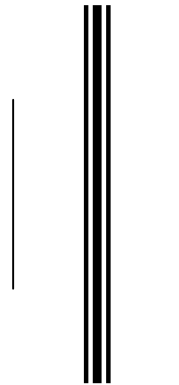


ECONOMIC SURVEY



FISCAL YEAR
2002/03



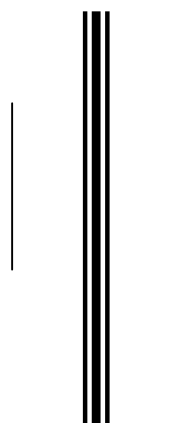
HIS MAJESTY'S GOVERNMENT
MINISTRY OF FINANCE
JULY 2003

Unofficial Translation

ECONOMIC SURVEY



FISCAL YEAR
2002/03



HIS MAJESTY'S GOVERNMENT
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Some facts about Tables

- Some statistics presented in some tables may not tally with those in publications of previous years due to the formers updating and reclassification.
- 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 at negligible level.
- Among the factors affecting Money Supply, valuation gain or loss is not adjusted in the net foreign assets.
- Changes in Balance of Payments are net changes.

FOREWORD

The Economic Survey 2002/03 has been brought out to the public to present an analytical review of the achievements and changes experienced in major sectors of the country's economy owing to the implementation of the budget of the Fiscal Year (FY) 2002/03. The Survey contains basically a comparative analysis of macro economic indicators witnessed during the first eight months of both the fiscal years 2002/03 and 2001/02, and also covers the actual progress and achievements gained in the last FY 2001/02. Some other highlights of the Survey are as follows:

- The data and information related to Real Gross Domestic Product and major food and cash crops are presented with FY 1994/95 as the base year; 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 less complex, analytical, informative and objective and also for making its scope enlarged, efforts have been made to the extent possible and available to incorporate various activities and information relating to the national economy.
- Major Policy decisions of public significance taken especially during the last trimester of the last FY and the first two trimesters of the current FY by His Majesty's Government and other concerned agencies have been presented with priority.
- Attempt has also been made to address emerging issues and challenges of various sectors of the economy, in keeping with their consonance with the changed internal and external context.

I believe that the Survey will prove useful and worth-referring to all those interested in knowing the trends and challenges of different sectors of Nepalese economy, including intellectuals, professionals, economists, researchers, teachers, students, industrialists, businessmen and also the common citizens.

I extend thanks to the officials and staffs from the Ministry of Finance as well as from Nepal Rastra Bank who were involved in preparation of this document. Thanks are also due to all concerned agencies within and outside the government for providing necessary information and data in time and with cooperative attitude.

July 2003

Dr. Prakash Chandra Lohani
Finance Minister

I

INTERNATIONAL AND NATIONAL ECONOMIC PERFORMANCE

International Economic Performance

- 1.1 The global economic growth rate, which was 4.7 percent in 2000, declined to 2.3 percent in 2001, due to various negative effects seen in global economy including through the terrorist incident of September 11, 2001 in America and its impact felt in other parts of the world. However, the global economic growth rate reached 3.0 percent in 2002 following the capacity enhancement in macro economic management and improvement in the global trade of goods and services. Economic activities of the developed countries have slumped due to immediate and future risks and uncertainties caused by the slackness in world trade and industrial production, contraction in share market, Iraq War, and the epidemic of SARS. Despite an increase in fixed capital, not much improvement has been noticed in risk bearing capacity due to reasons like lack of sustained increase in consumption and continuation of economic instability. However, the pace of economic growth is expected to go up. The International Monetary Fund has forecasted the global economic growth of 3.2 percent for 2003, a 0.2 percentage point increase in comparison to 2002. Similarly, the Fund has projected the economic growth rate of 4.1 percent for 2004 on the basis of expected gradual improvement in global economic activities. Although it is expected that price will remain stable, the economic policies of the nations playing major role in global economy should be directed towards necessary improvements so as to minimize potential risks and imbalances.

Table 1 (a)
Global Economic Growth Rate (in percent)

	2000	2001	2002	Projection	
				2003	2004
Global Production	4.7	2.3	3.0	3.2	4.1
<i>Developed Economies</i>	3.9	0.9	1.8	1.9	2.9
<i>Major developed economies*</i>	3.4	1.1	1.5	1.6	2.4
Other developed economies	5.3	1.6	2.7	2.5	3.2

Developing Countries	5.7	3.9	4.6	5.0	5.8
<i>Developing Asia</i>	6.7	5.7	6.5	6.3	6.5
<i>ASEAN-**</i>	5.1	2.6	4.3	3.9	4.3
China	8.0	7.3	8.0	7.5	7.5
South Asia***	5.3	4.1	4.7	5.1	5.8
Bangladesh	5.6	5.3	4.4	5.2	5.5
India	5.4	4.2	4.9	5.1	5.9
Pakistan	4.3	3.6	4.6	5.0	5.1
Countries in Transition	6.6	5.1	4.1	4.0	4.1

* USA, Japan, Germany, France, UK & Canada.

** Indonesia, Malaysia, Philippines & Thailand.

*** Bangladesh, India, Maldives, Nepal, Pakistan & Sri Lanka.

Source: World Economic Outlook, IMF, Washington DC, April 2003, pp. 2 & 34.

- 1.2 The International Monetary Fund has projected 6.3 percent and 6.5 percent growth rates for the developing Asian countries for 2003 and 2004 respectively as against the growth rate of 6.5 percent in 2002. For South Asia, the economic growth rate is projected to grow at 5.1 percent and 5.8 percent in 2003 and 2004 respectively against the growth rate of 4.7 percent in 2002. Among the neighboring countries of Nepal, the economic growth rate of India and China in 2002 remained at 4.9 percent and 8 percent respectively. The economic growth rate of India is projected to be 5.1 percent and 5.9 percent in 2003 and 2004 respectively, whereas for China it is projected to be 7.5 percent for these two years.

Table 1(b)
World Trade (Annual Percentage Change)

	2000	2001	2002	Projection	
				2003	2004
World Trade Volume (Goods & Services)	12.4	-0.1	2.9	4.3	6.1
<i>Import</i>					
Developed Economies	11.6	-1.1	2.1	4.7	5.9
Developing Economies	16.0	2.2	5.4	4.7	8.0
Countries in Transition	13.2	11.8	6.3	6.1	3.1
<i>Export</i>					
Developed Economies	11.7	-1.0	2.0	3.8	5.8
Developing Economies	15.0	3.3	5.1	3.7	7.6
Countries in Transition	14.6	5.6	6.3	5.9	2.7

Source: World Economic Outlook, IMF, Washington DC, April 2003, p 2.

- 1.3 Though the world trade volume or the import and export of goods and services grew at a high rate in 2000, the trade volume decreased significantly and remained negative in 2001 as a result of the slack in world economic activities. Due to gradual improvement in these activities, the world trade volume increased by 2.9 percent in 2002. In comparison to developing countries and countries in transition, greater slackness was observed in the trade of developed countries. The International Monetary Fund has projected 4.3 percent and 6.1 percent growth in the world trade volume in 2003 and 2004 respectively.

Table 1(c)
Global Price Situation (Annual Percentage Change)

	2000	2001	2002	Projection	
				2003	2004
Oil *	57.0	-13.0	2.8	24.2	-19.4
Non- Fuel Commodities	1.8	-5.4	3.8	9.4	2.3
Consumer Price					
Developed Economies	2.3	2.2	1.5	1.9	1.7
Developing Economies	6.1	5.8	5.4	5.8	5.1
Countries in Transition	20.2	16.3	11.1	9.4	7.4
ASEAN - **	3.0	6.6	5.9	5.3	4.9
China	0.4	0.7	-0.8	0.2	1.5
South Asia**	4.0	3.8	4.1	4.2	5.3
Bangladesh	2.3	1.6	2.4	5.2	4.5
India	4.0	3.8	4.3	4.1	5.5
Pakistan	4.4	3.1	3.1	3.9	4.0

* Average price of Brent, UK, Dubai & West Texas.

** As mentioned in Schedule 1(a).

Source: World Economic Outlook, IMF, Washington DC, April 2003, PP. 2 & 34.

- 1.4 In 2002, the rate of the consumer price increase was 1.5 percent in developed countries, 5.4 percent in developing countries, 11.1 percent in the countries in transition and 4.1 percent in South Asia. The projection of the price increase in 2003 is 1.9 percent in developed countries, 5.8 percent in developing countries, 9.4 percent in the countries in transition and 4.2 percent in South

Asia. Similarly, it is estimated that the increase in 2004 will be 1.7 percent, 5.1 percent, 7.4 percent and 5.3 percent respectively in these countries. The rate of increase in the consumer price of India was 4.3 percent in 2002; it is projected to reach 4.1 percent in 2003 and 5.5 percent in 2004. Similarly, the rate was negative (reductive) by 0.8 percent in China in 2002; it is projected to increase by 0.2 percent in 2003 and 1.5 percent in 2004.

Overview of National Economy

- 1.5 Due to various internal and external reasons, FY 2002/03 could not appear as a successful year from the perspective of peace, security and development. However, the second half of this fiscal year remained peaceful in comparison to the previous year and also the first half of this fiscal year because of ceasefire and the government-Maoist peace talks. His Majesty's Government continued its efforts to create a conducive environment for the success of the economic reform programmes declared in FY 2002/03 together with policy and institutional improvements in poverty alleviation campaign initiated in previous years. As the peaceful resolution of the problem associated with increased violence and terrorism during the past few years has been the main agenda of His Majesty's Government, it is obvious that the task of reinstatement of sustainable and permanent peace and security was accorded a higher priority. In comparison to the negative economic growth rate caused by sluggish economic activities of fiscal year 2001/02, the overall economy is expected to improve in FY 2002/03.
- 1.6 In FY 2001/02, growth rate of Gross Domestic Product (GDP) at factor cost in agricultural sector remained 2.2 percent and that of non-agricultural sector decreased by 2.1 percent. Consequently, total GDP, prior to deducting Bank Service Charge, fell by 0.5 percent. The growth rate in FY 2002/03 is expected to be 2.4 percent with the estimated increase in GDP in agriculture and non-agriculture sectors by 2.1 percent and 2.5 percent respectively. As the economy was not completely free from the adverse effects of internal and external disturbances, the estimated higher growth rate for FY 2002/03 is mainly due to various positive measures implemented by HMG/N. The main indicators of the economic activities are presented in Table 1(d).
- 1.7 While analyzing the sectoral trends of the GDP, the growth rate in agriculture sector seems to have remained the same as in FY 2001/02. The growth rate in non-agriculture sector, which was negative in FY 2001/02, has increased more than the agriculture sector. In FY 2002/03, the growth rate in agriculture sector is 2.1 percent whereas it was 2.2 percent in FY 2001/2. The reason behind this moderate growth rate in agriculture sector is due to increase in production of

fruits, potato, wheat etc. along with a moderate increase in other foodgrains despite the decline in production of paddy, oilseed, maize and tobacco. In this FY 2002/03, among the sub-sectoral economic growth rate, electricity, gas and water have the highest rate and it is expected to reach 11.5 percent. This growth rate was 1.7 percent during FY 2001/02. The commissioning of the largest hydropower project- Kaligandaki 'A' (144 MW), and additional 30.5 MW power generation (Indrawati Third 7.5MW, Chilime 20MW and Piluwakhola 3MW) have contributed to such considerable growth rate of this sub-sector. Finance, housing and real estate are expected to improve rapidly due to the gradual improvement in peace and security situation in urban areas, increase in domestic credit of financial sector and a positive trend in the services of financial sector. As a result, growth rate of finance, housing and real estate sectors remained at 3.7 percent in FY 2002/03 in comparison to 3.3 percent of FY 2001/02. Although there has been decrease in development expenditure, a quantitative restrictions introduced for some of exportable goods to India in the renewed Nepal-India Trade Treaty, and decline in the production of some of the industrial items, the GDP growth rate of industrial sector during FY 2002/03 is expected to marginally increase by 0.4 percent, and it is because of the significant increase in the production of readymade garments along with a positive trend in the production of some of the industrial and conventional goods. The industrial sector GDP fell by 10 percent during the corresponding period of last year. Due to the poor peace and security situation in the rural and some of the urban areas, there has been a rapid increase in construction works in the Kathmandu Valley. Consequently, the growth rate in construction has gone up to 2.4 percent in FY 2002/03 from the last year's 1.7 percent. Trade, restaurant and hotel sub-sectors are expected to grow by 1.4 percent during this FY though they faced a decline of 10.4 percent last year. Similarly, mining industry has reached a growth rate of 3 percent this year compared to 1 percent in the last fiscal year. The economic growth rate in community and social services sector is estimated to increase by 2.2 percent in FY 2002/03 compared to 1.7 percent of FY 2001/02.

- 1.8 The GDP at current producers' price is estimated to increase by Rs. 24.85 billion and has reached Rs. 446.18 billion in FY 2002/03 compared to Rs. 421.33 billion during FY 2001/02.
- 1.9 In fiscal years 2001/02 and 2002/03, the contribution of agriculture and non-agriculture sectors to GDP at factor cost has remained approximately 39 percent and 61 percent respectively.
- 1.10 In FY 2002/03, growth in per capita income is estimated to be positive. In this FY, per capita GDP at current producers' price is estimated to have increased

by 3.6 percent after the adjustment of 2.2 percent growth rate of population. It has reached Rs. 18444.00 (equivalent to US\$236.00) in comparison to Rs.17800.00 (equivalent of US\$227.00) of the last fiscal year. Thus, the per capita GDP in US\$ is estimated to increase by 4.0 percent based on the revaluation of Nepalese currency by 0.3 percent in terms of US dollar during the first eight months of FY 2002/03 and a concomitant growth in per capita GDP in Nepalese currency. Similarly, a marginal increase in per capita GDP by 0.2 percent has taken place in FY 2002/03 compared to a decline in the per capita GDP at factor cost on constant price by 2.7 percent in FY 2001/02.

