40	421.50	440.90	460.62	480.80	507.32	538.42	557.36	575.56	3.27
Fish	12.52	13.30	14.50	16.50	15.19	15.52	17.58	21.88	23.20	24.86	25.75	31.72	33.27	35.00	36.57	39.95	9.24

* Revised Estimate

** Preliminary Estimate

Source : Central Bureau of Statistics & Ministry of Agriculture and Co-operative Agriculture Statistics Division.

Table 8.5 : Production Index of Agricultural Production (Base Year 1994/95=100)

S. No.	Agricultural Commodities	Weights %	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04*	% Change
1.	Foodgrains	33.68	100.00	116.08	116.93	117.69	120.04	129.58	133.23	134.13	135.72	143.11	5.45
	a) Paddy	19.75	100.00	122.23	126.33	124.35	126.70	137.64	144.00	142.24	141.14	152.18	7.82
	b) Maize	6.87	100.00	104.54	103.06	107.39	105.71	113.53	116.56	118.66	123.24	124.89	1.34
	c) Wheat	4.59	100.00	110.86	115.57	109.53	118.91	129.53	126.72	137.69	147.11	151.82	3.20
	d) Millet	2.23	100.00	105.58	108.00	106.58	108.92	110.41	105.73	105.63	105.73	105.93	0.19
	e) Barley	0.23	100.00	140.04	130.96	125.17	107.72	104.39	103.28	105.75	107.42	95.36	-11.23
2.	Cash Crops	6.87	100.00	107.71	112.79	110.25	125.54	133.71	145.85	156.86	159.76	168.01	5.16
	a) Sugarcane	1.37	100.00	104.54	108.06	114.46	131.39	140.18	147.40	149.81	156.14	153.63	-1.61
	b) Oilseeds	1.50	100.00	113.63	116.71	107.03	117.29	120.25	129.63	132.20	122.39	130.16	6.35
	c) Tobacco	0.19	100.00	82.86	76.99	68.57	58.81	57.28	59.74	56.59	52.03	49.77	-4.34
	d) Jute	0.13	100.00	131.72	123.35	135.24	133.88	133.70	144.42	149.37	150.09	148.81	-0.85
	e) Potato	3.68	100.00	106.93	114.45	111.28	129.89	140.76	156.37	175.31	182.28	195.61	7.31
3.	Other Crops	21.57	100.00	86.12	92.36	93.59	95.46	98.56	106.45	107.93	113.39	115.61	1.96
	a) Pulses	2.72	100.00	106.48	111.00	106.88	113.41	117.62	120.55	124.10	127.32	129.99	2.10
	b) Fruits	10.07	100.00	65.04	75.79	75.33	80.71	79.17	86.25	83.83	91.83	90.27	-1.70
	c) Vegetables	5.73	100.00	105.58	107.41	112.36	106.82	118.52	131.52	138.29	143.21	150.35	4.99
	d) Others	3.05	100.00	101.00	102.20	106.82	106.82	108.05	113.46	116.10	116.10	121.24	4.43
4.	Livestocks	27.66	100.00	103.13	109.55	113.56	116.44	119.20	122.45	126.10	129.97	133.08	2.39
	a) Milk	15.84	100.00	106.41	112.01	115.98	118.74	121.40	124.40	128.24	132.35	135.59	2.45
	b) Buffalo meat	4.51	100.00	105.97	114.72	118.63	120.87	123.10	126.21	128.89	132.22	135.06	2.15
	c) Mutton	3.99	100.00	92.70	99.47	102.37	103.87	105.68	107.90	109.98	112.76	114.88	1.88
	d) Pig meat	0.75	100.00	96.17	100.85	106.68	113.48	119.36	124.20	127.09	127.35	127.69	0.27
	e) Poultry meat	1.01	100.00	96.06	105.40	112.42	119.62	124.57	130.25	136.04	144.48	150.80	4.37
	f) Eggs	1.55	100.00	96.19	102.27	106.99	111.77	116.67	123.10	130.65	135.24	139.66	3.27
5.	Fishery	0.99	100.00	124.47	131.98	141.46	146.49	180.47	189.27	199.11	207.82	227.26	9.35
6.	Forestry	9.24	100.00	101.00	100.77	100.62	100.90	100.47	119.18	122.52	123.79	126.80	2.43
	Overall Index	100.00	100.00	104.15	108.63	109.50	112.61	118.12	124.59	127.59	130.57	135.44	3.73

* Preliminary estimate

Source : Nepal Rastra Bank and Central Bureau of Statistics

Table 8.6 : Use of Chemical Fertilizer, Improved Seed & Insecticides

Description	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	In Metric Ton	
																First Eight Months	
																2002/03	2003/04
1. Chemical Fertilizer (Nutrients)	56839	67286	72719	84391	83331	73812	90263	70154	64150	47010	45669	37250	23623	19713	38950	17543	7226
a) Nitrogen	39801	49206	51929	59956	60447	55385	64385	46448	43231	32629	32314	25034	16397	10610	21838	7996	3090
b) Phosphorus	15268	16742	19257	22833	21595	17149	24300	21306	19284	13124	12097	12031	7191	8562	15332	8735	3469
c) Potash	1770	1338	1533	1602	1289	1278	1578	2400	1635	1257	1258	185	35	541	1780	812	667
2. Improved Seed	2048	2394	2275	2153	1862	3576	3684	3343	3926	2229	1794	2585	1894	2654	2053	1692	1755
a) Paddy	213	146	156	177	211	242	324	250	372	178	308	326	231	89	353	7	22
b) Maize	121	126	44	66	77	105	81	144	124	116	43	25	7	41	20	5	17
c) Wheat	1714	2122	2075	1910	1574	3229	3279	2949	3430	1935	1443	2234	1656	2524	1680	1680	1716
3. Insecticides																	
a) Powder*(in MT)	733	971	429	391	422	303	147	83	34	39	7	-	-	-	-	-	-
b) Liquid (in litres)	7527	4886	3945	3236	2513	1688	744	470	445	235	55	-	-	-	-	-	-

* Includes Agri-Lime

Source: Agriculture Inputs Company Ltd and National Seeds Company Ltd.

Table 8.7 : Extension of Additional Irrigation Facilities

In Hectare

Description	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02+	2002/03	First Eight Months	
																2002/03	2003/04
1. Topography	53304	25666	22288	33833	30405	33542	25372	48530	32018	21447	49015	35702	29661	17587	11823	2238	2693.2
a) Hill	17502	2373	6418	6977	8601	5078	4215	10603	9209	8378	10815	7899	7266	6296	4251	823	0.2
b) Terai	32527	11070	15839	9705	21804	16576	21157	36084	21717	13069	38200	26960	22395	11291	7572	1415	2693
c)Not classified	3275	12223	31	17151	29518*	11888	-	1843	1092	-	-	843	-	-	-	-	-
2. Types	53304	25666	22288	33833	30405	33542	25372	48530	32028	21447	49015	35702	29661	17587	11823	2238	2693.2
a) Canals	27974	3968	11807	17522	29508	7850	7304	33898	23636	19027	27528	26509	26091	14882	7308.2	2021	1000.2
b) Ground Water	25330	8468	9840	16311	897	18594	18068	12231	6878	2420	21487	9030	3570	2705	4506	215	1693
c) Not Classified	-	13230	641	-	29518*	7098	-	2401	1514	-	-	163	-	-	8.8	2	-

* Additional irrigation facilities extended under ADB/N.

+ Figures of Irrigation Departments only.

Source: Department of Irrigation and ADB/N

Table 8.8 : Agricultural Credits & Collection

Rs. in Million

	Description	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03*	First Eight Months	
																	2002/03	2003/04*
																	1	Disbursement
a	Food Grains & Cash crops Production	335.50	383.80	300.30	435.00	561.60	811.50	894.80	1015.60	993.60	1170.00	1465.90	1756.30	1913.20	1891.90	2121.50	1054.90	930.7
b	Agri. Tools & Irrigation	158.80	157.40	182.20	274.80	451.90	557.00	678.40	661.50	609.10	580.40	823.00	1027.70	1084.00	958.70	806.60	425.80	312.2
c	Agricultural Business	217.10	276.40	280.30	299.60	371.20	699.50	694.50	768.50	795.40	866.60	1029.30	1221.70	1349.80	1570.10	1634.00	1117.80	1018.6
d	Agri Industries Marketing and Godowns	257.50	287.60	273.50	420.50	542.60	725.90	972.30	1224.00	1387.80	1559.10	1969.90	2772.50	3448.80	4150.1	4868.1	3071.4	3082.7
e	Horticulture	36.80	40.20	44.50	27.10	29.00	35.30	36.40	37.10	33.50	36.00	30.10	61.50	36.80	38.20	48.20	85.10	14.0
f	Tea/Coffee Cultivation	7.50	5.90	9.90	7.80	21.20	37.30	50.70	43.50	43.70	41.80	83.60	138.00	141.90	97.50	52.10	29.00	16.8
g	Housing & Land Development Loan	36.30	19.40	4.60	4.20	7.80	21.40	106.60	146.60	160.30	176.20	160.60	107.00	115.30	182.40	584.70	246.40	530.7
2	Collection	732.10	754.80	747.70	1142.50	1383.90	1832.80	2165.00	2780.90	2873.00	3503.80	4233.90	5274.80	6198.10	5533.20	8173.30	4712.80	5050.90
a	Food Grains & Cash crops Production	257.30	259.20	294.90	391.80	391.70	566.00	662.00	804.50	818.30	934.00	1132.10	1423.70	1594.70	162.7	1819.7	924.1	850.4
b	Agri. Tools & Irrigation	125.10	126.70	85.40	215.70	304.10	339.40	400.80	440.70	407.90	518.30	547.70	699.30	736.00	802.00	846.70	444.60	368.2
c	Agricultural Business	156.80	148.10	129.50	213.00	256.80	431.00	400.40	525.70	536.30	671.70	829.20	968.00	1024.80	1159.10	1367.9	864.7	853.6
d	Agri Industries Marketing and Godowns	180.00	203.50	222.10	290.70	382.40	438.80	564.50	868.40	957.50	1186.30	1517.70	1986.80	2556.30	3229.8	3787.2	2283.1	2569.3
e	Horticulture	9.80	9.50	11.40	15.70	21.20	26.10	26.00	31.20	35.70	35.10	33.90	48.00	39.10	40.00	49.50	66.80	22.1
f	Tea/Coffee Cultivation	1.00	3.20	2.50	1.70	23.90	24.90	14.20	0.80	8.00	6.30	9.10	30.30	142.20	15.90	25.90	10.80	5.5
g	Housing & Land Development Loan	2.10	4.60	1.90	13.90	3.80	6.60	97.10	109.60	109.30	152.10	164.20	118.70	105.00	123.70	276.40	118.70	381.8
3	Total Loans Outstanding	2568.70	2984.70	3332.50	3655.30	4256.70	5311.80	6580.50	7689.20	8839.60	9765.90	11094.40	12904.20	14782.40	16673.80	18615.70	17991.40	19470.5

* Provisional

Source: Agriculture Development Bank

Table 8.9 Price of Fertilizer

Rs. Per Metric Ton

Description	1988/89	1989/90	1990/91	29-Jul 1991	20-Aug. 1992	14-Feb 1993	13-Apr 1994	13-Apr 1995	13-Apr 1996	13-Apr 1997	13-Apr 1998	13-Apr 1999	13-Mar 2000	13-Mar 2001	13-Mar 2002	13-Mar 2003	13-Mar 2004*
Fertilizer																	
a) Sulphate	3050.0	3111.0	3111.0	4670.0	4200.0	6900.0	6900.0	6900.0	6900.0	6900.0	-	6900.0	10300.0	10300.0	10300.0	-	-
b) Urea	3990.0	4070.0	4070.0	5710.0	5140.0	5600.0	5600.0	5600.0	6720.0	6720.0	7400.0	7400.0	8000.0	13980.0	13500.0	14200.0	15560.0
c) Complex	4370.75	4502.0	4502.0	6300.0	5680.0	10000.0	10000.0	10000.0	10000.0	10000.0	-	10000.0	-	-	-	-	-
d) Compound	3990.0	3990.0	3990.0	3990.0	3990.0	-	-	-	-	-	-	-	-	-	-	-	-
e) D.A.P.	6020.0	6319.0	6319.0	8360.0	7520.0	12500.0	12500.0	12500.0	16880.0	16880.0	18570.0	18570.0	20400.0	19500.0	19000.0	19500.0	20860.0
f) Potash	2190.0	2315.0	2315.0	3210.0	2900.0	8500.0	8500.0	8500.0	8500.0	8500.0	9350.0	9350.0	13900.0	13907.0	13600.0	13600.0	14330.0
g) T.S.P.	3700.0	3963.0	3963.0	5150.0	4640.0	8000.0	8000.0	8000.0	8000.0	8000.0	-	8000.0	-	-	-	-	-

* Average price

Source: Agriculture Inputs Company Ltd.

Table 9.1 : Production of Manufacturing Commodities*

/1/

S.No.	Code No.	Major Industry Group	Unit	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99
1	311-312	Food Manufacturing												
	42.30	I Noodles	M.T.	1620	1647	1774	2176	2304	2775	4043	4947	4908	4458	6079
	48.42	II Biscuits	M.T.	4458	4430	5538	5534	6497	6278	6789	6057	6868	9113	11810
	54.50	III Squash	Th. Litre	421	565	908	848	1651	1816	1934	2200	2300	2400	2534
	61.20	IV Sugar	M.T.	24197	31927	44548	55365	64416	34044	49227	67051	63374	67206	68512
	74.11	V Tea	M.T.	1184	1393	1249	1476	1636	1993	2351	2457	2561	2275	2339
	81.98	VI Animal Feeds	M.T.	11972	11543	10574	21682	15141	18000	19500	21999	24000	22452	22893
	91.40	VII Vegetable Ghee	M.T.	4483	7862	12638	12242	11790	20233	20800	19583	20663	67218	86975
2	313	Beverage industries												
	111.02	I Soft Drinks	Th. Litre	12270	11520	12042	13410	12953	14507	20592	23954	25783	25626	25636
	112.30	II Beer	Th. Litre	6281	6838	10386	12329	14382	14900	16776	18315	21497	13933	18753
	112.40	III Liquor	Th. Litre	2092	2460	2626	3022	3477	2100	2500	2608	2800	3100	3345
3	314	Tobacco Manufacturing												
	122.20	I Cigarette	Mil. Sticks	5665	6317	6691	6963	7846	6894	7430	8067	7944	8127	7315
	122.30	II Bidi	Mil. Sticks	581	368	224	245	247	165	150	120	100	160	548
4	321	Manufacture of Textiles												
	652.10	I Cotton Clothes	Th. Metre	7057	5286	5421	7207	7139	5619	5060	5160	4000	3329	2678
	653.50	II Synthetic Clothes	Th. Metre	11848	13631	16484	11445	12795	16657	14700	18123	18183	18685	17811
		III Jute Goods	M.T.	16950	7473	11170	17639	18199	19315	20187	29908	39585	51432	49328
5	323	Leather & Leather Products												
	611.20	I Processed Leather	Th. Sq. Ft.	7117	12035	14174	6892	8424	7950	10306	10977	10754	11372	9841
6	324	Footwear manufacturing												
	851	I Shoes	Th. Pairs	332	744	1009	1530	823	700	685	649	550	550	605
7	331	Wood & Wood Products												
	634.20	I Plywood	Th. Sq. Ft.	1315	-	268	645	411	570	450	383	476	70	102
		II Straw Board	M.T.	334	494	402	336	574	714	831	936	958	825	840
8	341	Paper & Paper Products												
	641.90	I Paper	M. T.	5904	5321	6341	6417	6775	8177	8863	11564	13575	15848	19459
9	352	Manufacture of Other Chemical Product												
	554.10	I Soap	M. T.	14856	11943	20057	20903	22970	20648	23477	25111	29014	39086	47704
	554.30	II Detergent Powder	M. T.	250	489	490	723	756	681	2400	6378	7000	4337	3422
	99.32	III Matches	Th. Gross	1272	1223	1091	942	1081	1113	1176	1316	1246	1951	1930

Table 9.1 : Production of Manufacturing Commodities*

/2/

S.No.	Code No.	Major Industry Group	Unit	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1
10	355	Manufacture of Rubber Products													
	851.01	I Slipper	Th. Pairs	7247	7689	9752	9353	6267	4332	4100	4351	4400	5321	5794	
11	356	Manufacture of Plastic Products													
	581	I Plastic Goods	M. T.	2070	2829	5604	4885	2850	2808	2700	2900	3000	2532	2670	
12	369	Other Non Metallic Mineral Products													
	661.2	I Cement	M. T.	217666	101179	135897	237327	247891	315514	326839	309466	226681	139080	190588	
	662.41	II Bricks & Tiles (Govt. Sector)	Th. Piece	33440	16291	32625	34915	27290	23545	23449	25911	32414	28250	22866	
13	371	Iron and Steel based Industries													
	673	I Iron Rod. Angles etc.	M. T.	34834	36339	45631	59661	60316	71023	95118	91583	107346	91291	106646	
14	381	Manufacture of Cutlery, Hand Tools Except Machinery Equipment													
	697.21	I Steel Utensils	M. T.	237	189	265	159	275	347	300	240	250	100	83	
		II Agricultural Tools	M. T.	264	283	113	735	1329	150	120	60	40	-	-	
15	383	Manufacture of Electricals, Industrial Machinery Apparatus, Appaliances													
	723.1	I Wires/Cables													
		a. GI/HB Wires	MT	9640	7702	6217	15522	6574	5023	12000	13574	19904	18228	21449	
		b. ACSR Conductor/PVC Cable	KM	9617	13766	20842	20469	11930	7514	8000	9723	11496	10319	8812	
	729.11	II Dry Cell Battery	Th. Nos.	10095	10754	10350	12789	12373	17102	17603	25597	28674	28965	22728	

* Based on NRBs selected industries from the selected districts.

** Actual data of first eight months and projection for the rest four months.

Source: Department of Industry and Nepal Rastra Bank.

Table 9.2 : Production Index of Manufacturing Industries*

(Base : 1986/87=100)

/1/

S.No.	Code No.	Major Industry Groups	Weight %	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04**
1	311-312	Food Manufacturing	19.25	95.88	133.63	190.25	209.50	218.90	251.22	284.52	302.39	309.47	684.42	856.39	896.74	957.08	996.06	836.37	854.47
	42.30	I Noodles	0.97	138.70	141.01	151.88	186.30	197.26	237.59	346.15	423.54	420.21	381.68	520.46	515.50	554.20	616.44	766.27	797.09
	48.42	II Biscuits	1.97	98.28	97.66	122.09	122.00	143.23	138.40	149.67	133.53	151.41	200.90	260.36	201.26	211.31	208.11	216.84	211.90
	54.50	III Squash	0.29	41.97	56.33	90.53	84.55	164.61	181.06	192.82	219.34	229.31	239.28	252.68	237.19	230.11	224.33	242.27	250.25
	61.20	IV Sugar	6.13	98.50	129.97	181.35	225.38	262.23	138.59	200.39	272.95	21.00	273.58	278.90	314.09	318.80	334.62	382.87	391.42
	74.11	V Tea	0.93	106.47	125.27	112.32	132.73	147.12	179.23	211.42	220.95	230.31	204.59	210.31	665.02	744.78	788.57	866.10	855.40
	81.98	VI Animal Feeds	0.92	129.43	124.79	114.31	234.40	163.69	194.59	210.81	237.83	259.46	242.72	247.49	246.00	233.70	240.71	260.11	248.09
	91.40	VII Vegetable Ghee	8.04	85.02	149.10	239.67	232.16	223.59	383.71	394.46	371.38	391.86	1274.76	1649.44	1682.43	1608.61	1877.49	1426.32	1462.96
2	313	Beverage industries	3.92	142.34	158.94	179.95	207.41	233.78	178.03	216.00	233.73	257.53	243.88	271.71	305.70	316.07	304.97	323.93	320.23
	111.02	I Soft Drinks	1.18	91.34	85.75	89.64	99.82	96.42	107.99	153.28	178.31	191.92	190.75	190.83	195.11	204.87	201.73	235.25	237.87
	112.30	II Beer	0.51	169.80	184.46	280.78	333.31	388.81	402.81	453.53	495.13	581.16	376.67	506.97	587.32	631.36	616.38	653.20	678.67
	112.40	III Liquor	2.23	163.06	191.74	204.68	235.54	271.01	163.68	194.86	203.27	218.24	241.62	260.71	299.82	302.61	288.39	295.56	281.84
3	314	Tobacco Manufacturing	20.11	99.85	108.65	113.49	118.22	132.94	116.31	125.08	135.39	133.15	136.78	126.99	111.80	118.34	116.26	114.70	116.79
	122.20	I Cigarette	18.74	101.16	112.80	119.48	124.34	140.11	123.11	132.68	144.05	141.86	145.13	130.63	117.56	124.63	123.21	221.64	123.96
	122.30	II Bidi	1.37	81.95	51.90	31.59	34.56	34.84	23.27	21.16	16.93	14.10	22.57	77.29	33.00	32.30	21.16	19.75	18.62
4	321	Manufacture of Textiles	18.14	86.52	77.05	95.44	86.05	92.70	109.41	101.68	132.10	146.44	166.71	158.82	160.77	164.63	163.93	180.94	187.16
	652.10	I Cotton Clothes	3.78	39.60	29.66	30.42	40.44	40.06	31.53	28.39	28.95	22.44	18.66	15.02	14.76	13.94	9.54	8.07	7.81
	653.50	II Synthetic Clothes	9.07	102.48	117.91	142.58	99.00	110.67	144.08	127.15	156.76	157.28	161.62	154.06	209.74	221.38	225.76	247.33	264.16
		III Jute Goods	5.29	92.68	40.86	61.07	96.45	99.51	105.61	110.38	163.53	216.44	281.22	269.71	181.15	175.17	171.69	190.62	183.29
5	323	Leather & Leather Products	2.34	57.26	96.83	114.04	55.45	67.78	63.96	82.92	88.32	81.70	77.20	21.90	-	28.04	25.62	25.10	23.58
	611.20	I Processed Leather	2.34	57.26	96.83	114.04	55.45	67.78	63.96	82.92	88.32	86.52	91.50	79.18	24.22	28.04	25.62	25.10	23.58
6	324	Footwear manufacturing	0.41	274.38	614.88	833.88	1264.46	680.17	578.51	566.12	536.36	454.55	454.55	500.00	537.19	585.95	614.88	649.59	671.07
	851	I Shoes	0.41	274.38	614.88	833.88	1264.46	680.17	578.51	566.12	536.36	454.55	454.55	500.00	537.19	585.95	614.88	649.59	671.07
7	331	Wood & Wood Products	2.02	54.50	9.41	17.47	30.01	25.98	34.46	32.30	31.84	35.67	18.27	19.73	41.56	45.01	45.89	38.17	41.68
	634.20	I Plywood	1.84	52.85	0.00	10.77	25.92	16.52	22.91	18.09	15.39	19.13	2.81	4.10	23.71	24.44	25.40	20.50	21.38
		II Straw Board	0.18	71.37	105.56	85.90	71.79	122.65	152.56	177.56	200.00	204.70	176.28	179.49	223.93	255.34	255.34	218.80	249.15
8	341	Paper & Paper Products	0.85	216.82	195.41	232.87	235.66	248.81	300.29	325.49	424.68	498.53	582.01	714.62	1471.36	1515.50	1505.69	1544.47	1576.13
	641.90	I Paper	0.85	216.82	195.41	232.87	235.66	248.81	300.29	325.49	424.68	498.53	582.01	714.62	1471.36	1515.50	1505.69	1544.47	1576.13
9	352	Manufacture of Other Chemical Product	6.05	110.51	102.02	120.25	118.21	131.71	125.34	156.98	214.16	230.62	264.97	279.55	316.82	337.85	342.02	332.50	349.65
	554.10	I Soap	2.11	129.63	104.21	175.02	182.40	200.44	180.17	204.86	219.12	253.18	341.06	416.27	433.08	480.72	487.76	476.65	505.78
	554.30	II Detergent Powder	0.04	438.60	857.89	859.65	1268.42	1326.32	1194.74	4210.53	11189.47	12280.70	7608.77	6003.32	8445.61	8698.25	8785.96	9194.74	9807.02
	99.32	III Matches	3.90	96.80	93.07	83.03	71.69	82.27	84.70	89.50	100.15	94.82	148.48	146.88	170.55	174.81	176.56	163.62	168.19