National Product

- 1.11 Gross National Product at current market price is estimated to reach Rs.468.92 billion in FY 2002/03 from Rs.439.71 billion in FY 2001/02. Thus, the per capita GNP for this year is estimated to increase by 4.4 percent taking into account the prevailing 2.2 percent growth rate of population. In FY 2001/02 the per capita GNP was Rs. 18577.00 (equivalent to US\$237.00), which is estimated to increase by 4.3 percent and reach Rs. 19384.00 (equivalent to US\$248.00) in FY 2002/03. The per capita GNP in terms of US\$ is estimated to increase by 4.6 percent during FY 2002/03 based on the first eight months revaluation of Nepalese currency against US dollar.

Table 1(d)
Main Indicators of Economic Activities@

S. N.	Indicators	Unit	Fiscal Year								
			1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
1.	GDP (at Producers' Price of 1994/95) D	Annual Change in %	3.3	5.3	5.3	2.9	4.5	6.1	4.8	-0.5	2.3
2.	Gross Domestic Product A	„	2.7	5.4	4.8	3.3	4.5	6.1	4.7	-0.5	2.4
	a. Agriculture	„	-0.9	3.7	4.2	0.8	2.8	4.9	5.5	2.2	2.1
	b. Non-agriculture	„	5.1	6.5	5.2	4.7	5.3	6.8	4.3	-2.1	2.5
3.	GDP (at Current Producers' Price)	„	10.0	13.6	12.7	7.2	13.7	10.9	8.1	2.7	5.9
4.	Gross Domestic Product B	„	9.6	14.0	12.6	7.5	13.9	11.0	7.5	2.8	5.9
	a. Agriculture	„	6.2	13.2	12.3	3.4	17.7	9.6	4.1	6.0	6.0
	b. Non-agriculture	„	12.1	14.5	12.8	10.3	11.5	11.9	9.7	0.8	5.9
5.	GNP (at Current Price)	„	10.3	12.7	12.9	7.6	15.0	11.2	8.6	3.1	6.6
6.	Major Agricultural Production D	„	-	4.2	4.3	0.8	2.8	4.9	4.3	2.2	2.1
	a. Food Crops	„	-	16.1	0.7	0.6	2.0	7.9	2.8	0.7	1.2
	b. Cash Crops	„	-	7.7	4.7	-2.3	13.9	6.5	9.1	7.7	1.7

S. N.	Indicators	Unit	Fiscal Year								
			1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
7.	Major Industrial Production 1986/87=100)	„	9.2	9.7	3.0	37.6	14.6	6.1	6.3	2.0	-7.2
8.	GDP deflator D	„	6.7	7.9	7.2	4.0	8.9	4.6	2.6	3.2	3.5
	a. Agriculture	„	7.2	9.1	7.6	2.5	14.4	4.5	-1.3	3.7	3.8
	b. Non-agriculture	„	6.3	7.6	6.5	5.0	5.5	4.7	5.2	2.9	3.3
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	5.0
10.	Gross National Savings/Gross National Product Ratio	%	17.0	15.4	15.7	15.8	16.6	18.0	18.1	15.5	15.6
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	11.8	11.3
	b. Total Investment	%	25.2	27.3	25.3	24.8	20.5	24.3	24.0	24.6	26.1
	c. Domestic Savings & Investment gap (-)	%	-10.4	-13.5	-11.4	-11.1	-6.9	-9.1	-9.1	-12.8	-14.8
	d. Total consumption	%	85.2	86.2	86.0	86.2	86.4	84.8	85.1	88.2	88.7
	e. Total Government Expenditure	%	17.8	18.7	18.1	18.6	17.4	17.5	19.4	19.0	
	f. Regular Expenditure	%	8.8	8.7	8.6	9.0	9.1	9.1	10.4	11.5	

S. N.	Indicators	Unit	Fiscal Year								
			1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
	g. Development Expenditure	%	9.0	10.0	9.5	9.6	8.3	8.4	9.0	7.5	
	h. Total revenue	%	11.2	11.2	10.8	10.9	10.9	11.3	11.9	12.0	
	i. Tax revenue	%	9.0	8.7	8.7	8.6	8.4	8.7	9.5	9.7	
	j. Non-tax revenue	%	2.2	2.5	2.1	2.3	2.5	2.6	2.4	2.8	
	k. Budget Deficit (-)	%	4.8	5.6	5.1	5.9	5.3	4.7	5.9	5.7	
	l. Receipt of Foreign Loan	%	3.3	3.8	3.2	3.7	3.5	3.1	2.9	1.9	
	j. Receipt of Foreign Loan & Grant	%	5.1	5.7	5.4	5.5	4.7	4.6	4.6	3.6	
	k. Outstanding Domestic Loan	%	14.6	13.8	12.8	12.8	14.5	14.3	14.7	17.5	
	l. Outstanding Foreign Loan	%	51.6	51.4	47.1	53.6	49.6	50.2	48.8	52.2	
	m. Total Outstanding Loan	%	66.2	65.2	59.9	66.4	64.1	64.5	63.5	69.7	
	n. Total Exports (goods)	%	8.0	8.0	8.1	9.1	10.4	13.1	13.6	11.8	
	o. Total Imports (goods)	%	29.1	30.0	33.4	29.6	25.6	28.6	28.2	26.4	
	p. Merchandise Trade Decifit (-)	%	21.1	22.0	25.3	20.4	15.2	15.5	14.7	14.6	
	q. Current Account Deficit (-)	%	5.4	8.6	5.9	5.0	0.1	2.4	2.7	1.8	
12.	Outstanding Foreign Loan/Government Revenue	%	459.8	459.0	434.9	489.4	454.9	444.6	412.2	436.4	

S. N.	Indicators	Unit	Fiscal Year								
			1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
13.	Outstanding Foreign Loan/Total Exports	%	640.6	644.0	583.5	585.9	474.8	382.6	362.0	463.0	
14.	Total Government Revenue	% Change	25.5	13.5	8.9	8.4	13.1	15.1	14.0	3.2	
15.	Regular Expenditure	„	55.2	11.9	12.1	12.4	14.3	11.2	23.9	13.6	
16.	Development Expenditure	„	9.3	26.2	6.2	9.0	-1.4	11.3	16.7	-15.1	
17.	Total Government Expenditure	„	16.3	19.2	9.0	10.6	6.2	11.2	20.5	0.3	
18.	Debt Service (Principle & Interest Payments)/Regular Expenditure	%	31.6	31.1	31.1	28.3	28.1	29.1	24.3	25.12	
19.	Money Supply										
	a. M ₁	% Change	15.7	10.6	5.4	17.4	13.1	19.4	15.7	9.3	7.5
	b. M ₂	„	16.1	14.4	11.9	21.9	20.8	21.8	15.2	4.4	9.0
20.	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	65.2	67.1
21.	Total Exports	%Change	-8.5	12.6	13.8	21.5	29.6	39.6	11.7	-14.6	3.0#
22.	Total Imports	„	23.5	17.0	25.6	-4.8	-1.6	23.9	6.6	-7.7	19.1#
23.	Exports/Imports Ratio	%	27.7	26.7	24.2	30.9	40.7	45.9	48.1	44.5	40.7#
24.	Current Account	Rs. Crore	-1178.6	-2154.2	-1650.8	-1518.8	23.5	-896.6	-1095.4	-1953.7	-3379.0#

S. N.	Indicators	Unit	Fiscal Year								
			1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
25.	Balance of Payments	„	-31.4	-108.1	320.2	1096.6	984.0	1444.8	522.1	-335.5	100.0#
26.	Foreign Exchange Reserves	„	4308.5	4443.8	4854.1	6515.8	7665.1	9384.4	10517.3	10517.3	11174.8
27.	Exchange Rate	C 1 US\$=Re.	50.7	56.5	57.0	67.9	68.5	70.8	75.0	78.3	78.1
28.	Total Population	In '000	20053	20533	21023	21526	22040	22567	23151	23670	24191

@ *The statistics included in this table could be seen different from the statistics presented in the economic surveys of past years since the statistics presented here are updated on the basis of the updated information received from various concerned sources.*

+ *Revised Annual Estimate*

• *Preliminary Annual Estimate (based on first eight months)*

Based on First Six Months Estimate

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

D *Change of the Base Year.*

Utilization of Resources

- 1.12 The ratio of total consumption to GDP is expected to reach 88.7 percent in FY 2002/03 compared to 88.2 percent of last FY. In fiscal years 2001/02 and 2002/03, no substantial change in the private sector consumption was experienced; hence it has remained around 78.1 percent. But in public sector, this ratio has increased marginally and is estimated to reach 10.5 percent this year compared to 10.1 percent of last year. The growth rate of total consumption is estimated to increase by 6.5 percent in FY 2002/03 as against 6.4 percent of last year. The private sector consumption growth rate was 6.5 percent in FY 2001/02, which has reached 6.0 percent in this fiscal year. The public sector consumption growth rate was 5.4 percent during the last FY and is estimated to increase by 10.6 percent in this FY. As a result, the ratio of investment to GDP (at current producers' price) is estimated to be 26.1 percent in FY 2002/03 as against 24.6 percent of last FY. The ratio of total GDS/GDP decreased marginally and is estimated to drop to 11.3 percent in FY 2002/03 from 11.8 percent in FY 2001/02. Thus, as a result of the increase in the total investment despite the decrease in gross domestic saving, the saving – investment gap has reached 14.7 percent in FY 2002/03 from 12.8 percent in FY 2001/02. Similarly, the ratio of GNS/GDP has reached 16.4 percent in FY 2002/03 with a marginal increase from 16.2 percent of FY 2001/02. Total investment/GDP ratio has increased at a high rate in comparison to the national savings. As a result, total national savings - total investment gap has increased to 9.7 percent from 8.4 percent. However, the gap between national savings and investment has remained less by 5.1 percentage point compared to gross domestic savings.
- 1.13 The ratio of export of goods and services to GDP has decreased to 14.6percent in FY 2002/03 from 16.1percent of FY 2001/02, whereas the ratio of import of goods and services has increased marginally and reached 29.3percent in FY 2002/03 as against 28.8percent in FY 2001/02. As a result, the ratio of import/export has declined to 49.8 percent this year from 55.7 percent last year.
- 1.14 Some indications of improvement are observed in the trend of total capital formation. The total fixed capital formation is estimated to increase by 5.2 percent in FY 2002/03 as against 4.1 percent in FY 2001/02. Despite adverse circumstances in the country, private sector capital formation is estimated to increase by 9.8 percent in FY2002/03 in comparison to 5.3 percent of FY 2001/02. Due to a necessity of investing the public resources in security and consumption instead of utilizing them for capital formation, public capital formation has decreased by 1.8 percent in FY 2002/03 compared to 2.5

percent increase in FY 2001/02. Nonetheless, the government's effort to increase the total fixed capital formation has succeeded due to the growth in private sector capital formation. Since the growth rate of GDP (at current producers' price) is marginally higher than the growth rate of fixed capital formation, the ratio of total capital formation to GDP remained 19.2 percent in FY 2002/03 as it was in FY 2001/02. Similarly, the ratio of public sector capital formation to GDP marginally declined to 7.0 percent in FY 2002/03 from 7.6 percent of FY 2001/02, whereas the ratio of private sector capital formation to GDP is estimated to have reached 12.1 percent from 11.7 percent during the same period. The share of private and public sectors in total fixed capital formation is estimated to be 63.2 percent and 36.8 percent respectively in FY 2002/03 as against 60.6 percent and 39.4 percent respectively in FY 2001/02. Thus, the increase in GDP, GNP, total consumption, total investment and the utilization of resources indicates a better trend in macro-economic performance in FY 2002/03 in comparison to FY 2001/02.

Challenges

- 1.15 In the context of major contribution of agriculture sector to the national economy, there will be constant fluctuations in GDP until the agricultural sector achieves sustained and reliable growth. Therefore, to stabilize the economic growth rate of agriculture sector, it is necessary and also a challenging task to extend irrigation facility to reduce the dependency on monsoon; to ensure the use of quality fertilizers despite some improvement with private sector participation in its supplies, suitable to the soil and crops; and to manage and commercialize the animal husbandry in a professional manner by expanding and facilitating the private sector's participation so as to contribute substantially to agriculture sector that helps develop and facilitate its relationship with Nepal's main exportable items like woolen carpets and Pashmina. Challenge also remains to make agriculture sector more market-oriented rather than subsistence-oriented.
- 1.16 The higher ratio of gross domestic savings to GDP for ensuring high and sustainable economic growth rate is imperative and this should be directed towards investment. But the rate of savings in Nepal has been low and it is still a challenge to substantially raise the savings ratio to GDP so as to minimize the savings-investment gap.
- 1.17 The bulk of Nepal's exports rely on the facilities and concessions extended by friendly nations. So far, it has not been able to improve and develop its competitiveness. Therefore, we have a challenge to improve our competitive capacity in the perspective of our efforts to enter World Trade Organization as

its member soon. Nepal has been losing even its conventional competitive advantage in agricultural commodities. We could not increase volume of our export to the market of our two big neighbors. The ever-rising trend and volume of import from these countries indicate the deterioration of our competitiveness, which also remains another great challenge.

- 1.18 Competitive capacity would not improve without the development of modern management system and technology, and for this, private sector investment plays a pivotal role. It is also realized to be a challenge to have an effective formulation, implementation and monitoring of investment-friendly policy and its legal framework. The increase in investment would ensure an improvement in investment/GDP ratio; subsequently, savings ratio (GDS/GDP) is expected to improve with the realization of increased investment through domestic savings.