Table 9.2: Production Index of Manufacturing Commodities

(Base : 1986/87=100)

/2/

S.No.	Code No.	Major Industry Group	Weight (in %)	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04**
10	355	Manufacture of Rubber Products	0.65	164.55	174.59	221.44	212.38	142.30	98.37	93.10	98.80	99.11	120.82	131.56	113.67	111.40	115.80	100.36	99.50
	851.01	I Slipper	0.65	164.55	174.59	221.44	212.38	142.30	98.37	93.10	98.80	99.11	120.82	131.56	113.67	111.40	115.80	100.36	99.50
11	356	Manufacture of Plastic Products	1.27	156.34	213.67	423.26	368.96	215.26	212.08	203.93	219.03	226.59	191.24	201.66	117.22	119.56	121.98	119.86	127.04
	581	I Plastic Goods	1.27	156.34	213.67	423.26	368.96	215.26	212.08	203.93	219.03	226.59	191.24	201.66	117.22	119.56	121.98	119.86	127.04
12	369	Other Non Metallic Mineral Products	16.85	120.56	57.17	93.05	129.11	120.96	137.02	140.52	138.66	121.90	87.45	95.85	104.21	108.14	113.47	125.82	130.89
	661.2	I Cement	8.21	143.55	66.73	89.62	156.52	163.48	208.08	215.55	204.09	149.50	91.72	125.69	135.75	141.86	143.66	168.28	178.16
	662.41	II Bricks & Tiles (Govt. Sector)	8.64	98.71	48.09	96.31	103.07	80.56	69.50	69.22	76.49	95.68	83.39	67.50	74.25	76.10	75.27	85.47	85.97
13	371	Iron and Steel based Industries	3.07	100.83	105.18	132.08	172.69	174.59	205.58	275.32	265.09	310.72	264.24	308.69	380.21	393.51	405.23	447.55	475.96
	673	I Iron Rod. Angles etc.	3.07	100.83	105.18	132.08	172.69	174.59	205.58	275.32	265.09	310.72	264.24	308.69	380.21	393.51	405.23	447.55	475.96
14	381	Manufacture of Cutlery, Hand Tools Except Machinery Equipment	3.17	57.43	47.19	60.74	49.20	86.20	79.57	68.61	54.20	56.03	22.10	18.41	12.16	12.38	12.82	14.59	16.58
	697.21	I Steel Utensils	2.95	56.29	44.89	62.95	37.77	65.32	82.42	71.26	57.01	59.38	23.75	19.79	13.06	13.30	13.78	15.68	17.81
		II Agricultural Tools	0.22	72.73	77.96	31.13	202.48	366.12	41.32	33.06	16.53	11.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15	383	Manufacture of Electricals, Industrial Machinery apparatus, Appliances	1.90	99.03	94.04	91.68	154.22	90.30	90.79	134.44	170.31	219.43	209.06	207.40	273.13	294.56	304.30	336.58	358.37
	723.1	I Wires/Cables	1.41	91.55	82.11	80.60	154.76	70.35	51.39	108.12	123.29	176.72	161.54	185.18	188.09	202.57	210.89	231.97	257.98
		a. GI/HB Wires	1.03	105.95	84.65	68.33	170.59	72.25	55.20	131.88	149.18	218.75	200.33	235.73	235.14	251.60	263.77	288.32	320.39
		b. ACSR Conductor/PVC Ca	0.38	52.55	75.22	113.88	111.84	65.18	41.06	43.71	53.13	62.81	56.38	48.15	60.58	69.67	67.58	79.23	88.81
	729.11	II Dry Cell Battery	0.49	120.52	128.39	123.57	152.69	147.72	204.18	210.16	305.60	342.34	345.81	271.35	517.84	559.28	573.07	637.60	647.28
		Overall Index	100.00	102.07	100.58	129.72	141.70	143.68	150.25	164.07	179.97	185.36	255.14	290.71	308.57	328.06	334.58	310.83	319.43

* Based on NRBs selected industries from the selected districts.

** Actual data of first eight months and projection for the rest four months.

Source: Department of Industry and Nepal Rastra Bank.

Table 9.3 : Capacity Utilization of Some Selected Industries

In Percentage

S.N.	Description	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
1	Sugar	58	52	72	69	69	65	98	70	61	57	55	54	44	40	43
2	Cigarettes	60	63	65	66	63	68	79	86	84	83	85	77	80	86	90
3	Beer	96	76	72	57	77	90	53	58	55	45	48	57	59	64	66
4	Matches	53	19	13	25	44	37	42	55	54	59	53	60	58	59	62
5	Shoes	13	31	39	48	24	48	21	21	20	21	-	21	23	24	26
6	Cement	68	26	34	48	44	52	51	62	37	48	47	43	41	45	46
7	Jute Products	54	24	35	47	38	37	20	36	49	45	46	70	72	74	71

Source : Department of Industry

Table 9.4 : Distribution of Industrial Loans by Types of Industry +

Type of Industries	In Percentage															
1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04*	
Hotels and Tourism	7.89	30.35	23.28	19.52	31.26	16.62	19.76	17.56	30.03	40.41	23.24	16.06	12.96	10.08	11.17	5.16
Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Power	1.74	-	1.14	0.40	1.73	0.02	-	-	-	-	-	-	-	-	-	-
Manufacturing	71.68	44.33	56.97	66.46	55.89	54.06	49.62	70.56	52.30	31.92	30.85	57.24	51.86	55.92	55.77	31.76
Cement	4.43	9.51	7.72	1672	0.78	-	-	-	-	2.52	-	-	-	-	14.02	15.32
Food++	11.72	11.92	6.31	7.38	6.69	14.81	11.19	8.39	3.60	5.55	4.80	20.86	33.19	45.83	26.15	16.44
of Which, Sugar	0.79	1.02	1.86	1.56	0.63	1.04	8.31	18.59	16.70	6.08	0.03	-	-	-	-	-
Beverages and Cold Drinks	6.50	-	2.60	1.45	11.35	5.68	6.02	10.03	4.86	-	-	9.28	-	-	-	-
Textiles (including Jute)	16.49	9.83	22.15	28.02	17.09	22.40	12.90	23.54	21.90	13.23	23.80	3.95	3.22	0.54	2.00	-
Saw Milling and Wood Products	6.70	1.38	0.70	0.20	0.68	0.41	-	0.34	0.60	0.91	0.10	1.92	-	-	-	-
Straw Board	-	-	0.62	0.62	-	-	-	0.27	-	-	-	-	-	-	-	-
Printing and Publishing	5.27	0.28	7.27	4.16	6.45	2.56	1.29	3.66	2.76	0.98	0.62	3.96	5.30	4.17	0.41	-
Chemicals	1.92	2.98	0.31	0.18	2.79	-	-	2.49	-	0.20	-	13.50	6.83	0.81	0.08	-
Stone Products (Clay, Bricks)	13.26	5.91	5.14	3.48	8.63	4.85	8.23	1.51	1.28	0.93	0.75	1.43	3.32	4.57	12.89	-
Light Machinery	0.59	-	0.96	1.44	-	1.04	1.05	1.74	0.56	0.23	0.03	-	-	-	-	-
Ice Making and Cold Storage	4.01	1.50	1.33	1.25	0.80	1.27	0.63	-	0.04	1.29	0.72	2.34	-	-	0.22	-
Miscellaneous	18.69	25.32	18.61	13.62	11.12	29.30	30.62	11.88	17.67	27.67	45.91	26.73	35.18	34.00	33.06	63.08
Total	100.0	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Loan Distribution +++																
Total (In million Rs)	101.6	206.2	247.5	371.3	292.9	394.2	36.18	78.34	71.14	39.62	29.21	10.77	8.17	7.72	3.65	2.14

* Provisional (first eight months)

+Only of NIDC

++ Mostly rice mills

+++ Since FY 1996/97 only cash transaction (Rescheduled amount not included)

Note: Provisional from FY 2002/03

Source: Nepal Industrial Development Corporation.

Table 9.5 : Number of Cottage and Small Scale Industries Registered

Rs. in Million

Year	No of Industries Registered				Fixed Capital Investment			
	Private Firm	Private Ltd.	Partner-ship	Total	Private Firm	Private Ltd.	Partner-ship	Total
1988/89	694	60	85	839	211.2	90.8	45.2	347.2
1989/90	727	88	117	932	409.4	301.2	118.0	828.6
1990/91	946	43	123	1112	905.0	137.2	184.0	1226.2
1991/92*	5020	242	465	5727	1840.6	382.2	351.2	2574.0
1992/93	6087	296	398	6781	2070.0	590.0	490.0	3150.0
1993/94	8535	321	630	9486	3630.0	630.0	1460.0	5720.0
1994/95	7833	247	439	8519	4280.6	679.8	409.6	5370.0
1995/96	8638	544	468	9650	3850.0	2890.0	480.0	7220.0
1996/97	7404	346	446	8196	4080.0	1360.0	600.0	6040.0
1997/98	8669	511	470	9650	4780.0	3470.0	710.0	8960.0
1998/99	8773	533	684	9990	5100.0	3640.0	880.0	9620.0
1999/00	8889	689	549	10127	6650.0	3240.0	450.0	10340.0
2000/01	8368	542	407	9317	4550.0	2380.0	390.0	7320.0
2001/02	8851	513	526	9890	4110.0	2910.0	700.0	7720.0
2002/03	6778	340	454	7572	5023.8	531.4	354.8	5910.0
2003/04+	3380	307	314	4001	1120.8	101.8	104.1	1326.7

* Numbers since 1991/92 includes registration by the branch offices of Department of Cottage and Small Industries.

+ First Eight months

Note : All description for the first four months of 75 districts and for the second four months description of the industries registered in 27 districts are included in FY 2003/04.

Source: Department of Cottage & Small Industries.