II

PUBLIC FINANCE

Financial Growth and Budget

2.1. Revenue mobilization, which was 11.9 percent of GDP in FY 2000/01, increased by 0.1 percentage point in FY 2001/02 and reached the level of 12 percent of GDP. Total expenditures in FY 2001/02 decreased by 0.5 percentage point and reached the level of 19.0 percent from the previous year's 19.5 percent. This is mainly due to the decrease in the ratio of development expenditure to GDP in 2001/02 in comparison to the expenditures made in FY2000/01. The gap between total revenue and expenditure decreased by 0.6 percentage point and reached the level of 7.0 percent in FY 2001/02 from the previous year's of 7.6 percent of GDP.

Table: 2(a)
Ratio of Government Expenditure and Revenue to GDP
(at Current Producers' Prices)

Fiscal Year	Government Expenditure			Revenue	Difference between the ratios of expenditure and revenue
	Regular	Development	Total		
1994/95	8.8	9.0	17.8	11.2	6.6
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	19.5	11.9	7.6
2001/02	11.5	7.5	19.0	12.0	7.0

2.2. Revenue surplus in FY 2000/01 accounted for 16.5 percent of the total development expenditures, which dropped to 5.9 percent in FY 2001/02. Escalating growth in regular expenditures than the growth in revenue

mobilization contributed to the decrease in revenue surplus. Main reasons behind this have been that the revenue could not be mobilized as expected because of the disruption in economic activities due to security reasons; and the regular expenditure continued to expand due to the same reason. Regular expenditure was increased by 13.6 percent whereas the revenue was increased by only 3.2 percent in 2001/02 in comparison to 2000/01. These factors contributed to the decline in revenue surplus.

- 2.3. The portion of fiscal deficit, excluding revenue surplus and foreign grant, in FY 2001/02 was 72.9 percent of the total development expenditures, compared to 65.3 percent in FY 2000/01. Volume of fiscal deficit and the sources of financing are given in Table 2(b) below:

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

Headings	1997/98	1998/99	1999/00	2000/01	2001/02
a. Total Development Expenditure (Rs. In Crores)	2894.39	2853.13	3174.92	3706.59	3148.22
b. Sources of Financing (%)					
i. Revenue Surplus	19.9	21.7	26.4	16.5	5.9
ii. Foreign Grant	18.7	15.2	18.0	18.2	21.2
iii. Deficit Financing	61.4	63.1	55.6	65.3	72.9
1. Foreign Loan	(38.2)	(41.5)	(37.2)	(32.5)	(24.5)
2. Internal Loan	(11.7)	(16.5)	(17.3)	(18.9)	(25.4)
3. Change in Cash Balance	(11.5)	(5.1)	(1.1)	(13.9)	(23.0)

Government Finance

- 2.4. Total public expenditure in FY 2001/02 increased by 0.3 percent over the corresponding figure of the previous fiscal year and reached Rs. 80,072.3 million. Of the total public expenditure in FY 2001/02, regular expenditure increased by 13.6 percent whereas development expenditure decreased by 15.1 percent. The share of development expenditure in total expenditure was 39.3 percent in FY 2001/02 as against the 46.4 percent in FY 2000/01.

- 2.5. Of the total public expenditure of Rs. 79835.1 million in FY 2000/01, 61.2 percent was met from revenue, 8.5 percent from foreign grant, 15.1 percent from foreign loan, 8.8 percent from internal loan and the remaining 6.4 percent from change in cash balance. Sources of financing total expenditure in FY 2001/02 were revenue (63.0 percent), foreign grant (8.4 percent), foreign loan (9.6 percent), internal loan (10.0 percent) and change in cash balance (9.0 percent). Thus, compared to FY 2000/01, of the various sources of public financing, portion of foreign loan has decreased by 5.5 percentage points whereas change in cash balance has increased by 2.6 percentage point.

Regular Expenditure

- 2.6. Regular expenditure in FY 2001/02 increased by 13.6 percent over the previous year and reached Rs. 48590.0 million. Debt servicing in FY 2001/02 increased by 17.5 percent from the previous year's level. Of the total regular expenditure of FY 2001/02, debt servicing accounted for 25.1 percent, social services 27.5 percent, economic services 3.9 percent and miscellaneous items 10.6 percent. Similarly, expenditure in general administration accounted for 15.9 percent, defense 12.1 percent and the remaining balance in other headings. Of the total regular expenditure incurred in FY 2001/02, expenditure for defense, social services and economic services increased by 53.7 percent, 22.7 percent and 16.8 percent, respectively over the previous fiscal year. The overall expenditures incurred in constitutional bodies, foreign services, revenue administration, judicial administration, financial administration, planning, loan investment and miscellaneous items decreased by 23.0 percent over the corresponding figure of the previous fiscal year. Reduction in contingent expenses, protocol expenses and financial support, charity and donations related expenses contributed to decrease in these expenses. During the first eight months of the previous fiscal year total regular expenditure reached Rs. 34530.0 million, whereas it increased by 11.1 percent and reached Rs. 38347.0 million during the same period of current fiscal year.

Development Expenditure

- 2.7. Development expenditure in FY 2001/02 decreased by 15.1 percent from the previous level and reached Rs. 31482.2 million. Observing the patterns of regular and development expenditure since 1998/99, the tendency of exceeding development expenditure by regular expenditure can be noticed in FY 2001/02 as well. In FY 2000/01, the proportion of regular and development expenditure was 53.6 percent and 46.4 percent, whereas it was 60.7 percent and 39.3 percent in FY 2001/02. Review of the expenditure of first 8 months of current fiscal year have shown that total development expenditure declined by 2.7 percent ant

stood at Rs. 11841.5 million as against Rs. 12,171.7 million in the corresponding period of FY 2001/02.

- 2.8. In FY 2001/02, development expenditure on economic services decreased by 17.3 percent, social service by 10.4 percent and fiscal administration and planning by 5.2 percent, whereas on general administration it increased by 96.6 percent compared to FY 2000/01. Compared to FY 2000/01, expenditure on education and local development under social services sector decreased by 1.0 percent and 10.2 percent respectively in FY 2001/02. Similarly, in FY 2001/02 expenditure on health and drinking water also decreased by 4.9 percent and 27.4 percent, respectively compared to FY 2000/01.
- 2.9. Under economic services, expenditure on agriculture increased by 10.0 percent whereas expenditure on irrigation, hydroelectricity and transportation decreased by 20.5 percent, 35.5 percent and 15.6 percent, respectively in FY 2001/02 compared to their corresponding figures in FY 2000/01. Of the total development expenditure, share of economic services, social services and others was 55.4 percent, 36.6 percent and 8.0 percent, respectively.
- 2.10. In order to make budget appropriation and release procedures more realistic, and give continuity to monitoring and evaluation activities as well as to avoid the uncertainty in budget allocation for high priority projects/programmes, His Majesty's Government of Nepal has introduced the concept of three year medium term programme and budget based on rolling budgetary system. And this Medium Term Expenditure Framework is tied up with the Tenth Plan which has been implemented from FY 2002/03.

Sources of Finance

Revenue

- 2.11. In FY 2001/02 revenue collection increased by 3.2 percent to Rs. 50,445.5 million compared to FY 2000/01. Last year revenue collection increased by 14 percent. Sluggish economic activities due to the deteriorating law and order situation in the country contributed to the lower level of revenue growth compared to the last fiscal year.
- 2.12. Looking at the composition of revenue, tax and non-tax sources accounted for 78.0 percent and 22.0 percent of total revenue, respectively in FY 2001/02. In FY 2000/01, the proportions were 79.5 percent and 20.5 percent respectively.

- 2.13. During FY 2001/02, tax collection increased by 1.2 percent to Rs. 39,330.6 million compared to the previous fiscal year. Of the total tax revenue, customs duty increased only by 0.8 percent whereas tax revenue from production and consumption of goods and services decreased by 0.5 percent. Collection of value-added tax decreased by 0.7 percent in comparison to previous year. Similarly, taxes on income, profit and property decreased by 0.9 percent. Compared to the previous year, income tax alone decreased by 1.5 percent in FY2001/02.
- 2.14. Analysis of the non-tax revenue reveals that it increased by 10.8 percent to Rs. 11,114.9 million in FY 2001/02. Increase in income from dividend, fees, penalty charges and miscellaneous income were the main contributing factors for this increment. Of this, collection of dividend increased by 7.6 percent, and income from fees, penalty charges increased by 34.2 percent. But income from principal and interest payment recorded a shortfall of 11.1 percent. Similarly, income and royalty from sale of government goods and services, and government property dropped by 4.3 percent and 23.8 percent, respectively, compared to FY 2000/01.

Scenario of Revenue Collection During the first Eight Months of FY 2002/03

- 2.15. During the first eight months (the review period) of the current fiscal year, total revenue collection stood at Rs. 31,225.8 million, which is 9.4 percent higher compared to the corresponding period previous fiscal year. Of the total revenue collection, Rs. 24,950.2 million was tax revenue and 6275.6 million was non-tax revenue. Tax revenue during the review period increased by 4.5 percent over the corresponding period of FY 2001/02.
- 2.16. During the review period of the current year, customs revenue collection amounted to Rs. 8,832.7 million. This amount is 10.7 percent higher compared to corresponding period of the previous fiscal year. Income tax revenue collection dropped by 27.7 percent and stood at Rs.3291.6 million. Main reason behind this was the Voluntary Disclosure of Income Scheme (VDIS) by the taxpayers in FY 2001/02. The government through its annual budget speech of 2001/02 implemented one time Voluntary Disclosure of Income Scheme by the taxpayers. Under this scheme, the government assured that if the taxpayers paid 10.0 percent of self-declared property as tax by mid-January 2002 it would be treated as final tax assessment and they would not be subject to detailed investigation. Due to this scheme, there was a sudden jump in the tax collection in that year only. Besides, other reasons are slowdown in economic activities especially in industrial and trade related activities.

- 2.17. Collection of value-added tax amounted to Rs.8,007.3 million during the review period. This figure is higher by 5.2 percent than the figure of the corresponding period of the last fiscal year. During the review period, taxes from production and consumption of goods and services amounted to Rs. 10,888.3 million, that is, 8.3 percent higher than that of the corresponding period of the previous year. Revenue from registration of real estate, and land revenue increased by 24.9 percent from the previous level of Rs. 574.2 million in the review period and reached Rs.717.3 million. Of the revenue collected under this category, 99.6 percent or Rs. 714.3 million came from real estate registration only. As the Local Self Governance Act has given the rights to collect land revenue to the local bodies, contribution of land revenue to central treasury has been negligible.
- 2.18. Non-tax revenue during the review period increased by 19.1 percent and amounted to Rs.6,275.6 million. It was Rs.5270.2 million in the corresponding period of the last year.

Foreign Aid Commitment

- 2.19. Foreign aid commitment in FY 2001/02 stood at Rs. 33, 227.7 million, which was 6.2 percent higher compared to that of the previous year. Of this, share of grant and loan were 70.2 percent and 29.8 percent, respectively, compared to 45.7 percent and 54.3 percent respectively in FY 2000/01.
- 2.20. Of the total foreign aid commitment in FY 2001/02, bilateral assistance stood at Rs. 18,438.7 million and multilateral assistance Rs. 14,789.0 million. Bilateral and multilateral assistance thus constituted 55.5 percent and 44.5 percent of the total foreign assistance, respectively. During FY 2000/01, total foreign assistance amounted to Rs. 17,495.9 million (55.9 percent) from bilateral sources and Rs. 13,791.0 million (44.1 percent) from multilateral sources.
- 2.21. An extensive discussion on Nepal's development efforts and situation was held in the meeting of Nepal Development Forum in February 2002. As agreed in the meeting His Majesty's Government has integrated Medium Term Expenditure Framework with Tenth Plan for its smooth implementation. Similarly, in order to mobilize foreign resources in accordance with Foreign Aid Policy, the Government has formulated and enforced it from this year.

Box: 2 (1)

Foreign Aid Policy

In the context of critical role played by foreign aid in the economy, in order to maximize its impact and effectiveness in terms of achieving

better development results, His Majesty's Government has enforced Foreign Aid Policy 2002. Main characteristics features of this policy are as follows:

1. Foreign aid would be utilized selectively after careful scrutiny of the purpose, content and benefits of such projects and programmes. Foreign loan would be channeled in especially in projects having high rate of return and in infrastructure related development projects, study and study tour will be banned from the loan amount, the expenditure on consultants and foreign experts will be minimized out of loan proceeds, HMG will not provide guarantee for providing loans to government-owned enterprises or other institutions.
2. Grant aid would be encouraged and utilized effectively. Co-financing arrangements through grants shall be emphasized for financing expenses of overhead cost and of technical expenses.
3. Building domestic institutional capacity, technical and expertise transfer and appropriate selection of technical assistance shall gradually reduce reliance on technical assistance and expatriate consultants.
4. When utilizing foreign aid, consideration will be given for using foreign aid to finance projects, which will bring about improvements in the domestic revenue mobilization capacity through higher GDP and employment growth and accelerating economic growth.
5. Foreign aid shall be accepted to improve the efficiency in utilization of the country's capital stock, especially by financing critical inputs, supplies and other relevant recurrent expenditure items, except general recurring overhead cost.
6. Partnership among the government, private sector, civil society and the donors would be fostered to strengthen aid management capacity.
7. Role of the donors will be promoted as facilitators and supporters in the development endeavors of the country.
8. Foreign aid will be utilized as an important tool for private sector development in consonance with the spirit and framework of economic liberalization

Foreign Grant and Loan

2.22. During the review period of the current fiscal year, foreign aid commitment dropped by 19.6 percent compared to the corresponding period of the previous year and totaled Rs.24, 449.6 million. Of the total committed amount, Rs. 18,538.3 (75.8 percent) million is in the form of loan and remaining Rs. 5911.3 million (24.2 percent) as grant. Of this foreign assistance, Rs. 9706.7 million

was from bilateral sources and Rs. 14,742.9 million was from multilateral sources. Shares of bilateral and multilateral sources are 39.7 percent and 60.3 percent respectively. During the corresponding period of the previous year, the shares of grant and loan assistance were 67.5 percent and 32.5 percent respectively, while the shares of bilateral and multilateral sources were 51.7 percent and 48.3 percent respectively. Comparison of the review period and the corresponding period of the previous fiscal year shows that the grant portion of the total aid during the review period dropped by 9.6 percent and loan portion by 40.2 percent. The deteriorating law and order situation contributed to low level utilization of committed fund in most of the foreign aided projects, hence low level commitments from donors.

Commitment and Disbursement

2.23. Observing the sectorwise distribution of the total committed amount of Rs. 24,449.6 million during the review period, 9,208.0 (37.7 percent) was committed for education, Rs. 3,760.4 million (15.4 percent) for transport and communication, Rs. 2,318.4 million (9.5 percent) for rural development, Rs. 1,476.8 million (6.0 percent) for agriculture, irrigation and forestry, Rs. 642.7 million (2.6 percent) for health, Rs. 590.4 million (2.4 percent) for drinking water and sewerage system, Rs. 447.5 million (1.8 percent) for hydroelectricity and Rs. 6,005.4 million (24.6 percent) for other sectors, respectively.

Box: 2(2)

Major Policy Instruments of Foreign Policy

As policies and strategies can only be made operational through a series of policy instruments that are pragmatic and implementable, His Majesty's Government has applied following policy and institutional instruments in order to achieve desirable achievements from foreign assistance:

1. In order to ensure realistic budgeting prioritization of public expenditure programmes and screening of projects, coordination of activities among Ministry of Finance, National Planning Commission and line ministries through the MTEF will be ensured. The linkage between annual budgeting and periodic plans will be further strengthened.
2. Budget allocation will follow clearly defined priorities and ranking of projects in terms of their potential for achieving sectoral and national development targets.

3. Donors will be encouraged to undertake joint programming of development assistance in order to channel resources to priority areas on the basis of their preferences and excellence and to agree on joint funding in the case of large projects requiring multi-donor involvement.
4. Project planning exercises would be undertaken at the beginning of the project cycle. Such exercise would focus, among other things, the justification of projects, the extent of foreign aid resources required, implementation schedule, etc. and would cover all key aspects of project formulation, identification, selection, and monitoring and evaluation.
5. In order to improve implementation of projects financed by domestic and foreign resources, counterpart funds shall be made available in time, decision-making authority shall be decentralized and delegation of authority will be made effective, and bidding documents shall be standardized to avoid procurement problems.
6. Supervision as well as monitoring of the project implementation will be strengthened. A strong feedback mechanism capable of incorporating voices of the stakeholders and interested parties would be established.
7. Top priority will be accorded for enhancing project management capacities. Likewise, reimbursement procedures and practices will be reviewed to make it more dynamic.
8. In order to ensure proper utilization of fiscal resources, an effective national procurement system will be established.
9. A detailed manual would be prepared to implement policies and strategies mentioned in the Foreign Aid Policy.

2.24. Total amount of foreign aid disbursed in FY 2001/02 was Rs.14,384.9 million, which was 23.5 percent lower than that of FY 2000/01. Of this, disbursements of foreign loan and grant were Rs. 7,698.6 million and Rs.6,686.2 million, respectively. Compared to FY 2000/01, disbursement of foreign grants assistance in FY 2001/02 decreased by 1.0 percent. Disbursements from bilateral and multilateral sources in FY 2001/02 were 32.5 percent (4,675.3 million) and 67.5 percent (9,709.6 million) compared to 14.7 percent and 85.3 percent, respectively in FY 2000/01.

2.25. By sectors, disbursement of foreign assistance to agriculture, irrigation and forestry decreased by 13.0 percent to Rs. 3,285.8 million compared to that of FY

2000/01. Similarly, disbursements to transport, power and communications decreased by 32.2 percent to Rs. 6,274.4 million, and disbursements to social services decreased by 16.4 percent to 4,824.6 million. Though the disbursement to some of the sectors is decreasing, the quality of foreign aid utilization in the economy has improved. Similarly, satisfactory implementation of recent policy reform measures has increased the government's aid utilization capacity. Considering this fact, The World Bank has already decided to upgrade Nepal's status from low case to base case in its lending programme in FY 2002/03.

Box: 2 (3)

Graduation of Nepal's Status in World Bank's Funding Programme

As a result of positive impacts of policy reform measures in the various sectors of the economy, The World Bank has upgraded Nepal's status in its funding programme from low case to base case. Under a low case, Nepal was entitled to borrow up to US\$ 50 million annually, but under a base case status, it can borrow up to US\$ 100 million annually. The World Bank, in its Country Assistance Strategy, has developed some lending triggers for upgrading Nepal from low case to base case as follows:

- Domestic revenue as share of GDP at or above 11 percent.
- Satisfactory implementation of Value Added Tax.
- Domestic borrowing below 2 percent of GDP.
- No increase in the number of projects under public funding programme.
- Three Years rolling investment programme and full funding of priority projects/ programmes.
- Improvement in privatization procedures, privatization of three public enterprises and identification of competitive environment in telecommunication.
- Satisfactory progress in restructuring Nepal Bank Limited and Rastriya Banijya Bank.
- Developing concept of decentralization and local self-governance, and increasing local level institutions' participation in managing development programmes.
- Improved reform measures implemented in central government administration.
- New measures adopted to reduce corruption.

Outstanding Foreign and Internal Loans

2.26. Observation of recent trends in Government expenditure reveals that regular expenditures are surpassing the Development expenditures. This situation has limited the availability of revenue surplus for development expenditure. As the

revenue surplus is not sufficient to meet the development expenditure, foreign grants as well as foreign and internal loans have been mobilized from the previous years to meet such expenditures. Therefore, the amount of foreign loan is rising for the past several years. Similarly, due to the depreciation of Nepalese currency vis-à-vis the convertible foreign currency, the burden of debt services has been increasing year by year. Compared to FY 2000/01, the net outstanding foreign loan increased by 9.8 percent in FY 2001/02 and reached Rs. 220,125.6 million.

- 2.27. After readjusting for the foreign loan receipts and payments, net outstanding foreign loan liability of the government was Rs.218,359.6 million by mid-March, 2002. It increased by 1.7 percent during the review period of the current fiscal year and reached Rs. 221,991.9 million by mid-March 2003. During this period total foreign loan receipt amounted to Rs.3, 358.1 million, and payments of principal and interest amounted to Rs. 3,078.9 million and Rs. 1,129.8 million respectively.
- 2.28. Compared to mid July 2001, the outstanding internal loan increased by 22.6 percent in mid-July 2002 and reached Rs. 73,620.7 million. Of the outstanding internal loan till mid July 2002, the share of Nepal Rastra Bank was 32.8 percent amounting to Rs. 24,122.3 million, commercial banks 39.9 percent amounting to Rs. 29,361.2 million, and other institutions and private sectors 27.3 percent amounting to Rs. 20,137.2 million. In terms of the instruments of loan till mid-July 2002, development bond amounted to Rs.11, 090.7 million (15.1 percent), national savings bond (including citizen bond) Rs.12, 164.2 million (16.5 percent), special bond Rs.9, 259.3 million (12.6 percent) and treasury bill Rs. 41,106.5 million (55.8 percent). By mid-March, 2003, total internal loan amounted to Rs. 81,703.3 million. This amount is higher by 17.7 percent from the corresponding period of the previous year's Rs. 69,439.6 million.
- 2.29. Of the outstanding internal loan by the end of first eight months of the current fiscal year or mid-March 2003, Nepal Rastra Bank and commercial banks shared 31.6 percent and 44.6 percent respectively, and other institutions and private sector shared 23.8 percent. In terms of instruments of loan, Treasury bill occupied the first position with 57.6 percent share, development bond 16 percent, national savings bond 13.8 percent, special bond 11.5 percent and citizen savings bond 1.1 percent.
- 2.30. Ratios of primary deficit, fiscal deficit and Loan to Gross Domestic Product:

Table: 2(c)
Primary and Fiscal Deficits

Rs. in Crores

Fiscal Year	Fiscal Deficit*	Primary Deficit**	Loan/GDP Ratio***	Fiscal Deficit/GDP Ratio
1997/98	1777.8	1523.9	66.4	5.9
1998/99	1799.1	1559.4	64.1	5.3
1999/00	1766.7	1441.2	64.5	4.7
2000/01	2418.8	2092.7	63.5	5.9
2001/02	2294.06	1837.7	69.7	5.4

* Total Revenue + Foreign Aid – Total Expenditure

** Fiscal Deficit – Net Interest Income (difference of interest income and payments)

*** Calculated on Outstanding Loan by end of Fiscal Year

Fiscal deficit in 2001/02 dropped to 5.4 percent of GDP at producer's price as against the 5.9 percent of the GDP in FY 2000/01. Similarly, primary deficit in FY 2000/01 was 5.1 percent, whereas it decreased to 4.4 percent in FY 2001/02. The high ratio of outstanding loan to GDP (69.7 percent) in FY 2001/02 manifests the increasing trend of debt burden in the economy.

Sources of Deficit Financing

2.31. In FY 2001/02, budget deficit stood at Rs.22, 940.6 million, which was 5.2 percent, lower than that of FY 2000/01. Of the various sources of deficit financing in FY 2001/02, mobilization of foreign loan met Rs. 7,698.7 million, while Rs. 8,000.0 million and Rs. 7,241.9 million were met by mobilizing internal loan and change in cash balance.

Challenges

2.32. Analysis of revenue and expenditure as the ratios of GDP shows higher such ratio for total expenditure than that for revenue, signaling adverse impacts on the economy in the long run. For the last three years, development expenditures have dropped compared to the regular expenditures. The challenge ahead is to maintain macro-economic stability by rationalizing the regular expenditure, streamlining development expenditure to highly productive sectors, broadening the tax base, and reducing the size of deficit financing.

2.33. Observing the recent trend of revenue mobilization, it is essential to introduce administrative reform measures and mobilize available human resources

optimally to control revenue shortfall in the days to come. It is a challenge to the government to make revenue administration more efficient by identifying potential areas of revenue collection and introducing administrative reform measures for effective mobilization.

- 2.34. In the context of Nepal's accession to WTO, it is a great challenge for the Government to adjust its tax rates accordingly, without reducing the present level of revenue collection.
- 2.35. In revenue mobilization front, controlling revenue leakages and increasing tax compliance, widening tax net, controlling under-invoicing in customs operation and encouraging issuing Value Added Tax invoices are some of the existing challenges.
- 2.36. It is a challenge also to review and accordingly increase the rates of non-tax revenue.
- 2.37. There is a need of huge amount for reconstructing public infrastructures destroyed by insurgencies and for implementing income generating rehabilitation programmes for distressed and displaced families by the violence. It has become a great challenge to the public expenditure management.
- 2.38. Development projects are facing impediments due to violence and terrorist activities. Therefore, an integrated and coordinated mechanism needs to be setup between security agency and concerned ministries in order to carry out security measures and development activities side-by-side. Developing such mechanism to accelerate development expenses and productivity has become a challenge to the Government.
- 2.39. Mobilizing foreign assistance in such a way that it reduces the gap between commitment and disbursement, and making it more result oriented for achieving national goal of poverty reduction also poses a big challenge.
- 2.40. Private sector needs to be encouraged to concentrate their investment to those sectors where they have competitive advantages. Creating competitive environment in the economy by gradually privatizing the public enterprises, and managing available resources in this regard is also a great challenge.
- 2.41. In the context of implementation of Public Expenditure Review Commission's recommendations and Medium Term Expenditure Framework, the challenge ahead is to allocate public resources to priority areas and increase their effectiveness.

III

PRICE AND SUPPLY SITUATION

Aggregate Consumer Price Situation

- 3.1 Analysis of point-to-point and average National Consumer Price Index (CPI) of Urban areas for the first 8 months of FY 2002/03 (FY 1995/96=100), indicated a pressure on both prices compared to the reference period of FY 2001/02. Point-to-point analysis of price for the first 8 months of FY 2002/03 shows a rise of 1.5 percent compared to the drop of 0.1 percent during the reference period of FY 2001/02. In the review period of FY 2002/03, the average price rose by 3.6 percent, which is higher by 0.7 percentage point compared to 2.9 percent rise during FY 2001/02. Region-wise point-to-point comparison of price index for the first eight months of FY 2002/03 shows that price in Terai rose by 2.3 percent, while in the Hills and the Kathmandu Valley it rose only by 0.9 percent and 0.6 percent respectively. Price remained unchanged between July 2001 and March 2002 for Terai, whereas in the Hills and Kathmandu Valley, it dropped by 0.6 percent and 0.2 percent respectively.
- 3.2 Point-to-point price index for all commodities in food and beverage category increased by 1.5 percent during the first eight months of FY 2002/03. It is because of the fall in production of rice, which carries a greater weight in the food basket; adverse impact on vegetable production in Terai due to cold waves; price rise in education materials; rise in wholesale price index of India due to drop in food production caused by the drought; and rise in the price of oil in international market. Despite rise in the price index of foodgrains and other food items like oil and ghee, beverages, restaurant's food, meat, fish and eggs, and milk and milk products, point-to-point price index of food items fell marginally during the period of FY 2002/03 because of rise in price of rest of all food items. Marginal pressure was observed on overall price index due to price rise in all non-food items and services during FY 2002/03. Because of this reason, average price rise during the review period of FY 2002/03 is higher than the preceding three years.

Food and Beverage

- 3.3 Prices of food and beverage group had dropped by 2.2 percent during the first eight months of FY 2001/02, while it dropped marginally by 0.1 percent during the review period of FY 2002/03. Prices of food grain and associated

items like meat, fish and eggs, milk and milk products, oil and ghee, beverages and restaurant's food increased between 0.5 percent and 10.4 percent whereas prices of rice, pulses, vegetables and fruits, spices, and sugar and sweet, which carry a greater weight under this group dropped from 0.3 percent to 13.8 percent during the review period of FY 2002/03.