Table 9.6 : Regionwise Loan Disbursement by Commercial Banks to Cottage and Small Scale Industry Sub-sector under Intensive Banking Programme

Rs in '000

Year	Eastern Dev. Region		Central Dev. Region		Western Dev. Region		Mid-Western Dev. Region		Far-Western Dev. Region		Total	
	No of Industries	Amount	No of Industries	Amount	No of Industries	Amount	No of Industries	Amount	No of Industries	Amount	No of Industries	Amount
1988/89	484	18529	498	29612	472	21977	158	3351	173	3442	1785	76911
1989/90	645	20113	533	31166	576	25895	168	4738	186	3162	2108	85074
1990/91	432	28879	420	31033	456	21347	201	7316	169	4078	1678	92653
1991/92	363	34451	421	25986	330	14052	125	4767	169	4898	1408	84154
1992/93	309	19983	436	51759	227	13825	102	3952	97	3425	1171	92944
1993/94	306	16277	468	141735	460	39062	221	9558	125	5675	1580	212307
1994/95	274	17543	390	78937	309	27165	166	6960	99	4304	1238	134909
1995/96	472	39192	584	132749	315	32958	180	12756	120	8504	1671	226159
1996/97	502	45566	492	104199	266	32843	208	12500	74	5300	1542	200408
1997/98	609	28265	241	72152	130	27028	95	1165	60	7798	1135	136408
1998/99	1271	123318	1631	234176	863	86678	481	35548	342	18057	4588	497777
1999/00	1482	133018	1766	222128	1468	99030	603	37238	131	8231	5450	499645
2000/01	157	20067	234	81550	419	43151	122	14145	128	8188	1060	167101
2001/02	262	26570	186	67206	617	39296	94	8335	87	3986	1246	145393
2002/03	630	45552	165	80744	468	28401	74	7904	65	3292	1402	165893
2003/04*	135	15832	46	31992	46	4669	12	3192	1	90	240	55775
Total	8333	633155	8511	1417124	7422	557377	3010	173425	2026	92430	29302	2873511

* First Six Months

Source : Nepal Rastra Bank.

Table 9.7 : Capacity Utilization of Selected Public Enterprises

S. No	Name of Industries	Annual Production Capacity	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04*	Remarks
1	Birgunj Sugar Factory	13500 M. Ton	88.98	106.82	150.18	152.66	90.08	37.03	92.76	113.46	111.50	58.87	69.54	99.87	61.07	31.85	-	-	Dissolved
		Rectified Spirit 1350000 Lit.	93.85	99.25	78.66	90.89	75.03	43.62	32.74	51.04	0.02	12.96	20.96	20.96	15.26	0.01	-	-	
2	Lumbini Sugar Factory	10800 M. Ton	7.48	46.60	90.38	129.06	95.91	69.36	126.28	117.53	112.17	89.76	58.21	84.19	56.02	57.86	109.33	65.00	
		Alcohol 10,80,000 Lit	5.46	41.57	47.40	125.19	54.54	58.53	99.69	72.63	8.34	54.06	50.93	37.96	21.95	4.25	57.17	28.18	
3	Janakpur Cigarattes Factory	5.25 Billion Sticks	79.67	83.61	83.60	85.00	61.30	55.07	43.24	55.40	32.55	40.00	21.00	43.81	78.93	78.67	78.68	23.60	
4	Bhaktapur Brick Factory	20 Million	68.50	63.50	66.00	72.50	62.50	60.00	52.00	75.08	59.84	-	-	-	-	-	-	-	Dissolved
5	Hetauda Textile Industry	11 mllion Metres	55.45	42.48	43.44	55.00	81.83	75.04	42.54	86.42	36.59	42.74	17.11	-	-	-	-	-	Dissolved
6	Himal Cement Factory	108000 M. Ton	38.59	6.78	79.17	62.67	58.48	51.75	42.56	44.61	35.95	44.42	37.57	35.46	-	-	-	-	Dissolved
7	Hetauda Cement Company	260000 M. Ton	52.28	38.97	45.54	57.69	38.91	45.40	41.14	48.00	48.42	52.69	49.55	45.64	33.42	46.40	46.00	42.00	
8	Udayapur Cement	277300 M. Ton	-	-	-	25.00	25.00	46.45	57.62	47.25	33.22	47.49	35.94	39.85	38.21	51.52	37.00	36.60	

* Estimates of 8 months

Source : Ministry of Finance.

Table 9.8 : Flow of Fund Between HMG and Public Enterprises

Rs. in million

	Particular	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2001/02	2002/03*
A.	Fund from HMG to PEs	1499.1	1745.6	3448.6	4787.7	3595.1	2100.7	2780.0	6298.0	7065.1	7562.7	6213.7	7950.5	8255.1	5988.8	1150.5	1197.2
	Share Capital	240.0	218.9	178.5	225.5	701.1	253.1	858.7	1553.0	868.2	1839.0	1420.0	1373.0	1088.8	1036.0	319.3	392.0
	Loan Capital	812.4	1061.8	2502.9	4020.0	2102.8	1655.2	1272.4	3822.0	5303.3	4658.8	4090.0	5945.0	6898.0	4663.3	589.3	642.5
	Operating/ Transport Subsidy	36.2	18.1	43.2	170.0	-	-	571.4	726.0	713.6	988.0	698.7	577.5	268.3	289.5	241.9	162.7
	Capital Subsidy	410.5	446.8	724.0	372.2	791.2	192.4	77.5	197.0	180.0	76.9	5.0	55.0	0.0	0.0	0.0	0.0
B.	Fund from PEs to HMG	1714.4	1930.1	2233.3	2148.3	4068.4	5002.3	3966.7	5330.4	4585.5	4913.3	6830.0	8523.2	8784.3	9159.8	6215.6	3488.2
	Indirect Taxes	1153.7	1158.4	1527.0	1130.4	1430.6	1870.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Income Tax	208.4	238.2	218.5	182.8	457.7	555.9	860.2	1144.5	1231.0	1317.8	1150.0	2190.2	2928.0	3500.0	1251.0	811.6
	Dividend	25.6	10.0	21.0	20.5	755.5	766.0	1063.0	1357.9	1134.2	1194.5	1780.0	2623.0	2336.3	2511.3	2500.0	1031.9
	Interest	163.9	138.2	205.6	531.7	689.0	1204.6	843.1	1734.0	1357.5	1153.0	1660.0	1568.0	1463.0	1220.3	924.6	549.5
	Principal	162.8	385.3	261.2	282.9	735.6	605.8	1200.4	1094.0	862.8	1248.0	2240.0	2142.0	2057.0	1928.2	1540.0	1095.2
C.	Cash Flow from Govt. to Corporation	-215.3	-184.5	1215.3	2639.4	-473.3	-2901.6	-1186.7	967.6	2479.6	2649.4	-616.3	-572.7	-529.2	-3171.0	-5065.1	-2291.0

* Estimate of First Eight Months

Source: Financial Comptroller General Office.

Note:

- 1 Bonds issued as share capital under the financial reform programme of commercial banks in fiscal year 1990/91 are not included.
- 2 External loan received by Udayapur Cement Factory and Nepal Electricity Authority is included in loan capital.
- 3 Budget Expenditure of Marshyandi Hydro Electricity Project capitalized Rs. 4,900 million in the fiscal year 1991/92 is not included in the cash flow.
- 4 Loan worth of Rs. 372.9 million converted into share capital and worth of Rs. 24.5 million capitalized after asset evaluation converted into share is not included in cash flow.
- 5 Reimbursement of external sources, grant and direct payment is also included in Loan investment.
- 6 External Sources, reimbursement grant and direct payment is also included in Share investment.

Table 9.9 : Performance of Public Enterprises

Rs in Million

	Gross Profit															
	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04*
Manufacturing	-58.0	-132.5	-170.8	81.0	-114.0	-113.9	-737.4	-537.4	-819.1	-679.2	-484.6	-409.0	-357.4	-353.5	-400.4	-367.1
Trading	-204.4	-497.6	-256.5	-1087.2	-306.6	-291.0	14.3	-673.0	-1563.9	-1383.3	265.2	689.4	86.5	-522.8	-2080.9	-208.3
Services	49.4	25.1	-181.1	58.5	5.0	375.7	-18.5	321.3	-27.5	-15.3	-90.3	26.9	-959.6	-272.7	200.8	-7.0
Social	1.5	-5.6	-3.7	11.3	-12.8	18.7	7.1	-12.2	22.4	-23.8	-26.2	-24.7	-21.1	-18.1	4.4	21.6
Public Utilities & Others	147.9	168.6	-865.3	-415.4	430.9	323.9	1990.2	1921.2	2027.5	2504.9	2555.7	3410.1	2166.6	2090.2	2662.1	2981.1
Financial	24.8	197.4	-394.3	206.3	144.0	760.3	709.9	357.8	836.5	914.3	683.5	-1288.3	-2268.2	-6398.4	-2000.4	1474.5
Total	-38.8	-244.6	-1871.7	-1145.5	146.4	1073.7	1965.6	1377.6	475.9	1317.6	2903.3	2404.4	-1353.2	-5475.3	-1614.4	3894.8

	Capital Employed															
	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04*
Manufacturing	2066.1	2885.2	2205.2	6813.3	2029.3	3856.8	7921.5	7591.6	7634.0	3753.5	6287.6	4858.6	4078.1	4035.6	3163.6	3406.8
Trading	-398.7	-486.7	177.6	500.0	-697.4	297.9	-232.0	1207.6	1509.6	1227.5	1107.4	952.4	1770.7	2482.4	4106.9	2830.5
Services	2892.7	3119.4	3647.5	3376.2	3605.5	8388.9	2539.8	2511.7	1417.9	1114.0	497.5	702.8	290.4	-522.7	-1364.7	-1697.4
Social	180.8	144.0	184.8	190.7	279.5	339.9	596.8	672.4	849.7	870.0	947.2	984.2	1066.2	1206.1	1742.5	1734.8
Public Utilities & Others	7699.9	7394.4	25997.0	27585.5	29387.2	39616.0	35035.7	34868.3	54370.0	62175.2	66545.5	72971.2	79027.8	84915.4	88210.9	96247.5
Financial	4677.4	5419.9	3631.1	12064.6	8878.8	11385.5	13383.0	15159.3	19976.7	12130.6	8300.4	2951.4	-3322.7	57971.4	1372.8	26033.6
Total	17118.2	18476.2	35843.2	50530.3	43482.9	63885.0	59244.8	62010.9	85757.9	81270.8	83685.6	83420.6	82910.5	150088.2	97232.0	128555.8

	Gross Profit as % of Capital Employed															
	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04*
Manufacturing	2.80	-4.59	-7.74	1.19	-5.62	-2.95	-9.31	-7.28	-10.73	-18.10	-7.71	-8.42	-8.76	-8.76	-12.66	-10.78
Trading	-	-	-144.41	-217.44	Negative	-97.70	-	-55.73	-103.60	-112.69	23.95	72.39	4.89	-21.06	-50.67	-7.36
Services	1.70	0.80	4.48	1.73	0.14	4.48	-0.73	12.79	-1.94	-1.37	-18.15	3.83	-330.44	52.17	-14.71	0.41
Social	.82	-3.89	-2.03	5.94	-4.57	5.50	1.19	1.82	2.64	-2.74	-2.77	-2.51	-1.98	-1.50	0.25	1.25
Public Utilities & Others	1.92	2.28	-3.32	-1.51	1.47	0.82	5.68	5.51	3.73	4.03	3.84	4.67	2.74	2.46	3.02	3.10
Financial	0.53	3.64	-10.85	1.71	1.62	6.68	5.30	2.36	4.19	7.54	8.23	-43.65	68.26	-11.04	-145.72	5.66
Total	-0.23	-1.38	-5.22	-2.27	0.34	1.68	3.32	2.22	0.55	1.62	3.47	2.88	-1.63	-3.65	-1.66	3.03