- 3.4 Price of pulses during the first eight months of FY 2002/03 dropped remarkably by 4.9 percent against the marginal drop of 0.8 percent in the corresponding period of FY 2001/02. The main reason behind it is the rise in production and improved supply situation of these commodities. Despite adverse impact on the production of vegetables in Terai due to cold waves, price index of vegetables and fruits sub-category dropped by 13.8 percent during the first eight months of FY 2002/03 compared to 19.9 percent drop during the corresponding period of FY 2001/02. It can be attributed mainly to rising trend of vegetable production in Feb-March in comparison to June-July of every year and increase in production of fruits and vegetables in adjoining like districts of the Kathmandu valley. The price of spices decreased by 1.5 percent during the review period of FY 2002/03 as a result of surplus supply of ginger in the Nepalese market as its export declined in the absence of quarantine check posts on the other side of the border and eased price of cumin seed in international market. Price of spices had dropped by 2.9 percent in the corresponding period of FY 2001/02.
- 3.5 Prices of meat, fish and eggs increased by 1.4 percent during the first eight months of FY 2002/03 as against an increase of 1.2 percent during the corresponding period of FY 2001/02. In spite of satisfactory production of fish in Terai and improved supply situation from India, there was some pressure on the price of mutton and chicken sub-category due to drop in the production and supply of goats from hills and the Terai. Price of dairy products increased by 0.5 percent in the review period of FY 2002/03 whereas it had dropped by 1.1 percent in the same period of FY 2001/02. The price of edible oil and clarified butter (ghee) had increased by 2.9 percent in FY 2001/02 whereas it substantially rose by 10.4 percent during the review period of FY 2002/03. The main reason for this price rise is due to 15 percent increase in the price of dairy ghee, price rise in these products in international level, reduced import of edible oil from third countries and decline in the production of mustard seed due to increase in its production cost.
- 3.6 Price of sugar and sugar-related products dropped by 9.2 percent in the review period of FY 2002/03 against 3.6 percent decline in the corresponding period of FY 2001/02. It is due to increase in production of sugarcane and simplification in import of sugar. Price of alcohol and beer increased by 5.6

percent during the review period of 2002/03 against 4.6 percent increased in FY 2001/02 due to the trend of raising government excise duty and taxes year by year. Price of food served in restaurants went up by 2.8 percent during this period compared to 0.2 percent increase during the review period of FY 2001/02. It is due to increase in price of raw materials such as meat, fish and eggs, beverages, edible oil and ghee.

Non-food Commodities and Services Category

- 3.7 On point-to-point basis, price of non-food commodities and services posted 3.2 percent increase during the review period of FY 2002/03 as against of 2.0 percent increase during the reference period of FY 2001/02. Price of all items under this category increased during the review period of FY 2002/03. During that period, price of clothing materials in this sub-category rose nominally by 0.3 percent whereas price of education, educational materials and entertainment sub-category rose significantly by 9.2 percent. Price of clothing and readymade garments under this (main) sub-category increased in 2002/03 by about equal level of 1.8 percent of FY 2001/02. During the review period of FY 2002/03, price of this sub-category increased due to the decline in production of cloths with the collapse of domestic industries and rise in tailoring cost. Price of footwear sub-category also increased by 0.5 during this period against 1.0 percent increase during the corresponding period of FY 2001/02.
- 3.8 The price of household goods sub-category increased by 2.9 percent during the review period of FY 2002/03 compared to an increase of 2.5 percent during the corresponding period of FY 2001/02. Increase in price of electricity, drinking water, house rent, and kerosene as well as price hike of gas by 18.2 percent contributed to the price rise in this sub-category of goods. Price of transport and communication, which had increased by 0.1 percent during the review period of FY 2001/02, increased by 0.9 percent during same period of FY 2002/03 due to the increase in transportation cost, tariff hike by the government on telephone services as well. Price of medicine and personal care sub-category increased by 2.4 percent during the review period of FY 2003/03 against 5.9 percent increase in the previous year due to rise in the price of medicine and higher cost of health services in private nursing homes.

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

Consumable goods	Weight in percent	Fiscal year*		
		2000/01	2001/02	2002/03
Total (A+B)	100.0	-0.1	-0.1	1.5
A. Food and Beverages	53.2	-5.8	-2.2	-0.1
Food grain and food products	18.0	-14.7	1.5	3.2
Pulses	2.7	-1.7	-0.8	-4.9
Vegetables and fruits	7.9	-18.4	-19.9	-13.8
Spices	1.9	0.7	-2.9	-1.5
Meat, fish and eggs	5.2	1.8	1.2	1.4
Milk and milk products	4.0	6.3	-1.1	0.5
Oil and ghee	3.1	-1.4	2.9	10.4
Sugar and related products	1.2	7.6	-3.6	-9.2
Beverages	2.3	2.2	4.6	5.6
Restaurant meals	6.9	7.5	0.2	2.8
B. Non-Food and Services	46.8	6.5	2.0	3.2
Clothing and sewing services	8.9	2.7	1.7	1.8
Footwear	2.2	0.8	1.0	0.5
Housing	14.9	7.6	2.5	2.9
Transport & communication	4.0	6.9	0.1	0.9
Medicines & personal care	8.0	4.3	5.9	2.4
Education, educational materials, entertainment	7.1	14.3	-1.4	9.2
Cigarettes	1.7	0.8	4.2	1.8

*Point-to-point price from July to March

Source: Nepal Rastra Bank

- 3.9 Price of education, educational materials and entertainment sub-category rose significantly by 9.2 percent during the first eight months of FY 2002/03 due to

increase in net annual fees as well as price rise of educational materials. Price of this sub-category had decreased by 1.4 percent in FY 2001/02. Price of cigarette sub-category increased by 1.8 percent during the review period of FY 2002/03 compared to a rise of 4.2 percent during the same period of FY 2001/02. Price rise in cigarettes during 2002/03 is mainly due to imposition of additional taxes.

Region-wise Consumer Price Situation

- 3.10 Analysis of point-to-point price index on regional basis shows that during the first eight months of FY 2002/03, CPI in the Kathmandu valley increased by a lower rate, while it was higher in the case of Terai. Compared to 1.3 percent increase in the price of food and beverages in Terai during the review period of FY 2002/03, it decreased by 1.8 percent and 1.0 percent in the Kathmandu and Hills respectively. There had been a decline of prices in these regions by 1.9, percent, 2.6 percent and 2.3 percent respectively in the corresponding period of FY 2001/02. Likewise, during the review period of FY 2002/03, price of non-food commodities and services group in the Terai, Hills and Kathmandu, posted increases of 3.4 percent, 3.1 percent and 2.9 percent respectively compared to increases of 2.1percent, 1.4 percent and 2.2 percent respectively during the corresponding period of FY 2001/02.

Wholesale Price Index

- 3.11 National Wholesale Price Index (Base Year 1999/00 = 100) increased by 3.1 percent on point-to-point basis during the first eight months of FY 2002/03 whereas it has decreased by 1.1 percent during the same period of FY 2001/02. Among agricultural goods category carrying the weight of 49.6 percent, price of cash crops dropped significantly by 22.9 percent, while price of food commodities increased by 14.3 percent, pulses by 3.2 percent, fruits and vegetables by 3.4 percent, spices by 15.5 percent, livestock products by 6.9 percent and contributed 3.5 percent increase in wholesale price index of this category. In FY 2001/02, price of food items had increased by 9.0 percent, livestock products by 2.6 percent while that of other sub-category had declined between 3.5 percent to 31.0 percent, which contributed to drop in wholesale price index of agricultural goods by 4.2 percent.
- 3.12 Domestic industrial products, which carry a weight of 20.4 percent in the National Wholesale Price, increased by 3.0 percent during the review period of FY 2002/03 whereas it had registered an increase of 4.3 percent in the corresponding period of FY 2001/02. Price of beverage and tobacco sub-category declined by 0.2 percent during the review period of FY 2002/03.

Price of food commodities under this category increased by 4.9 percent, construction materials by 2.4 percent and other goods by 5.7 percent. Price of these items had registered an increase between 1.6 percent and 8.5 percent in FY 2001/02.

Table 3 (b)
National Wholesale Price Index (Percentage Change)
 (Base year 1999/2000 = 100)

Category	Weight in Percent	Fiscal year*	
		2001/02	2002/03
Total	100.0	-1.1	3.1
Agricultural goods	49.6	-4.2	3.5
Domestic industrial products	20.4	4.3	3.0
Imported goods	30.0	0.5	2.6

**Point to point basis of price from July to March*

**Source: Nepal Rastra Bank.*

- 3.13 National Wholesale Price of imported goods, which carry a weight of 30.0 percent, increased by 2.6 percent during the first eight months of FY 2002/03 compared to an increase of 0.5 percent in the corresponding period of FY 2001/02. Price of electricity and electrical appliances declined by 1.9 percent compared to increase ranging between 1.4 percent and 4.8 percent on other items under this sub-category during the same period. Fall in the prices of petroleum products; means of transport; machinery; electrical goods; medicine; and clothing materials was the main reason behind the decline in price under this category of items in FY 2001/02.

Average Retail Prices of Selected Commodities

- 3.14 Comparison of average prices (per kilogram/liter) of 10 selected agricultural commodities between mid Aug 2002 and mid-March 2003 show that prices of four commodities had increased while that of six decreased. Of the commodities that registered rise in prices were: black bean by 7.1 percent, mustard oil by 12.4 percent, ghee by 24.8 percent and of mutton by 8.7 percent. Items that registered fall in prices were: potato (37.9 percent), ginger (28.8 percent), coarse rice (11.7 percent), wheat flower (1.6 percent), pigeon peas (1.0 percent) and dry onion (19.6percent). Similar analysis done for the corresponding period of FY 2001/02 showed that the prices of black bean,

pigeon peas, mustard oil, potato and ginger had decreased while those of four items had increased.

- 3.15 In the Hills, average retail prices of three items namely, black bean, ghee and mutton between mid Aug 2002 and mid-March 2003 increased while those of the seven remaining items in the list had decreased compared to increases in prices of pigeon peas, and ghee, mutton, and dry onion during the corresponding period of FY 2001/02. Prices of remaining six items in the list had decreased during the same period. In Terai, prices of wheat flower, black bean, pigeon peas, mustard oil, ghee, mutton, coarse rice rose, while prices of the remaining three items had fallen during the review period. In the corresponding months of FY 2002/03, the prices of coarse rice, wheat, black bean, pigeon peas, mustard oil, ghee, mutton, potatoes and ginger had decreased while that of dry onion had increased.
- 3.16 In the Hills, prices of pigeon peas, mustard oil, ghee and mutton were higher between mid Aug 2002 and mid March 2003, whereas those of other six commodities were lower. For the same period in Terai, prices of coarse rice, wheat flower, pigeon peas, mustard oil, mutton and ghee increased while those of remaining four commodities declined. Between these periods, nationwide, prices of wheat flower, pigeon peas, mustard oil, ghee and mutton had increased while those of other five commodities declined.
- 3.17 Analysis of monthly national average retail prices of 10 agricultural commodities during the first eight months of FY 2002/03 shows that prices of five commodities had increased while that of five decreased compared to the corresponding period of FY 2001/02. Commodities that registered rise in their prices were wheat flower (0.8 percent), pigeon peas (3.0 percent), mustard oil (4.8 percent), mutton (1.6 percent), and ghee (5.5 percent). Remaining five items selling at lower prices were ginger (25.8 percent), potatoes (0.2 percent), coarse rice (0.3 percent), black bean (7.8 percent) and dry onion (12.5 percent).
- 3.18 Price analysis of petroleum products for the first eight months of FY 2002/03 shows that the price of petrol rose by 13.0 compared to the same period of FY 2001/02 and fixed at Rs.52.0 per liter. Prices of diesel and kerosene during the review period of FY 2002/03 stood at Rs.26.50 and Rs.17.0 per liter respectively.

Supply Situation

- 3.19 Analysis of the supply situation of petroleum products for the first eight months of FY 2002/03 compared to corresponding period of FY 2001/02 reveals that supply of petrol increased by 17.8 percent to 46,824 kiloliters, that of diesel by 2.6 percent to 1,88,499 kiloliters and of kerosene by 0.9 percent to 244,446 kiloliters. During the same period, supply of aviation fuel increased by 5.9 percent to 34,194 kiloliters and of LP gas by 19.5 percent to 37,012 metric tons.
- 3.20 In line with the policy of availing food to the people of remote mountain districts without access to roads, the government has been providing transport and interest subsidies. In pursuance of this policy, 68,209 quintals of foodgrains were transported and supplied to such 36 districts during FY 2001/02. Similarly, 26,543 quintals of food grains or 41.4 percent of the annual target of 64,040 quintal, were transported and supplied to 31 remote districts, during the first eight months of FY 2002/03.
- 3.21 The government is continuously monitoring the market through its agencies to ensure the supply, quality and the standard of petroleum products, foods, medicine, fruits, meat etc. in the Kathmandu valley and other districts as well. Public awareness programmes are being continuously launched by organizing seminars, training and issuing directives/ guidelines through national level media.

Challenges

- 3.22 Prices of food and a host of essential goods are not steady because of up and down movements in agricultural production and the influence of international trade. The structural challenge of Nepalese farmers have pushed up their cost of production as it is already high in comparison to Indian produces, and there is a compulsion for Nepalese consumers to pay higher prices to domestic produces. It is therefore; imperative to make Nepalese produces cost competitive.
- 3.23 Another challenge is that as the carrying capacity of roads in Nepal is low, transport cost in urban areas remains high. Also, lack of access to road in rural areas creates shortages of supply of goods and commodities, consequently raising their prices.
- 3.24 The quality and price of goods and services originating from the public enterprises are not competition-friendly and also general public do not have

easy access to them. For example: higher price of electricity with limited access to people, lack of transmission lines on the one hand and weaker capacity of rural people to afford such higher price of electricity on the other continue to be problems in both demand and supply sides. Likewise, urban consumers are facing the problem of uncertain and limited supply of drinking water. People of rural areas, despite abundance of water sources, are facing problem due to lack of proper reservoirs and distribution system. In this regard, supply and expansion of goods and service provisions of public utilities and strict pursuance of competitive price system remains another challenge.

- 3.25 Prices of goods and services determined through competitive market mechanism benefits the consumers, investors, producers and the government as well. Eventually, it paves the way for the economy to set on a positive and sustainable path. Economic management has to be geared to create such a situation.
- 3.26 Major objective of the monetary policy, besides others, is to maintain the price stability. From this aspect, it is a more challenging task to design and implement monetary and credit policy and make use of policy instruments more effectively to ensure price stability.

IV

MONEY, BANKING AND CREDIT

Monetary and Financial Sector Policy

- 4.1 The Nepal Rastra Bank (NRB) Act, 2058 B.S. clearly states the major goal of Monetary Policy adopted after embracing liberal economic policy. On the whole, major targets of the monetary policy have been to arrange liquidity for higher and sustained economic growth; contain the rate of inflation within a desirable limit; and maintain a favorable balance of payments. Similarly, to maintain stability in the financial sector and development of secure, healthy and efficient payment system are also the other targets. As per provisions contained in the NRB Act, 2058 B.S., section 94, NRB has to bring out an annual report on monetary policy, i.e. it has to publish the report for public disclosure (a) with review and assessment on the monetary policy embraced in the previous year and (b) monetary policy to be embraced in the coming year with justification. Accordingly, NRB has, for the first time, published monetary policy and programmes for FY 2002/03 and the half-yearly review thereon for the public information.

Box 4 (1)

Monetary Policy and Programme for FY 2002/03 (Published on Mid July 2002)

- a) Beginning FY 2002/03, reduce the compulsory Cash Reserve Ratio (CRR) by 1 percentage point to provide additional liquidity to commercial banks to provide continuity to the flexible monetary policy;
- b) To contract out management of two large commercial banks (Nepal Bank Ltd. and Rastriya Banijya Bank) as soon as possible to specialized international company/ies under the Financial Sector Reforms and Re-engineering Programme,
- c) Complete remaining works to establish an Assets Management Company and put it in place by the first half of FY 2002/03 to resolve the problem of non-performing loan,
- d) As a step to strengthen the credit information system, directives pertaining to Credit Information Bureau will be issued under the provision of NRB Act.

- e) To begin accepting applications from 16 July 2002, for the establishment of new commercial banks with a view to meet the credit demands of the country's economy.
- f) Keeping in view the lack of competitiveness and the high cost of fund of `banking operations in absence of authorization to attract savings through savings accounts, development banks established under Development Bank Act, 1995 will be authorized to collect deposits through savings accounts up to 20 percent of their prescribed limits for resource collection. This will also contribute in expanding their services.
- g) NRB to set aside annually up to 5 percent of its net profit and deposit in the Rural Self Reliance Fund with a view to make provision for long term capital to priority sector businesses, like tea, cardamom, cold store etc.
- h) Supervision units of NRB having branch level status to be strengthened. Also, carry on establishment of separate supervision offices in areas with high-density financial institutions.
- i) Directives relating to financial cooperative institutions and micro credit will be issued for the effective regulation of financial system, supervision and inspection function.
- j) Directors representing NRB in the Board of Directors of the commercial banks and development banks to be withdrawn gradually from the beginning of FY 2002/03 in accordance with the policy not to represent it in institutions where it has to conduct supervisory function.
- k) NRB not to issue license to new Savings Cooperative Institutions for carrying out limited banking operations.
- l) With a view to make liberal financial system-friendly environment, the mandatory provision requiring commercial banks to invest at least 12 percent of their credit to priority sector would be withdrawn within 5 years. But the provision in respect of credit provision to deprived sectors will remain.
- m) In view of prevailing abnormal situation of the country, waive commercial banks from paying penalty for failing to meet up to 25 percent of mandatory investment target in priority sector and deprived class credit programme in FY 2002/03.
- n) The present provision of limiting average spread in interest rate at 5 percent to be withdrawn with the expectation that it will automatically adjust and drop with the adoption of open and liberal banking policy of the Government and ongoing reforms and re-engineering of Government owned banks.
- o) As a measure to support the monetary liquidity management and make available additional financial instruments to the investors, treasury bills

owned by NRB by FY 2002/03 to be gradually sold to banking and non-banking sectors.

- p) Present time limit of 6 months for deferred payments of (usance credit) Letter of Credits (L/C) for the importation of machinery/raw materials for industries to be extended to 1 year. .
- q) Considering the increasing contribution of remittance to the economy of the country, provisions to be made for a loan of Rs. 100,000 to persons willing to go abroad for employment through the commercial banks without collaterals to each individual institutional guarantee of the employment company/institutions. Such loans will be included in the category of credit for the deprived sector.
- r) In order to bring in the country the foreign currency earned by Nepalese by way of overseas employment in an easy way through the banking channels, private sector institutions to be provided with additional incentives and facilities in FY 2002/03. Entity licensed by NRB to operate such remittance related activities will be entitled to get 15 paisa per US dollar as license commission in addition to the spread between sale and purchase rates when selling such convertible currency to NRB.

Compulsory Cash Reserve Ratio (CRR) and Refinancing

- 4.2 In order to improve the sluggish economy, continuity has been given to flexible monetary policy. NRB has revised the compulsory CRR effective from 22 July 2002 with a view to reduce the cost of fund of banks which will facilitate the banks to reduce their lending rates without changing in deposit rates. As per this revision, in respect to balance with NRB requirements of commercial banks, the present level of 7 percent of the domestic current and saving deposit liabilities and 4.5 percent of time deposit liability remain unchanged. The requirement of cash reserve in their own vault, however, has been brought down to 2 percent from 3 percent. In respect of refinancing rates, the present rate of 2 percent for export credit in foreign currency; 3.0 percent for rehabilitation of sick industries; 4.5 percent for Grameen Bikas Banks (Rural Development Banks) and export credits in Nepalese currency; and 5.5 percent for all other types of refinancing remains unchanged. An additional amount of Rs. 1,500 million has been set aside to provide refinancing facilities for sick industries

Box 4(2) Revised Compulsory Cash Reserve Ratio (in percent)				
S.No.	Description	20 December 2001	22 July 2002	Difference in % points
a.	Cash deposit requirement in NRB by the commercial banks			
	(1) Total domestic current and savings deposit liabilities	7.0	7.0	-
	(2) Total domestic time deposit liabilities	4.5	4.5	-
b.	Cash-in-Vault requirement of the commercial banks (of total deposit liabilities)	3.0	2.0	1.0

Priority Sector Credit

- 4.3 Besides commercial banks, a number of other banks and financial institutions are providing financial services. The directed credit programme like priority sector credit seemed to be appropriate in an environment of the presence of limited commercial banks and controlled financial regime of the past. In the present context of the development and expansion of financial sector together with open and liberal economic policy, the programme as such has become a matter of controversy. Hence, in order to create a professional environment for commercial banks, and in the context where adoption of indirect instruments are becoming more effective than the direct ones in the monetary management, following withdrawal schedule has been worked out for 2002/03 and eliminate priority sector lending by 2007/08. However, the current requirement to invest in the deprived sector remains unchanged.

Box 4 (3) Credit flow to Priority Sector						
Fiscal Year	2002/03	2003/04	2004/05	2005/06	2006/0	2007/08
					7	
Portion of the total outstanding credit in %	7	6	4	2	2	Not Compulsory

- 4.4 Under the World Bank supported Financial Sector Reform (Technical Assistance) Project, an American company IOS Partners have been selected for the re-engineering of NRB. An agreement to this effect was concluded in February 2003 and the implementations of the planned activities have been already started from March 2003. The re-engineering programme comprises of some important aspects like enhancement of the bank's accounting and auditing capability, enhancement of both on-site and off-site inspection and supervision capability, restructuring in the area of human resource management and improvement in Management Information System.

Commercial Banks

- 4.5 In a bid to reform the management and structure of the two large and oldest commercial banks of the country through contracting out the management to internationally recognized management groups, the management of Nepal Bank Ltd. has been handed over to the Bank of Scotland (Ireland), ICC Consulting Group as part of restructuring programme. It has started working from 22 July 2002. Likewise, the management committee constituted under Subsection 2 of Section 86 of NRB Act, 2058 B.S. after take over of Nepal Bank Ltd. by NRB as per Section 86(1) of the same Act on 14 March 2002, the same committee has been authorized to conduct business for a further period of two years following the improvement in the financial position of the bank. But control over the bank has been maintained as it is. After unilateral breach of agreement by the American company, the Deloitte Touche Tohmatsu, to take on contract the management of Rastriya Banijya Bank, an agreement on management contract has been made with a group led by an American banker Mr. Bruce Henderson as an alternative arrangement. Mr. Henderson has assumed his responsibility from 16 January 2003.
- 4.6 Since the Lumbini Bank Ltd. was taken into control on 20 March 2002 under Section 86 (1) of NRB Act, 2058 B.S. and a management committee was constituted under Section (2) of the same Act to conduct banking business, a visible improvement has been noticed in the financial position of the bank. Therefore, in order to make an arrangement to run the bank by a Board of Directors having representation from the general public through the sales of shares allotted for them, the control over the bank will remain under the present arrangement to the maximum for a further period of one year.

Box 4(4)

Policy Guidelines on the Establishment of Commercial Banks

Receiving applications for the establishment of commercial banks has been stopped since 1995. Visualizing that such an administrative

restriction is not in conformity with the liberal financial policy, the following new policy guidelines have been made public on 16 May 2003:

- (a) **Paid up Capital:** To establish a commercial bank of national level having its office in Katmandu, joint investment with foreign bank and financial institution or a management contract (TSA) at least for 3 years with such institutions is required. The paid up capital of such bank must be at Rs.1000 million.

To establish the commercial banks in all the places in the Kingdom other than in the Kathmandu Valley, the paid up capital must be Rs. 250 million.

- (b) **Share Capital:** In general, the share of commercial banks will be available for the promoters (70 percent) and general public (30 percent). The foreign banks and financial institution could have a maximum of 67 percent share investment on the Commercial banks of national level. In order to provide adequate opportunity for investment to the Nepali promoters in national level banks, only 20 percent of total share capital will be made available to general public on the condition that the foreign bank and financial institutions are going to acquire 50 percent of the total share. In the case of commercial banks to be established outside Kathmandu Valley, share investment of promoters and general public should stand at 70 percent and 30 percent, respectively.
- (c) **Banks already in operation:** Banks that is already in operation and those who have already acquired letter of intent before the enforcement of these provisions have to bring their capital level within seven years, i.e. by 16 July 2009, as per the recently declared provision. Such increase in the capital should be at a rate of 10 percent per annum at the minimum.
- (d) **Legal procedures:** Banks to be established with foreign promoters' participation have also to be registered fulfilling all the legal processes prescribed by the prevalent Nepal laws.
- (e) **Concerning upgradation:** Banks to be established outside Kathmandu Valley could be allowed to operate throughout the Kingdom including Kathmandu Valley only on the condition that they have operated satisfactorily at least for a period of three years and they have brought their paid up capital level to Rs. 1000 million and also fulfilled other prescribed conditions. Until and unless such banks do not get license to operate throughout the Kingdom, they will not be allowed to open any office in Kathmandu Valley.
- (f) **Promoters' share payment procedures:** Of the total committed share capital, the promoters has to deposit in NRB an amount equal to 20

percent along with the application and another 30 percent at the time of receiving the letter of intent on a interest free basis. The bank should put into operation within one year of receiving the letter of intent. The promoters have to pay fully the remaining balance of committed total share capital before the bank comes into operation. Normally, within 4 months from the date of filing of the application, NRB should give its decision on the establishment of the bank whether it is in favor or against it. If it declines to issue license, it has to inform in writing with reasons to the concerned body.

- (g) **Promoters' qualification and experience:** Action on the application from promoters will not be initiated if it is proved that their collateral has been put on auction by the bank and financial institution as a result of non-payment of loans in the past, who have not cleared such loans or those in the black list of the Credit Information Bureau and 5 years have not elapsed from the date of the removal of their name from such list. The application will be deemed automatically cancelled irrespective of it being on any stage of process for license issuance if the above events are proved. Of the total promoters, one-third should be its chartered accountant or at least a graduate of Tribhuvan University or recognised institutions with major in economics or accountancy, finance, law, banking or statistics. Likewise, one-fourth promoters should have the work experience of bank or financial institution or similar nature.
- (h) **Promoters' share:** Promoter Group's share can be disposed or transferred only on the condition that the bank has been brought in operation, the share allotted to the general public has been floated in the market and after completion of 3 years from the date it has been registered in the Stock Exchange. But before the disposal of such shares it is mandatory to get approval from NRB. The share allotted to general public has to be issued and sold within 3 years from the date the bank has come into operation. Failing to fulfill such provisions, the bank cannot issue bonus shares or declare and distribute dividends. Shareholders of the promoters group and their family members cannot have access to loans or facilities from the same institution.
- (i) **Branch expansion:** The Commercial banks established in national level will initially be authorized to open a main branch office in Kathmandu Valley. They will be authorized to open one more branch in Kathmandu Valley only after they have opened two branches outside Kathmandu Valley.
- (j) **Disqualify from becoming director:** An individual who is already serving as a director in one of the bank or financial institutions licensed by NRB cannot be considered eligible to become the director in other banks or financial institutions. Also, stock brokers,

market makers and also an individual and institution involved as an auditor of the bank and institutions carrying on financial transactions cannot be a director.