* Estimate

Source : Ministry of Finance

Table 9.10 : Status of the Industrial Districts
(Fiscal Year 2002/03)

S.N.	Name of Industrial Districts (ID)	Date of Establishment	Total Area in Ropani	Area of Land Development in Ropani	Area of Land Rented (%) of the Total Area (Ropani)	Total Investment of the ID (Rs. In Million)	Investment of the Industrialist (Rs. In Million)	No of Industries in Operation	Closed Industries	Industries Under Construction	Employment of ID Office	Employments of Industries	Total No of People Employed	No of Shade Constructed by the industrialists	No of Buildings Constructed by ID	No of Shades Rented to the industrialists
1	Cetral Office										41	-	41	-	-	-
2	Balaju Industrial Estate	2016	696	696	525	13.2	2000.0	65	13	14	39	3960	3999	73	49	49
3	Hetauda Industrial Estate	2020	2829	2729	1541	25.5	3214.7	44	5	5	43	4801	4844	378	15	15
4	Patan Industrial Estate	2020	293	293	218	14.3	408.1	86	19	1	22	1448	1470	154	49	49
5	Nepalgunj Industrial Estate	2030	233	233	167	9.6	125.0	21	4	4	15	619	634	30	20	20
6	Dharan Industrial Estate	2029	202	202	106	7.7	162.9	16	4	4	17	548	565	38	16	16
7	Pokhara Industrial Estate	2031	501	501	380	14.7	500.0	52	15	6	21	1380	1401	148	13	13
8	Butwal Industrial Estate	2032	434	434	338	11.0	987.3	43	10	3	16	1283	1299	87	8	8
9	Bhaktapur Industrial Estate	2035	71	71	58	13.5	246.2	24	1	4	15	610	625	44	12	12
10	Birendra Nagar Industrial Estate	2038	90	90	50	7.4	5.0	12	1	6	7	64	71	-	6	6
11	Dhankuta Industrial Estate	2041	63	-	-	5.6	-	-	-	-	1	-	1	-	-	-
12	Rajbiraj Industrial Estate	2044	294	196	20	35.5	25.0	4	4	-	12	14	26	-	10	10
	Total		5706	5445	3403	158.0	7584.2	367	76	47	249	14727	14976	952	198	198

Source : Industrial Estate Management Co.

Table 9.11 : Number of Tourist Arrival and Length of Stay

Year	Total Number +	Tourist Arrival by Air	Average of Stay (in days)	Annual Growth Rate (%)
1988 Dec.	265,943	234,945	12.00	7.20
1989 Dec.	239,945	207,907	12.00	-9.78
1990 Dec.	254,885	226,421	12.00	6.20
1991 Dec.	292,995	267,932	9.25	15.00
1992 Dec.	334,353	300,496	10.14	14.10
1993 Dec.	293,567	254,140	11.94	-12.20
1994 Dec.	326,531	289,381	10.00	11.20
1995 Dec.	363,395	325,035	11.27	11.28
1996 Dec.	393,613	343,246	13.50	8.30
1997 Dec.	421,857	371,145	10.50	7.20
1998 Dec.	463,684	398,008	10.80	9.90
1999 Dec	491,504	421,243	12.80	6.00
2000 Dec	463646	376914	11.88	-5.70
2001 Dec	361237	299514	11.93	-22.10
2002 Dec	275466	218660	7.92	-23.70
2003 Dec*	334610	265589	9.50	21.50

+ Including Indian Tourists

* Estimated

Source: Ministry of Culture, Tourism and Civil Aviation.

Table 9.12 : Number of Tourist by Purpose of Visit

In Nos.

Purpose of Visit Year (December)	Pleasure	Trekking & Mountai- neering	Business	Official	Pilgrimage	Meeting and Seminar	Other	Total
1988	200775 75.5	36937 13.9	12008 4.5	9781 3.7	- -	- -	6442 2.8	265943 100.0
1989	180973 75.4	40093 16.7	2630 1.1	12275 7.1	- -	- -	3974 1.7	239945 100.0
1990	168552.0 66.1	39999.0 15.7	11728.0 4.6	29416.0 11.6	- -	- -	5190.0 2.0	254885 100.0
1991	177370 60.5	42308 14.4	14601 5.0	37274 12.7	9103 3.1	5441 1.9	6898 2.4	292995 100.0
1992	237711 71.1	35166 10.5	31765 9.5	20967 6.3	7219 2.2	815 0.2	710 0.2	334353 100.0
1993	170279 58.0	69619 23.7	19495 6.6	15812 5.4	10429 3.6	5367 1.8	2566 0.9	293567 100.0
1994	168164 51.5	76856 23.5	23522 7.2	20431 6.3	5475 1.7	5361 1.6	26722 8.2	326531 100.0
1995	183470 50.5	84524 23.3	21829 6.0	20090 5.5	5257 1.4	5272 1.5	42953 11.8	363395 100.0
1996	209377 53.2	88945 22.6	25079 6.4	20191 5.1	4802 1.2	6054 1.5	39165 10.0	393613 100.0
1997	249360.0 59.1	91525 21.7	27409 6.5	24106 5.7	4068 1.0	5824 1.4	19565 4.6	421857 100.0
1998	261347 56.4	112644 24.3	24954 5.4	22123 4.8	16164 3.4	5181 1.1	21271 4.6	463684 100.0
1999	290862 59.2	107960 22.0	23813 4.8	24132 4.9	19198 3.9	5965 1.2	19574 4.0	491504 100.0
2000	255889 55.2	118780 25.6	29454 6.4	20832 4.5	15801 3.4	5599 1.2	17291 3.7	463646 100.0
2001	187022 51.80	100828 27.90	18528 5.10	18727 5.20	13816 3.80	- 0.00	22316 6.20	361237 100.00
2002	110143 40.00	59279 21.50	16690 6.20	17783 6.50	12366 4.50	- 0.00	58907 21.30	275468 100.00
2003*	133844 40.00	71941 21.50	20745 6.20	21749 6.50	15057 4.50	- 0.00	71274 21.30	334610 100.00

Notes: Numbers in bold represent Percentage of Total

* Estimated

Source: Ministry of Culture, Tourism and Civil Aviation.

Table 9.13 : Tourist Arrivals-By Major Regions

Year	North America	Central & South America	Western Europe	Eastern Europe	Africa	Asia			Australia & Pacific	Other	Total
						India	Other	Total+			
1988	30365 <i>11.4</i>	1888 <i>0.7</i>	99742 <i>37.5</i>	2563 <i>1.0</i>	604 <i>0.2</i>	-	-	114074 <i>42.9</i>	13592 <i>5.1</i>	3115 <i>1.2</i>	265943 <i>100</i>
1989	28045 <i>11.7</i>	1968 <i>0.8</i>	104695 <i>43.6</i>	3271 <i>1.4</i>	605 <i>0.3</i>	-	-	86372 <i>36</i>	13966 <i>5.8</i>	1023 <i>0.4</i>	239945 <i>100</i>
1990	26343 <i>10.3</i>	1872 <i>0.7</i>	110750 <i>43.5</i>	3275 <i>1.3</i>	611 <i>0.2</i>	-	-	98320 <i>38.6</i>	13108 <i>5.2</i>	606 <i>0.2</i>	254885 <i>100</i>
1991	24027 <i>8.2</i>	2202 <i>0.7</i>	110425 <i>37.7</i>	3126 <i>1.1</i>	956 <i>0.3</i>	-	-	140025 <i>47.8</i>	10476 <i>3.6</i>	1758 <i>0.6</i>	292995 <i>100</i>
1992	27356 <i>8.2</i>	2727 <i>0.8</i>	132555 <i>39.6</i>	2553 <i>0.8</i>	1263 <i>0.4</i>	106574 <i>31.9</i>	49738 <i>14.9</i>	156312 <i>46.8</i>	10893 <i>3.2</i>	694 <i>0.2</i>	334353 <i>100</i>
1993	25283 <i>8.6</i>	2612 <i>0.9</i>	122064 <i>41.6</i>	3016 <i>1.0</i>	985 <i>0.3</i>	83362 <i>28.4</i>	45450 <i>15.5</i>	128812 <i>43.9</i>	9806 <i>3.4</i>	989 <i>0.3</i>	293567 <i>100</i>
1994	26078 <i>8.0</i>	3083 <i>1.0</i>	132518 <i>40.6</i>	2664 <i>0.8</i>	915 <i>0.3</i>	102540 <i>31.4</i>	48442 <i>14.8</i>	150982 <i>46.2</i>	9905 <i>3.0</i>	386 <i>0.1</i>	326531 <i>100.0</i>
1995	29702 <i>8.2</i>	3049 <i>0.8</i>	133809 <i>36.8</i>	3860 <i>1.1</i>	1073 <i>0.3</i>	117260 <i>32.3</i>	63117 <i>17.4</i>	180377 <i>49.6</i>	11499 <i>3.2</i>	26 <i>0.0</i>	363395 <i>100.0</i>
1996	30635 <i>7.8</i>	4230 <i>1.1</i>	132787 <i>33.7</i>	6114 <i>1.5</i>	1775 <i>0.5</i>	122512 <i>31.1</i>	83297 <i>21.2</i>	205809 <i>52.3</i>	12233 <i>3.1</i>	30 <i>0.0</i>	393613 <i>100.0</i>
1997	36301 <i>8.6</i>	4554 <i>1.1</i>	137028 <i>32.5</i>	6416 <i>1.5</i>	1645 <i>0.4</i>	133438 <i>31.6</i>	89411 <i>21.2</i>	222849 <i>52.8</i>	13047 <i>3.1</i>	17 <i>0.0</i>	421857 <i>100.0</i>
1998	43038 <i>9.3</i>	5937 <i>1.3</i>	151070 <i>32.6</i>	6741 <i>1.4</i>	1795 <i>0.4</i>	143229 <i>30.9</i>	97231 <i>21.0</i>	240460 <i>51.9</i>	14635 <i>3.1</i>	8.0 <i>0.0</i>	463684 <i>100.0</i>
1999	46910 <i>9.5</i>	6096 <i>1.2</i>	164913 <i>33.6</i>	6723 <i>1.4</i>	1857 <i>0.4</i>	140661 <i>28.6</i>	109132 <i>22.2</i>	249793 <i>50.8</i>	15207 <i>3.1</i>	5.0 <i>0.0</i>	491504 <i>100.0</i>
2000	49032 <i>10.6</i>	6076 <i>1.3</i>	159325 <i>34.4</i>	6992 <i>1.5</i>	2040 <i>0.4</i>	95915 <i>20.7</i>	128617 <i>27.7</i>	224532 <i>48.4</i>	15641 <i>3.4</i>	8.0 <i>0.0</i>	463646 <i>100.0</i>
2001	39120 <i>10.8</i>	4634 <i>1.3</i>	131661 <i>36.4</i>	6201 <i>1.7</i>	1596 <i>0.4</i>	64320 <i>17.8</i>	100669 <i>27.9</i>	164989 <i>45.7</i>	13036 <i>3.6</i>	- <i>0.0</i>	361237 <i>100.0</i>
2002	21265 <i>7.7</i>	2791 <i>1.0</i>	87912 <i>31.9</i>	5276 <i>1.9</i>	1132 <i>0.4</i>	66777 <i>24.3</i>	81893 <i>29.7</i>	148670 <i>54.0</i>	8420 <i>3.1</i>	- <i>0.0</i>	275468 <i>100.0</i>
2003*	25764 <i>7.7</i>	3346 <i>1.0</i>	106740 <i>31.9</i>	6357 <i>1.9</i>	1338 <i>0.4</i>	81310 <i>24.3</i>	99379 <i>29.7</i>	180689 <i>54.0</i>	10376 <i>3.1</i>	- <i>0.0</i>	334610 <i>100.0</i>

* Estimated

+Indian Tourists are included till 1991

Notes: Figures in bold shows percentage of total

Source: Ministry of Culture, Tourism and Civil Aviation.