Development Banks

- 4.7 At present, 21 development banks in 9 districts of the Kingdom are in operation. Of them, Nepal Industrial Development Corporation and Agricultural Development Banks are established under Nepal Industrial Development Corporation Act, 2016 B.S. and Agricultural Development Bank Act, 2024 B.S. Under the Development Bank Act, 2052 B.S. Altogether 19 development banks have been established and are carrying out financial transactions. Of the development banks established under Development Bank Act 2052 B.S. 11, are carrying out micro-finance business whereas 8 are carrying out banking business. Of these development banks, 3 development banks are operating on national level and the rest are established and operating on district level. Among new development banks, Western Development Bank in Butwal has recently been established, whereas approval for the establishment to Karnali Development Bank in Nepalganj and Sahayogi Development Bank Ltd. in Janakpur has been given in principle. A new policy guideline has been issued concerning the establishment of development banks (including micro-finance development banks).
- 4.8 Agricultural Development Bank and Nepal Industrial Development Corporation are specialized financial institutions for providing credit to assisting in the development of agriculture and industrial sector. But since past few years, financial position of both the institutions is not satisfactory. In order to enhance the operational capability of these institutions, HMG/N and Asian Development Bank through Price Waterhouse are carrying out a study on Human Resource Management and Development jointly. The study will help in identifying the measures in improving the management and financial position of both the institutions.

Box 4 (5)		
Policy Guidelines on Establishment of Development Banks		
The following new policy guidelines have been made public on 21 May 2002		
(a) Paid up capital		
	Development Bank	Micro-Finance Development Bank*
National Level	Rs. 320 million	Rs. 100 million
Excluding Kathmandu		

Valley **		
4 to 10 districts	Rs. 50 million	Rs. 20 million
1 to 3 districts	Rs. 20 million	Rs. 10 million
<p>* In case of poverty alleviation activities, micro-finance will be available on groups without collecting deposits from the general public</p> <p>** Geographically adjoining districts excluding Kathmandu Valley</p> <p>(b) Promoters and the general public can acquire respectively 70 percent and 30 percent of the share capital of above-mentioned banks of all levels.</p> <p>(c) Special priority will be given to the application to open the development banks in the remote and hilly districts and in those development regions where the density of financial intermediaries are low and also to the micro-finance development banks that is to be established with the intention of supporting the sectors like development infrastructure, agriculture, industry, trade, tourism etc.</p> <p>(d) Development banks intending to upgrade their operation can gradually do so by elevating their operation by one level at a time. For this they have to fulfill the norms in respect of paid up capital, 3 years operation experience and showing constant profit in the same period, etc.</p> <p>(e) Of the total promoters one-third should possess the graduate or chartered accountant degree. Also, at least one-fourth of them should have the work experience in banks or financial institution or similar professional experience.</p> <p>(f) Banks already in operation and the banks having letter of intent should increase the level of paid up capital as per new provision within 7 years.</p> <p>(g) Policy guidelines clearly mention on the matters like paid up capital procedures of promoters' share, actions on application to open new banks, sale of promoters share and arrangements concerning black listing, provision barring the promoters and their families to take loan, refraining them to become directors in other banks or financial institutions.</p>		

4.9 As a result of relocation and closure of some of the branches of some commercial banks in rural areas due to the present security situation in the country, some drop in delivery of banking services have been felt in the rural areas. Also, they are being incapacitated to provide competitive services in the market and to collect savings deposit and mobilize resources due to such situation. Development bank's cost of fund still remains high and has also incapacitated them to compete with other banks. In this context, with effect from

23 January 2003, a regulatory provision has been made for the development banks (except micro-financing development banks) to collect deposits through mobilization of savings. The total deposit collected under such provision could be up to 20 percent of allowed total deposit collection limit of the bank. By such an arrangement, the general public holding savings account will have the additional alternative investment opportunity through such savings.

Box 4 (6)

Regulatory Directives to Development Banks

Following regulatory directives have been issued to Development Banks effective from 23 January 2003:

(a) Capital fund: Following provisions have been made for a minimum capital fund based on total risk weighted assets to be adopted by the development banks:

Fiscal Year	Primary Capital Fund (%)	Total Capital Fund (%)
2002/03	5	10
2003/04	5.5	11
2004/05	6	12

(b) Financial resources collection: Development Banks, to the maximum, can collect financial resources (deposit, borrowings and loans) upto 15 times of their primary capital fund.

(c) Compulsory CRR and liquid funds: Development Banks are required to deposit at least 1 percent of the total deposit liabilities and borrowings fund in NRB or other banks or financial institutions prescribed by it as compulsory cash reserve ratio. The banks will have to maintain at least 7 percent of total deposits as liquid funds in their cash in-vault or government treasury bills or Nepal Rastra Bank bonds or deposited in commercial banks. Of the 7 percent of such liquid funds, 2 percent has to keep in cash in-vault or deposit in the current account of a commercial bank.

(d) Loans classification and loan loss provision: As per loan and advances classification and loan loss provision on the basis of expiration of date for each installment due, principal loans have been classified into four groups, i.e., good, inferior, doubtful and bad and has to earmark 1 percent, 25 percent, 50 percent and 100 percent respectively of the total loan amounts in loan loss provision in mid-December and mid-July of each fiscal year effective from FY 2003/04.

- (e) **Single Customer Credit limit:** Loans and advances limit for each individual has been fixed at 25 percent of the fund base capital and advances and up to 50 percent for non-fund based facility.
- (f) **Sectoral loan limit:** With a view to bring the development banks' loan and advances to the desired areas, a sectoral investment ceiling for agriculture (60 percent), industry (60 percent), services profession (75 percent), land development and housing and commercial complex schemes (50 percent), deprived sector credit (50 percent) has been fixed out of the total limit of loan and advances. The banks cannot exceed the ceiling.
- (g) **Interest rate:** Development banks are allowed to fix the interest rates on deposits and loan and advances by themselves. But they cannot fix a flat rate on loan and advances.
- (h) **Auditing:** After accomplishment of auditing of their balance sheet and profit and loss account, the bank has to submit such audited balance sheet and profit and loss account with its annexes to Nepal Rastra Bank at least one month before the annual shareholders meeting. Also, the bank has to conduct a half-yearly internal audit of its financial transaction and account. After the adoption of such report by the Board of Directors of the bank it has to be sent to NRB within 3 months of the expiration of half-yearly period.
- (i) **Corporate governance, branch expansion and promoters' share disposal:** A clear provision has been made in the policy guideline in respect of corporate governance, branch expansion and promoters' share disposal.

Grameen Bikas Banks

- 4.10 In accordance with the policy adopted by His Majesty's Government and NRB for a gradual dispossession of the ownership of the financial institutions, shares of Grameen Bikas Banks will be divested to the private sector in a process to privatize them. At the moment, actions necessary for the privatization of the Western Grameen Bikas Bank, which is running in profit, has been initiated. In respect of other Grameen Bikas Banks, productivity norms have been enforced. The policy has been for their gradual privatization once they reach to the breakeven point. In view of ever-increasing financial burden to the nation every year, it is hoped that after privatization of these banks, capability and competitiveness of these institutions will be enhanced subsequently improving their quality of service delivery.
- 4.11 Of the total 11 micro-finance development banks carrying out financial transactions under Development Bank Act, 2052 B.S., 5 Grameen Bikas Banks (GBB) are at regional level, 4 micro-finance development banks are operated by the private sector and the national level Rural Micro Finance Development

Center (RMDC) and Small Farmers Development Bank as wholesaler for micro-credits are operating. New regulatory guidelines have been issued for rural development banks and private sector GBB replicators like Nirdhan, DEPROCS, Chhimek and the Self-Reliance Fund and private sector GBB.

Box 4 (7)

Regulatory Provisions for Micro-finance Development Banks

The following regulatory provisions for Micro-finance Development Banks have been issued and made effective from FY 2002/03:

- (a) **Capital fund:** The micro-finance development banks require maintaining a primary and total capital adequacy ratio respectively at 2 and 4 percent by the end of FY 2003/04, at 3 and 6 percent by FY 2004/05 and 4 and 8 percent from FY 2005/06 onwards based on total risk weighted assets.
- (b) **Financial resource mobilization:** The micro-finance development bank can mobilize resources up to 20 folds of their total primary capital. Such resources mobilization includes collection of deposit from member groups, borrowings and debentures. If the resource mobilization has already exceeded the limit prior to this provision, it has to be brought within the set limit by Mid-July 2003.
- (c) **Compulsory CRR and liquid funds:** The banks require to deposit in NRB, or in other banks or financial institutions approved by it in case where it does not exist, an amount equal to 0.5 percent of their savings and borrowing fund as compulsory Cash Reserve Ratio. Similarly, they also require maintaining liquidity of 2.5 percent of their total savings fund in their vault or government treasury bills or NRB bonds or in the form of deposit in a commercial bank.
- (d) **Loan classification and loan loss provision:** At the end of each fiscal year, banks are required to loan classify due loan and advances on the basis of expiration of their repayment time into four groups as good, inferior, doubtful and bad and has to make the loan loss provision at 1 percent, 25 percent, 50 percent and 100 percent respectively.
- (e) **Jurisdiction, governance, loan limit and interest rate:** The regulatory provision clearly mentions about the geographical jurisdiction and branch expansion, institutional governance, per group members and micro-financing limit and interest rates and services charge.

Finance Companies

4.12 By mid-March 2003, the number of finance companies licensed under the Finance Company Act, 2042 B.S., to conduct financial transactions has totaled 55. Additional 3 companies have been issued such licenses between mid April 2002 and mid-March 2003. These companies are already in operation. On 10

June 2002, Guheswori Merchant Banking Ltd., Lalitpur with an authorized and paid up capital of Rs. 40 million and Rs. 20 million respectively has been licensed to carry out financial transactions. Likewise, on 18 June 2002, Patan Finance Ltd. Lalitpur with an authorized and paid up capital of Rs. 60 million and Rs. 30 million, respectively was licensed to conduct financial transactions. Crist Finance Ltd. got the license to conduct financial transaction on 5 February 2003 that has an authorized and paid up capital of Rs. 90 million and Rs. 50 million. In order to enable financial institutions deliver financial services properly in a transparent, secured and reliable manner a set of new policy guidelines have been implemented.

Box 4 (8)

Policy Guidelines on the establishment of Finance Companies

The following policy guidelines have been issued and made effective from 21 May 2002:

(a) Paid up capital:

- National level company conducting financial transaction including leasing – Rs. 150 million,
- National level company conducting financial transaction excluding leasing – Rs. 50 million,
- Company conducting financial transaction in any one district of Eastern, Central (excluding Kathmandu Valley) and Western development region excluding leasing –Rs. 20 million, and
- Company conducting financial transaction in any one district of Mid-western and Far-western development region excluding leasing – Rs. 10 million.

(b) Special priorities will be given to the company to operate in any one of the districts of any development region where the density of the financial intermediaries and financial institution are low.

(c) The promoters and general public has to invest 60 percent and 40 percent, respectively on the total share capital of all the above financial companies.

(d) Finance companies, which are in operation in Kathmandu Valley, have to settle themselves in one of the national level companies as described above. In case of the companies operating outside Kathmandu Valley, they have to decide about the jurisdiction they want to remain within 6 months from the date they are informed. Likewise, finance companies being desirous to upgrade their operations should successively fulfill the conditions, such as paid up capital reaching to one step higher, 3 years operating experience, etc.

- (e) The policy spells clearly about promoters' paid up capital, actions on the application for opening a company, disposal of promoters' share and black listing, prohibition in the access to loans by promoters and their families and refraining them to become a director in other banks or financial institutions.

Cooperatives

4.13 NRB has issued permits to 34 Savings and Credit Cooperatives among those registered with the Department of Cooperatives under the Cooperatives Act, 2048 B.S. to conduct limited banking transactions. The Bank has not issued any such permit after mid-April 2000. Realizing the impracticability to monitor and supervise such small and widely scattered institutions by the central bank, from now onwards, a policy has been adopted under which no co-operatives will be permitted for a limited banking transaction. Savings deposit collection of such co-operatives, which are permitted to carry out limited banking transaction has reached Rs. 1970 million. The total credit of such co-operatives stands at Rs. 1,560 million. Their share capital remained at Rs. 232.4 million. Of the 34 cooperatives, 11 are operating in rural areas as small farmers' cooperatives and 23 are in urban and semi-urban areas.

Box 4 (9)

Regulatory provisions for Co-operative Institutions

The following regulatory provisions for Co-operative Institutions operating limited banking transactions have been issued and made effective from FY 2002/03:

- (a) **Capital fund:** The co-operative institutions have to maintain based on total risk weighted assets, the primary and total capital adequacy ratio respectively at 4.5 percent and 9 percent by FY 2002/03 and from FY 2003/04 onwards at 5 percent and 10 percent.
- (b) **Financial resources collection:** The co-operative institutions can mobilize resources up to 10 folds of their total primary capital from its member groups by way of collection of deposit and borrowings. Such deposits will include savings deposit and time deposits having 3 years maturity.
- (c) **Compulsory reserve fund and liquid fund:** The co-operative institutions are required to maintain at least 1 percent of their total deposits and advances in NRB as cash reserve requirement. They are also required to maintain as liquid funds at least at 7 percent of the total deposits in their vault or in any current account with a commercial bank or in government treasury bills or NRB bonds or in any banks or financial institution licensed by NRB. But this does not include the deposits maintain by with other co-operative institutions.

- (d) **Loan classification and loan loss provision:** On a half-yearly basis, the co-operatives are required to loan classify the due loan and advances into four groups as good, inferior, doubtful and bad and has to make the loan loss provision respectively at 1 percent, 25 percent, 50 percent and 100 percent.
- (e) **Institutional governance, credit limit, interest rate, investment:** The regulatory directive clearly mentions about institutional governance to be adopted, credit limit, fixation of interest rates and investment policy.