Table 9.14: Foreign Exchange Earnings from Tourism

Rs. in million

Year	Total Foreign Exchange Earnings From Tourism	As % of Total Value of Merchandise Exports	As % of Total Value of Exports of Goods & Non-Factor Services	As % of Total Foreign Exchange Earnings	As % of GDP
1	2	3	4	5	6
1988/89	2735.3	65.0	28.2	24.5	3.3
1989/90	3121.2	59.5	28.5	23.3	3.2
1990/91	3587.6	47.1	23.5	21.8	3.2
1991/92	5016.9	35.9	19.5	20.0	3.6
1992/93	5966.0	34.5	26.7	17.6	3.7
1993/94	8251.7	42.7	22.4	18.9	4.1
1994/95	8973.2	50.8	21.8	17.3	4.1
1995/96	9521.2	47.9	23.3	21.4	3.8
1996/97	8523.0	37.6	13.7	17.6	3.0
1997/98	9881.6	35.9	17.4	15.2	3.3
1998/99	12167.8	34.1	18.5	15.9	3.6
1999/00	12073.9	24.2	13.0	8.8	3.2
2000/01	11717.0	21.0	12.0	7.4	2.9
2001/02	8654.3	14.9	10.6	6.1	2.1
2002/03	11747.7	23.1	15.2	8.2	2.6
2003/04*	7166.1	27.3	18.0	9.1	1.5

* First Six months

Source : Nepal Rastra Bank

Table 9.15: Number of Hotels and Hotel Beds

Year	Star Hotel		Non-Star Hotel		Total	
	Number	Beds	Number	Beds	Number	Beds
1988	43	4412	77	3599	120	8011
1989	54	4880	105	4528	159	9408
1990	57	5502	111	4742	168	10244
1991	61	5809	131	5398	192	11207
1992	64	5969	139	5803	203	11772
1993	64	5969	150	6578	214	12547
1994	72	6502	322	11228	394	17730
1995	72	6502	448	15305	520	21807
1996	79	7050	553	18588	632	25638
1997	86	7779	620	19833	706	27612
1998	89	7842	650	21036	739	28878
1999	87	8656	698	23558	785	32214
2000	94	9320	754	25638	848	34958
2001	97	9430	791	26733	888	36163
2002	104	10289	839	27327	943	37616
2003*	108	10535	858	27735	966	38270

* Estimated

Source: Ministry of Culture, Tourism and Civil Aviation.

Table 9.16: Mountaineering Expedition Teams

/1/

Year	Season	Number of Teams	Number of Mountaineers	Number of Employment	Royalty (Rs.in Thousand)	Expenditure of the team (Rs.in Thoudand)
1989	Spring	48	426	5625	2816	25224
	Autumn	60	496	4652	3537	31109
	Winter	17	131	707	869	7643
	Total	125	1053	10984	7222	63976
1990	Spring	29	249	3530	1759	16255
	Autumn	80	650	8009	4881	48678
	Winter	11	67	640	626	3435
	Total	120	966	12179	7266	68368
1991	Spring	37	308	2686	2878	65879
	Autumn	82	628	5230	4956	71448
	Winter	11	102	1238	1095	19036
	Total	130	1038	9154	8929	156363
1992	Spring	34	300	4244	11721	35181
	Autumn	69	565	3732	16529	53617
	Winter	10	64	275	2101	12557
	Total	113	929	8251	30351	101355
1993	Spring	29	271	2460	11640	53845
	Autumn	56	400	2578	22573	44593
	Winter	9	54	358	4496	4631
	Spring	1	5	27	392	735
	Total	95	730	5423	39101	103804
1994	Spring	19	121	896	18372	41140
	Autumn	77	523	3915	24326	63911
	Winter	1	7	81	393	1725
	Spring	8	45	347	1407	6725
	Total	105	696	5239	44498	113501

Table 9.16: Mountaineering Expedition Teams

/2/

Year	Season	Number of Teams	Number of Mountaineers	Number of Employment	Royalty (Rs. in Thousand)	Expenditure of the team (Rs. in Thousand)
1995	Spring	22	194	1623	20428	36317
	Autumn	66	411	3459	15766	77633
	Winter	3	19	113	1113	2650
	Total	91	624	5195	37307	116600
1996	Spring	39	272	1710	61121	111442
	Autumn	84	536	3106	38885	111012
	Winter	5	40	96	1649	3819
	Summer	1	3	13	223	1140
	Total	129	851	4925	101878	227413
1997	Spring	49	375	3813	67287	202088
	Autumn	62	421	2985	37196	84838
	Winter	9	65	205	3754	8075
	Total	120	861	7003	108237	295001
1998	Spring	48	332	2615	61272	140229
	Autumn	90	623	4169	33261	237602
	Winter	3	19	158	946	4610
	Total	141	974	6942	95479	382441
1999	Spring	35	242	4055	55667	154615
	Autumn	69	522	4948	26469	151507
	Winter	8	51	432	2736	31947
	Summer	3	42	255	117	6555
	Total	115	857	9690	84989	344624
2000	Spring	62	415	8750	82035	253593
	Autumn	63	298	2573	35866	233850
	Winter	4	38	206	1665	1695
	Summer	3	22	58	327	9375
	Total	132	773	11587	119893	498513
2001	Spring	50	387	4011	107609	427559
	Autumn	55	397	1705	17883	105514
	Winter	7	52	487	1902	18960
	Summer	-	-	-	-	-
	Total	112	836	6203	127394	552033
2002	The seasonal permit has been canceled from this year	134	913	9928	128185	600000
	Total	134	913	9928	128185	600000
2003*	Jan-Jun	76	590	10080	159347	390000
	July-Dec	76	490	4758	22013	240000
	Total	152	1080	14838	181360	630000

* Estimated

Source: Ministry of Culture, Tourism and Civil Aviation

Table 9.17: Manpower Trained by Nepal Academy of Tourism and Hotel Management

S. No.	Types of Courses	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04*	Gross Total
1	Food Preparation and Control	16	36	42	50	50	68	52	45	101	74	94	48	32	-	88	-	796
2	Food & Beverage Services	51	32	47	64	139	82	70	79	114	102	71	49	32	-	32	19	983
3	House Keeping	35	35	45	46	44	69	49	41	72	48	39	30	31	28	45	17	674
4	Front Office	42	25	42	53	48	72	47	58	179	57	31	33	31	24	-	22	764
5	Bakery	17	20	-	-	-	-	-	-	-	-	17	17	-	-	-	33	104
6	Indian Sweets	11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11
7	Hotel Maintainance Training	-	13	139	-	25	18	-	-	10	13	12	13	-	-	-	-	243
8	Hotel Accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
9	Toursist Guide	44	74	62	31	74	35	70	91	93	371	67	106	76	70	69	66	1399
10	Local Guide for Various area	-	-	-	-	-	-	-	-	83	29	-	-	75	-	-	62	249
11	Accommodation Operation	-	-	-	-	-	-	-	-	-	18	13	-	-	-	-	-	31
12	Travel Agency and Ticketing	63	49	-	-	16	29	-	66	59	50	35	33	22	34	-	-	456
13	Cook and waiter for Trekkers	68	40	19	21	30	24	12	-	-	44	16	-	-	30	-	-	304
14	Trekking Guide	62	61	51	67	343	55	117	234	189	210	219	239	370	390	297	405	3309
15	Trekking and Tourist guide leader	-	-	30	-	-	-	-	-	-	-	-	-	-	-	-	-	30
16	Rafting guide	-	-	-	24	24	23	35	66	-	34	37	-	21	-	51	-	315
17	Seminar for Trainers	-	-	-	-	-	-	42	-	-	-	-	-	-	-	21	-	63
18	High Level Training	-	-	-	-	-	-	-	-	-	23	-	-	-	-	-	-	23
19	Public Relation Training	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
20	Spirit of Hospitality Courses	14	-	-	14	-	22	14	-	41	-	-	-	-	-	-	-	105
21	Tourism Service Training for First and Second class non gazetted officer	12	-	-	-	-	-	-	75	240	-	126	93	-	194	-	13	753
22	Mobile Team training	583	40	207	199	231	170	208	414	237	258	183	476	401	228	149	157	4141
23	International Fret Forwarding (Cargo)	-	-	-	-	-	-	-	-	36	-	27	30	-	-	-	275	368
24	Tourist Guide Reference Course	-	-	-	-	-	-	-	35	41	-	-	-	-	-	-	-	76
25	Skill Test Program	-	-	-	-	-	-	-	-	-	274	84	-	-	-	-	-	358
26	Bachlor in Hotel Management	-	-	-	-	-	-	-	-	-	-	-	30	36	35	35	40	176
27	Bachlor in Travel & Tourism Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25	25
	Total	1018	425	684	569	1024	667	716	1204	1495	1605	1071	1197	1127	1033	787	1134	15756

* First Eight Months.

Source: Nepal Academy of Tourism and Hotel Management.

Table 10.1 : Structure of Energy Consumption

Thousand Tonne of

Energy Sources	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
Traditional	5347	5460	5576	5691	5811	5933	6059	6185	6268	6403	6540	6681	6824	6996	7200
Fuelwood	4777	4877	4980	5084	5191	5300	5412	5525	5574	5694	5816	5941	6068	6217	6400
Agri. Waste	214	219	224	228	233	238	243	248	273	279	285	292	299	308	315
Animal Dung	356	364	372	379	387	395	404	412	421	430	439	448	457	471	480
Commercial	282	236	349	419	430	483	582	651	691	769	811	1044	1095	1169	1160
Coal	43	7	42	58	26	32	67	72	60	61	61	236	253	290	100
Petroleum	199	185	257	306	348	391	449	507	554	625	661	709	734	758	700
Electricity	40	44	50	55	56	60	66	72	77	83	89	99	108	121	100
Others	3	4	4	5	6	6	8	11	15	21	25	29	34	39	30
Total	5632	5700	5929	6115	6247	6422	6649	6847	6974	7193	7376	7754	7953	8165	8200

*Provisional

Note:-

1. Since the fiscal year 1993/94 structure of energy consumption is presented in Tonne of Oil Equivalent (TOE) instead of Tonne of Coal Equivalent (TCE). The basis of conversion is taken as 1 TOE equivalent to 1.454288 TCE.
2. As data have been adjusted in accordance with the survey recently conducted by Water and Energy Commission it may not verify with the earlier statistics.

Source: Water & Energy Commission

Table 10.2 : Sources and Uses of Electricity

In Million KWH

Fiscal Year	Household	Industrial	Commercial	Export	Other	Total	Power Loss	Production & Import	Peak Load MW	Import	Export
1988/89	193.3	175.3	30.8	17.6	79.2	496.2	176.2	672.4	150	113.9	17.6
1989/90	231.4	178.3	33.7	23.3	81.4	548.1	225.8	773.9	176	60.7	23.3
1990/91	261.4	206.9	36.6	80.6	83.8	669.3	236.9	906.2	201	33.7	80.6
1991/92	275.2	246.4	45.2	85.4	85.1	737.3	243.7	981.0	216	54.9	85.4
1992/93	259.8	273.8	47.6	46.1	82.1	709.4	253.9	963.3	214	82.2	46.1
1993/94	275.1	304.0	49.0	50.5	105.3	783.9	247.0	1030.9	231	102.8	50.5
1994/95	301.6	328.3	58.6	39.5	111.3	839.3	278.2	1117.5	244	113.8	39.5
1995/96	328.7	358.7	62.9	87.0	99.4	936.7	325.2	1261.9	275	73.0	87.0
1996/97	355.1	376.7	67.6	100.2	128.2	1027.8	340.8	1368.6	300	154.0	100.2
1997/98	378.8	413.7	71.5	67.4	120.0	1051.4	321.8	1373.2	317	210.3	67.4
1998/99	410.6	441.0	77.3	64.2	120.5	1113.6	361.4	1475.0	326	232.4	60.0
1999/00	467.1	508.4	81.8	95.0	117.1	1269.4	380.8	1701.5	352	232.2	95.0
2000/01	518.4	520.6	94.1	126.0	148.0	1407.1	461.3	1868.4	391	226.5	126.0
2001/02	557.9	596.7	90.4	133.9	161.1	1540.0	526.3	2066.3	426	238.2	133.9
2002/03*	615.3	626.1	104.3	186.3	176.5	1708.5	552.6	2261.1	470.3	149.9	186.3
2003/04**	689.4	677.9	110.0	245.3	184.0	1906.6	1079.8	2986.4	515.2	106.0	245.3

* Revised

** Estimate

Source: Nepal Electricity Authority

Table 10.3 : Consumption of Petroleum Products

Quantity in Kilotitre

Description	1987/88	1988/89	1989/90	1990/91*	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	First Eight Months	
																	2002/03	2003/04
Petrol	15609	17340	14708	17241	26780	29910	31056	34942	41191	44889	46939	49994	55589	59245	63271	67457	43731	44030
High speed Diesel	73321	75356	103273	106438	166552	179900	196047	227226	250504	257235	300604	315780	310561	326060	286233	299973	186469	180348
Kerosene Oil	51835	63246	95672	75939	122458	149237	162077	180536	208720	243005	282026	294982	331120	316381	386593	348683	245340	206391
Light diesel Oil	5719	6074	-	2476	2542	1530	-	4191	4375	2017	967	547	4005	3418	2413	610	208	556
Furnace Oil	7435	6836	-	6209	11062	20222	27319	31567	18449	16858	27776	33860	26876	20999	18255	14502	10400	6405
Aircraft Turbine Oil	19698	16244	9327	16541	24836	29210	30250	37536	40621	47688	51412	55549	56849	63130	47453	52839	32916	42308
Mineral Turpentine Oil	-	-	-	-	-	-	-	-	-	-	-	-	-	-	120	-	-	-
L.P. Gas	422	443	-	253	312	386	-	-	-	-	-	-	-	40102	48757	56079	37012	43871
Total	174,039	190,873	222,980	225,097	363,935	410,395	446,749	516,331	563,860	611,692	709,724	750,712	785,000	829,335	853,095	840,143	556,076	523,909
Value (Rs. in Million)	972.30	840.80	2178.20	3025.6	4411.20	4108.60	4971.30	534.64	632.47	744.87	1032.41	1113.61	1461.74	1868.57	1811.75	1933.00	1288.66	1556.00
Import of Petroleum products/commodity export (%)**	23.6	26.6	42.2	40.9	32.2	23.8	25.8	30.30	31.80	32.90	37.60	31.21	29.30	33.60	-	-	-	-

+ Provisional

** As export data are provisional, it may not verify with earlier data.

Source: Nepal Oil Corporation

Table 11.1 : Extension of Road Facilities

In Kilometre

Fiscal Year	Black-Topped	Gravelled	Fair Weathered	Total
1988/89	2837	1477	2297	6611
1989/90	2899	1621	2516	7036
1990/91	3083	2181	3064	8328
1991/92	3164	2243	3444	8851
1992/93	3227	2333	3733	9293
1993/94	3398	2356	3910	9664
1994/95	3533	2662	4529	10724
1995/96	3609	2867	4761	11237
1996/97	3655	3011	5048	11714
1997/98	4080	3489	5654	13223
1998/99	4148	3710	5851	13709
1999/2000**	4,522	3,646	7,140	15,308
2000/2001+	4,566	3,786	7,350	15,702
2001/2002**	4,617	3,958	7,330	15,905
2002/2003	4,647	4,034	7,337	16,018
2003/2004*	4,658	4,037	7,347	16,042

+ Data of Department of Road Only.

* First Eight Months

** NRS 2000

Source : Department of Road.

Table: 11.2 : Number of Vehicles Registered

Table 11.1 : Extension of Road Facilities

In Numbers

Type	Registration of new vehicles															
	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04*
Bus/Minibus	885	723	822	571	791	1245	933	513	756	1029	891	616	1453	1343	721	739
Truck/Tanker	449	240	772	1524	1491	1751	1629	3269	979	1324	1013	829	1271	1798	1212	986
Jeep/Car	1933	1831	2885	2115	2266	3049	3043	5278	2976	4139	2507	3647	5152	4374	2906	4592

*First Eight Months

Source : Department of Transport Management.

Table 11.3 : Extension of Transport Facilities and Goods Transported

Table 11.1 : Extension of Road Facilities

	Unit	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04*
1. Airways +																	
Fiscal Year	Th.	296	291	308	309	348	767	1182	1208	1318	1383	1328	1771	871	863	1209	739
b) Passenger in External Flight	Th.	300	317	326	339	805	934	844	941	958	1331	1051	1254	1079	1016	888	556
c) Cargo in Domestic Flight	M. Ton	791	853	743	887	455	1093	4006	11849	10539	10596	8500	10871	1629	2172	5067	2780
d) Cargo in External Flight	M. Ton	6598	6308	4111	4585	15303	18553	14060	14592	15202	16683	14230	18621	16108	15140	14311	8292
2. Railways																	
a) Available Facilities	KM	51	51	51	51	51	51	51	51	51	51	51	51	-	-	-	-
b) Number of Passenger	Th	1387.4	1760	1100	884	755	653	1118	1245	1416	1731	1533	981	-	-	-	-
c) Goods Transported	Th Ton.	17.6	22	15	14	11	9	7	8	7.3	8.0	7.5	9.5	-	-	-	-
3. Ropeways																	
a) Available Facilities	KM	42	42	42	42	42	42	42	42	42	42	42	42	-	-	-	-
b) Goods Transported	Th. Ton	21	28.1	11.5	11.7	7.5	12	11	7.5	33.5	13.2	-	-	-	-	-	-
4. Trolley Bus																	
a) Available Facilities	KM	13	13	13	13	13	13	13	13	13	13	13	13	-	-	-	-
b) Number of Passenger	Th.	5434	5435	5300	5032	4094	4560	4353	4182	3700	3332	3558	2116	-	-	-	-
5. Roads																	
a) Available Facilities	KM	6611	7036	8328	8851	9293	9664	10724	11237	11714	13223	13709	15308	15702	15985	16018	16042

* First Eight Months .

Note: Private airlines services have been included since FY 1992/93.

The data of district airports have been included since FY 1994/95.

Source: Department of Roads, Nepal Transport Corp. and Civil Aviation Authority of Nepal.

+ for the FY 2002/03 data refers to July to June and for the FY 2003/04 in refers for the first six months.

Table 11.4 : Extension of Telephone Facilities

Table 11.1 : Extension of Road Facilities

	Title	Mid December							Mid July							Mid-March		
		1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
	I. Number of Towns	30	34	38	38	41	42	43	47	51	58	58	58	58	58	58	58	58
	II. Telephone Line Distribution	38295	45457	57320	65298	68886	72033	77317	82774	112645	153782	181302	221863	255777	288036	327673	371816	394642
1	Automatic																	
	I. Number of Towns	2	2	2	2	2	2	2	2	1	1	-	-	-	-	-	-	-
	II. Telephone Line Distribution	6590	5761	5209	6108	6188	7072	7143	6974	2930	1550	-	-	-	-	-	-	-
2	C.B.																	
	I. Number of Towns	9	9	6	7	4	4	4	4	2	-	-	-	-	-	-	-	-
	II. Telephone Line Distribution	1550	1352	814	1135	559	645	653	666	374	-	-	-	-	-	-	-	-
3	Digital Automatic																	
	I. Number of Towns	17	23	30	32	37	42	45	43	49	58	58	58	58	58	58	58	58
	II. Telephone Line Distribution	30115	38344	51297	63404	62139	64316	69521	75114	109341	152232	181302	221863	255777	288036	327673	371816	394642
4	Magneto																	
	I. Number of Towns	2516	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	II. Telephone Line Distribution	40	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Source : Nepal Telecommunication Corporation

**Table 12.1 : Number of Primary, Lower Secondary,
Secondary Schools and Students**

Students Nos. in Thousand

Year	Primary		Lower Secondary		Secondary	
	School	Student	School	Student	School	Student
1988 Sept.	13488	2110	3857	305	1638	307
1989 Sept.	15834	2526	3941	325	1791	339
1990 May	17842	2789	3964	344	1953	365
1991 May	18694	2884	4045	378	2079	395
1992 May	19498	3035	4230	433	2309	422
1993 May	20217	3092	4376	637	2242	273
1994 May	21102	3191	4739	670	2482	274
1995 May	21473	3263	5041	726	2654	290
1996 May	22218	3448	5506	791	2903	330
1997 May	23284	2110	6062	829	3322	359
1998 July	23885	3587	6617	842	3624	375
1999 Oct.	25522	3780	7276	916	4082	385
2000 Oct.	25927	3623	7289	957	4350	373
2001 Oct	24915	3792	7331	1058	4111	449
2002 Oct	26638	3928	7917	1133	4541	458
2003 Oct*	26823	3974	7954	1189	4569	496

* Estimated

Note : Since 1993 grade 8 is included in Lower Secondary Level. Due to change in academic year in 1998/99 data collection months has been different.

Source: Ministry of Education & Sports.

Table 12.2: Number of Primary, Lower Secondary and Secondary School Teachers

In Number

Year	Primary		Lower Secondary		Secondary		Grant Total	
	Total	Trained	Total	Trained	Total	Trained	Total	Trained
1988 Sept	57204	20109	11989	4253	9143	4393	78336	28755
1989 May	63945	25304	12245	4571	10207	5056	86397	34931
1990 May	71213	26775	12399	4298	10421	4771	94033	35844
1991 May	74495	31906	13005	4428	11627	5120	99127	41454
1992 May	77948	36359	13225	4490	12132	5339	103305	46188
1993 May	79590	38536	13647	4623	12656	5512	105893	48671
1994 May	81544	33536	15358	4820	13820	5865	110722	44221
1995 May	82645	35057	16821	5438	14585	6491	114051	46986
1996 May	89378	38980	19704	6204	16423	7328	125505	52512
1997 May	91464	42039	20641	6411	16494	7743	128599	56193
1998 July	91878	42683	22095	7246	16677	8220	130650	58149
1999 Oct	99382	44221	24696	8062	19185	9711	143263	61994
2000 Oct	97879	50697	25375	10228	19498	11012	142752	71977
2001 Oct	96556	11300	26661	5771	18830	7597	142047	24668
2002 Oct*	110173	17606	28058	7264	22753	8571	160984	33441
2003 Oct*	111027	20247	28571	7627	23029	9428	162627	37302

* Estimated

Note : Due to change in academic year 1998/99 data collection month has been different.

Source: Ministry of Education & Sports.

**Table 12.3: Sectoral Distribution of Schools, Students
and Teachers Under Public and Private Sector
(Academic Year 2003/04)***

	Primary (1-5)			Lower Secondary (6-8)			Secondary (9-10)		
	School	Student	Teacher	School	Student	Teacher	School	Student	Teacher
NEPAL	26823	3974000	111027	7955	1188000	28571	4570	496000	23028
PUBLIC	22418	3390000	81707	6182	869000	17897	3453	354000	13564
COMMUNITY	2057	231000	6685	618	154000	2599	254	61000	1315
PRIVATE	2348	353000	22635	1155	165000	8075	863	81000	8149
Eastern Region	5956	922000	23991	1765	296000	5791	1000	136000	4453
a. Public	5196	811000	19284	1409	212000	4202	739	93000	3091
b. community	269	39000	706	119	58000	376	63	27000	209
c. Private	491	72000	4001	237	26000	1213	198	16000	1153
Central Region	7978	1207000	35103	2703	363000	11072	1709	162000	9793
a. Public	6657	1010000	23849	2110	247000	6150	1287	107000	4716
b. community	291	27000	955	44	17000	399	23	9000	231
c. Private	1030	170000	10299	549	99000	4523	399	46000	4846
Western Region	6215	886000	28884	1713	293000	6628	1039	122000	5515
a. Public	5328	760000	20561	1375	230000	4306	808	95000	3368
b. community	385	48000	2405	89	34000	700	35	13000	502
c. Private	502	78000	5918	249	29000	1622	196	14000	1645
Mid-Western Region	3860	559000	13184	928	132000	2847	450	42000	1890
a. Public	3039	455000	10530	648	101000	1837	332	34000	1437
b. community	692	92000	1526	235	28000	595	84	7000	206
c. Private	129	12000	1128	45	3000	415	34	1000	247
Far-Western Region	2815	401000	9866	845	105000	2232	371	33000	1379
a. Public	2199	356000	7483	640	80000	1402	287	26000	952
b. community	420	24000	1093	130	18000	528	49	4000	168
c. Private	196	21000	1290	75	7000	302	35	3000	259

* Estimated

Source: Ministry of Education & Sports.

Table 12.4: Number of Students Enrolled in Higher Level of Education

Educational Institute	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/2001	2001/2002	2002/2003	2003/04*
A. Tribhuvan University																
a. Technical Education	14568	15509	16939	18873	18472	19932	16936	15116	16230	14275	18767	17615	19058	19264	18413	18741
1. Engineering	1952	1831	2039	2268	2080	2029	+2112	++1974	++1998	++1784	++2645	++3150	++3612	++4077	++4291	4094
2. Agriculture & Animal Science	1252	1318	684	721	674	675	565	520	602	598	696	742	745	720	564	570
3. Medicine	1658	+1540	+1943	+1863	+1655	+1238	+1371	++1228	++1565	++1212	++1371	++1453	++1605	++1747	++1667	1685
4. Forestry	587	577	561	454	563	541	483	404	410	353	435	396	405	360	358	441
5. Science & Technology	+9119	+10243	+11712	+13567	13500	15449	+12405	++10990	++11655	++10328	++13620	++11874	++12691	++12360	++11553	11951
b. General Education	80094	86621	106523	135853	128989	119120	113163	84243	88396	82905	104466	109740	128254	123660	121999	100398
6. Law	+7006	+7109	+7539	+10268	9882+	7961	+8293	++4826	3877	4417	++4745	++4036	++3843	++2024	++1390	898
7. Management	+28736	+28061	+36468	+46335	42327+	40816	+42353	++28979	++31534	++28133	++36037	++36167	++39374	++37490	++37210	31341
8. Education	6032	6372	+8677	+10730	11396	16664	+15330	++11623	++10984	++10840	++14980	++17452	++21891	++22823	++22384	18814
9. Humanities & Social Science	+38320	+45149	+53839	+68520	65384	53679	+47187	++38815	++42001	++39515	++48704	++52085	++63156	++61322	++61015	49345
10. Sanskrit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	94662	102130	123462	154726	147461	139052	130099	99359	104626	97180	123233	127355	147322	142924	140412	119149
B. Mahendra Sanskrit University	-	-	-	923	913	864	851	833	1017	1100	2311	2952	3616	3252	3001	3610
C. Kathmandu University																
1. School of Science	-	-	-	-	-	-	453	636	865	1372	665	828	711*	843*	715*	786
2. School of Engineering	-	-	-	-	-	-	76	180	252	388	442	428	515*	505*	468*	521
3. School of Management	-	-	-	-	-	-	71	71	71	96	138	248	127*	177*	120*	120
4. School of Education	-	-	-	-	-	-	24	13	24	156	81	30	35*	63*	100*	128
5. School of Arts	-	-	-	-	-	-	-	-	32	67	87	110	16*	16*	42*	98
6. School of Medical Science	-	-	-	-	-	-	-	-	-	-	1222	1730	93*	179*	287*	586
Total	-	-	-	-	-	-	624	900	1244	2079	2635	3374	1497*	1783	1732	2239
D. Eastern University																
1. Humanities	-	-	-	-	-	-	-	-	-	-	26	159	239	433	564	-
2. Management	-	-	-	-	-	-	-	-	-	31	38	88	229	315	838	-
3. Education	-	-	-	-	-	-	-	-	-	-	-	111	265	278	543	-
4. Science & Technology	-	-	-	-	-	-	-	-	-	-	-	103	461	705	1180	-
5. Law	-	-	-	-	-	-	-	-	-	-	-	-	11	60	119	-
6. Agriculture	-	-	-	-	-	-	-	-	-	-	-	-	28	-	-	-
7. Engineering	-	-	-	-	-	-	-	-	-	-	-	-	96	-	-	-
Total	-	-	-	-	-	-	-	-	-	31	64	461	1329	1791	3244	6388
E. Pokhara University																
1. Science & Technology	-	-	-	-	-	-	-	-	-	-	71	66	137	202	334	362
2. Management	-	-	-	-	-	-	-	-	-	-	-	220	733	1256	1751	2064
3. Engineering	-	-	-	-	-	-	-	-	-	-	-	409	762	1438	1973	2119
4. Humanities & Social Science	-	-	-	-	-	-	-	-	-	-	-	-	36	45	75	69
Total	-	-	-	-	-	-	-	-	-	-	71	695	1668	2941	4133	4614
Grand Total (A+B+C+D+E)	94662	102130	123462	155649	148374	139916	131574	101092	106887	100390	128320	134837	155432	152691	129785	136000

* Estimated, Private Campus are not included

+ Private Campus are included

++ Private Campus are not Included

Note:-Includes Students enrolled in Private Campuses under Science and Technology Faculty of T.U. since 1986/87.

Source : Tribhuvan University, Mahendra Sanskrit University, Kathmandu University, Eastern University & Pokhara University.

Table 12.5 : Extension of Health Services

In Number

Description	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04*
1. Extension of Services	1088	1096	1098	1312	1833	2441	3097	3722	4340	4377	4406	4421	4418	4429	4408	4401
a. Hospitals	101	111	111	113	114	114	82	82	82	82	83	83	83	83	83	83
b. Health Centres	16	16	18	18	18	18	17	17	17	17	13	13	10	10	10	10
c. Health Posts	816	816	816	816	816	801	775	775	754	736	723	711	700	700	700	700
d. Ayurvedic Services Centre ++	155	153	153	165	165	168	167	172	200	230	260	275	275	286	287	287
e. Sub-Health Posts	-	-	-	200	700	1300	1997	2597	3187	3192	3187	3179	3170	3170	3148	3141
f. Primary Health Centre	-	-	-	-	20	40	59	79	100	120	140	160	180	180	180	180
2. Hospital Beds	4329	4572	4570	4798	4848	4848	3604	3604	3904	4189	4955	5190	5250	5250	5250	5250
3. Skilled Manpower	22771	27948	30195	32815	32798	33441	27960	30520	73572	77107	78371	81381	81351	84087	86162	89311
a. Doctors	951	951	1196	1497	1497	917+	952+	872+	894+	894+	923+	1259+	1259	1259+	1259+	1259
b. Nurses	2980	2980	2986	2986	2999	2980	4606	4606	4706	3588	3925	4655	4655	7315	9146	10099
c. Kaviraj (Ayurvedic Physician)+++	198	240	240	270	240	193	249	249	290	290	201	211	211	203	387	387
d. Vaidya (Ayurvedic Physician)	119	130	130	144	144	168	197	197	219	219	195	210	210	294	354	354
e. Health Assistants	1186	1186	1186	3461	3461	1168	4492	5092	5152	5192	5295	5295	5295	5295	5295	7491
f. Health Workers (M. C. H. W.)	14337	19461	20442	20442	20442	24000	2400	2400	3187	3190	3190	3190	3190	3190	3190	3190
g. Village Level Health Workers	3000	3000	4015	4015	4015	4015	4015	4015	4015	4015	4015	4015	3985	3985	3985	3985
h. Other Members (Trained Sudeni, Women Health Volunteers)	-	-	-	-	-	-	11049	13089	55109	59719	60627	62546	62546	62546	62546	62546

* First Eight Months

Data after F.Y.1994/95 are only of Governmental Sector.

+ HMG Employed Only. In FY 99/00 and FY 00/01 doctors of Teaching Hospital have not included.

++ Zonal Ayurvedic Service Centre and Distric Ayurvedic Health Centre.

+++ Including Ayurvedic Officers (Permanent Aurvedic Officers and Vaidyas are included only after FY 1998/99).

The number of Health post and Sub-Health post have been changed because of some health post and sub-health post upgraded to primary Health Centre from FY 1996/97 .

Source: Ministry of Health

Table 12.6 : Extension of Drinking Water and Sewerage Facilities

Description	Unit	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04*
A. Additional Facilities Extended																	
By Water Supply & Sewerage Department																	
a. Additional Population Benefited from New Projects	In Th.	579	882	454	680	685	691	811	800	756	707	374	525	466	64	123.4	190
b. Additional Population Benefited from Repaired Projects	In Th.	-	-	-	-	5	8	2	5	14	-	-	-	-	-	-	-
c. Total Available Water	Th. Lt/Day	25305	39700	20430	48875	35820	46948	54471	54067	34650	31815	20011	28271	25164	2876	5552	8550
Urban Areas																	
a. Population Benefited	In Th.	39	-	-	10	52	18	48	40	-	-	-	-	-	-	-	-
b. Available Water	Th. Lt/Day	3715	-	-	811	14096	1736	4608	3880	-	-	-	-	-	-	-	-
* B. Additional Facilities Extended																	
By Nepal Water Supply Corporation																	
a. Available Water	Th. Lt/Day	12200	10300	5000	8000	4260	16000	3300	5500	5500	300	7000	3000	1480	7000	5000	3000
b. Population Benefited	Th. Lt/Day	57	57	27	150	40	81	34	69	55	45	43	19	15	50	33	20
c. Modern Sewerage Facilities	K.M.	21	4	6	9	7	5	2.84	4.31	12	0.46	10	7	5	10	2.96	1

* First Eight Months.

Source : Water Supply and Sewerage Department & Nepal Water Supply Corporation