4.14 The number of Non-Governmental Organization (NGO) applying for a license to operate under the Financial Intermediary Act, 2055 B.S. is increasing. At present the number of such institutions licensed by NRB has reached 38. Such institutions can provide credits up to Rs. 30,000 to each individual (group member) on group guarantee to the people of lower income groups and deprived class of people of the rural and urban areas. Provision has been made to set conditions to NGOs to acquire the license to operate as financial intermediaries. They are: such NGO should have a minimum capital of Rs. 100,000; the number of group members in each NGO should have at least 500 members in case of Kathmandu valley and 300 for Terai districts; and 50 percent of total members should be women. Also, policy guidelines concerning qualification of managing committee members and norms regarding prioritization of registration of such institutions have been enforced.

Monetary Situation

4.15 Broad money during the review period of FY 2002/03 grew by 5.9 percent compared to 2.6 percent growth during the corresponding period of FY 2001/02. It grew at a higher rate due to an increase in both the net foreign and domestic assets. Narrow money during the review period of FY 2002/03 grew just by 3.1 percent, whereas its growth was 8.3 percent during the same period of the previous fiscal year. A higher rate of increase in the time deposit and non-monetary liability resulted in lower rate of increase of narrow money this year. Of the components of narrow money, currency circulation increased by 5.8 percent during the first eight months of FY 2002/03 against an increase of 15.5 percent in the corresponding period of FY 2001/02. Another component of narrow money, the demand deposit during the review period of current FY again registered a decline of 3.8 percent compared to 7.3 percent decline during the corresponding period of previous year.

- 4.16 Net foreign assets of monetary sector, one of the expansionary factors of the money supply, increased by 4.5 percent during the review period of the current year. It had increased by 2.1 percent last year. Another factor, total domestic credit, which had increased by 2.6 percent last year increased significantly by 6.6 percent to a total of Rs. 218.27 billion by mid March 2003 due to a higher growth on private sector credit.
- 4.17 Out of the net domestic advances, the share of net lending from the banking sector to the government increased by 2.7 percent during the first eight months of FY 2002/03 totaling Rs. 61,330 million. It had increased by 2.0 percent during the same period of previous FY. Claims on the private sector, which shares a significant portion in total domestic credit increased by 9.9 percent to a total of Rs. 146.48 billion by mid March 2003 compared to 3.4 percent increase during the corresponding period of the previous FY. It increased at a higher rate due to some noticeable improvement in the economic activities and diversification in credit supply by commercial banks. It was also due to increased claim on the private sector as a result of increase in import credit during the review period.
- 4.18 Claims on government enterprises (GEs) during the review period of FY 2002/03 decreased by 8.8 percent, which had decreased by 3.7 percent during the corresponding period of the previous FY. One of the reasons behind this decrease in claims on GEs in this review period is due to partial payment by Nepal Industrial Development Corporation (NIDC) of its debenture held by NRB. Of the total expansionary credit, a credit flow to GEs has decreased. The Government's share has also decreased during the review period of the current FY. Of the total incremental credit expansion from the monetary sector by mid March 2003, shares of credit forwarded to the Government, GEs and the private sector stood at 10.5 percent, -7.5 percent and 97.0 percent respectively against 20.5 percent, -8.9 percent and 88.4 percent respectively during the corresponding period of 2002.
- 4.19 Time deposit, a significant factor of broad money supply, has increased by 7.4 percent by mid March 2003 totaling Rs. 157.72 billion. It had decreased by 0.2 percent during the corresponding period of 2002. The higher rate of increase in time deposits during this period can be attributed to revival of economic activities and continued increase in foreign remittance.
- 4.20 The net non-monetary liabilities, a factor playing contractionary role in money supply, increased significantly by 6.5 percent during the review period of the current FY compared to 1.8 percent during the corresponding period of the previous FY. The reason for such increase in non-monetary liabilities can be ascribed to enhancement of their capital and risk bearing funds by the

commercial banks as per the directives of NRB. Net domestic assets rose by 6.9 percent during the review period of 2002/03 compared to 2.9 percent increase in the corresponding period of the previous year. Higher rate of expansion of total domestic credit compared to the net non-monetary liabilities during the review period resulted in a higher rate of increase of net domestic assets.

Status of Commercial Banks' Resources and Their Uses

- 4.21 Total resources of commercial banks significantly grew by 7.5 percent during the first eight months of FY 2002/03 and totaled Rs.231.54 billion by mid March 2003, which had decreased by 1.2 percent during the corresponding period of the previous FY. Increases in both savings and fixed deposit liabilities, but a decline in demand deposit liabilities and the higher rate of growth in other net resources have resulted in higher rate of growth in aggregate resources. There has been a decline of liquid assets held by NRB due to drop in deposits and cash balance despite an increase in liquidity including its own foreign currency reserve and balance in the foreign banks as well. In the meantime, claims against the government and the private sector under the loans and credit portfolio increased significantly. All the above-mentioned factors led to the higher rate of growth in total resource utilization during the review period.
- 4.22 Total deposit liabilities of commercial banks rose by of 6.0 percent during the first eight months of FY 2002/03, whereas it had registered a fall of 1.1 percent during the corresponding period of FY 2001/02. Of the total deposits, the current deposits during the review period this year also dropped by 2.2 percent against 7.9 drop during the corresponding period of FY 2001/02. However, savings deposit in the review period of current FY rose by 8.7 percent compared to 2.0 percent drop in corresponding period of the previous FY. Fixed deposits grew by 4.4 percent in this review period compared to 2.2 percent growth last year. In this FY, the NRB credit to commercial banks fell by Rs. 830 million and stood at Rs. 210 million by mid March 2003. Other net liabilities of commercial banks during this period remarkably rose to 20.0 percent while it had registered a fall of 2.5 percent during the corresponding period of the previous year. Such a significant increase of other net liabilities this year is on account of improvement in the economic activities due to external and internal factors favorably influencing the loan recovery and investments. Additional contribution to increase in the liabilities of commercial banks can be ascribed to rise in their capital and reserves against credit.
- 4.23 At the resources utilization front, growth of total liquid assets of commercial banks during the first eight months of FY 2002/03 remained negative by 13.2 percent compared to a similar negative growth of 14.3 percent during the

corresponding period of FY 2001/02. Out of the total liquid assets, cash balance and balance held in NRB dropped by 31.2 percent and 32.8 percent respectively during the first eight months of FY 2002/03. However, the foreign currency balance held by banks and balance in foreign banks during this period rose by 40.8 percent and 4.5 percent respectively. During the same period of the previous FY, except 3.5 percent increase in foreign currency balance with the banks, balance held by NRB, balance in foreign banks and cash balance held by banks had declined by 19.2 percent, 12.8 percent and 5.0 percent respectively. In both review periods, the decline in respective heads was caused by the reduction in compulsory cash reserve requirement.

- 4.24 Total credit and investment rose by 12.1 percent during the review period of FY 2002/03 compared to a growth of 4.1 percent during the corresponding of FY 2001/02. Main reasons for such significant increase in total credit during this year's review period are attributed to reduction in compulsory cash reserve requirement by 1 percentage point and expansion in banks' investment fund due to increases in cash reserves and deposits collection. Of the total credit and investment, level of credit to HMG from the commercial banks during this period rose by 24.6 percent, which had increased by 4.6 percent during the corresponding period of FY 2001/02. During the review period of this FY, credit to GEs from the commercial banks decreased by 8.7 percent in comparison to the decrease of 4.0 percent during the corresponding period of FY 2001/02. Credit to the private sector rose by 11.0 percent during the review period of FY 2002/03 compared to an increase of 4.4 percent during the corresponding period of FY 2001/02. In comparison to 23.5 percent growth in the purchase of foreign bills by commercial banks during the first eight months of FY 2001/02, it declined by 6.7 percentage points limiting the growth to 16.8 percent in the review period of FY 2002/03. On foreign exchange front, there had been 14 interventions in foreign currency market up to mid- March of 2003. Equivalent to Rs. 11.48 billion of foreign currency was procured and absorbed in the economy through 12 interventions. Rs. 610 million worth foreign currency was sold to meet foreign currency demand in the market through 2 interventions bringing liquidity flow of Rs. 10.87 billion into the market.

Expansion of Commercial Bank Branches

- 4.25 In view of existing security situation of the country, more flexible policy is being adopted with a number of commercial bank branches either merged or relocated or closed. As a result, total number of branches declined from 413 in mid-July 2002 to 383 by mid-April 2003. Of the total commercial bank branches, Rastriya Banijya Bank has the highest number of branches with 138, and Nepal Bank Ltd. was second with 125. Total operating branches of other

commercial banks by mid-April 2003 were Nepal Arab Bank Ltd. and Nepal Bangladesh Bank Ltd. 15 each; Everest bank Ltd. 14; Himalayan Bank Ltd. 12; Nepal S.B.I. Bank Ltd. 11; Standard Chartered Bank Nepal Ltd. 10; Nepal Investment Bank Ltd. and Bank of Kathmandu Ltd. 8 each; Nepal Industrial and Commercial Bank Ltd. and Nepal Credit & Commerce Bank Ltd. 7 each; Lumbini Bank Ltd. and Machhapuchhare Bank Ltd. 4 each; Laxmi Bank Ltd. 3; Kumari Bank Ltd. and Siddhartha Bank Ltd. 1 each.

Other Banking and Financial Institutions

- 4.26 Loan investment of the Agricultural Development Bank, Nepal (ADB/N), NIDC and the Employees Provident Fund (EPF) rose by 25.2 percent to a total of Rs. 9,290 million during the first eight months of the current FY 2002/03 compared to a rise of 58.5 percent during the corresponding period of FY 2001/02. Of this total, ADB/N shared 64.9 percent, NIDC 0.2 percent and the EPF 34.9 percent by mid-March 2003 corresponding to 70.4 percent of ADB/N, 0.9 percent of NIDC and 28.7 percent of EPF by mid-March 2002. Loan recovered by these institutions increased by 19.4 percent totaling Rs. 5,270 million during the first eight months of FY 2002/03, against a significant increase of 67.2 percent in the corresponding period of FY 2001/02. Net loan investment, thus, rose by 33.6 percent this year to Rs. 4,020 million compared to 47.2 percent increase last year. Outstanding loan during the review period of FY 2002/03 rose by 22.2 percent totaling Rs. 32,260 million as against the increase of 22.5 percent last year. ADBN's share in the outstanding loan by mid-March 2003 stood at 55.8 percent, that of NIDC at 6.2 percent and EPF's at 38.0 percent corresponding to 61.0 percent (ADB/N), 7.7 percent (NIDC) and 31.3 percent EPF by the same period last year.
- 4.27 ADB/N distributed a total of Rs. 6,030 million loans during the review period of FY 2002/03, an increase of just 15.4 percent, compared to a rise of 62.3 percent during the corresponding period of FY 2001/02. Loan distribution by NIDC by first eight months of the current FY remarkably dropped by 65.7 percent and totaled Rs. 20 million compared to a rise of 32.6 percent during the corresponding period of FY 2001/02. In case of EPF it increased by 51.9 percent totaling Rs. 3,240 million in FY 2002/03 compared to 50.7 percent increase during the corresponding period of FY 2001/02. Of the total loans flow of EPF in FY 2002/03, loans forwarded to its depositors have doubled totaling Rs. 2,990 million, while the flow of loans to industry/business has sharply declined by 64.0 percent totaling Rs. 250 million.
- 4.28 Of the total outstanding loan of ADB/N, principal amount recovered by a DB/N during the review period of FY 2002/03 increased by just 20.5 percent totaling

Rs. 4,710 million in comparison to a sharp rise of 81.0 percent during the corresponding period of FY 2001/02. Principal amount recovery of NIDC totaled a meager amount of Rs. 20 million with a sharp decrease by 79.2 percent during FY 2002/02. Last year it had registered a significant increase of 34.6 percent loan. Recovery level of EPF in this FY totaled Rs. 530 million, a significant increase of 36.5 percent compared to a decline of 1.2 percent during the reference period of FY 2001/02.

4.29 Outstanding loan of ADB/N by mid-March 2003 stood at 17,990 million, an increase of 11.7 percent compared to 15.3 percent increase by mid-March 2002. That of NIDC decreased by 2.0 percent to a total of Rs. 1,990 million by mid-March 2003 compared to an improvement of 2.4 percent by the by mid-March 2002. In case of EPF, it increased by 48.6 percent this year totaling Rs. 12,280 million compared to an increase of 47.5 percent during the corresponding period of 2002.

4.30 Grameen Bikas Banks are in operation, one each, in all the five development regions of the country to provide credit without collateral to the deprived rural people especially for women in group for their income generation activities. By mid-January 2003, these five banks through their 4,767 centers, served 1,68,654 members of 33,865 groups. Total number of VDCs covered to the direct benefit of the members was 960 in 42 districts of the Kingdom. Up to mid-January 2003, these banks have already disbursed a total credit of Rs. 7,860 million to their 1,54,793 members. Out of the disbursed credit, Rs. 6,590 million was recovered and Rs. 1,270 million remained outstanding by the said month. The total savings amounted to Rs. 400 million comprising of collective savings of Rs. 370 million and individual savings of Rs. 30 million. A total of 1,119 staff are working in several offices under these five banks. The activities of each Grameen Bikas Bank are as follows:

Table 4 (A)
Activities of the Grameen Bikas Banks (Mid January 2003)

S. N.	Description	Eastern	Middle	Western	Mid-Western	Far-Western	Total
1.	VDC (numbers)	262	246	267	102	83	960
2.	Centers (numbers)	1371	1159	1103	542	592	4767
3.	Group (numbers)	11139	7546	7896	3892	3392	33865
4.	Members (numbers)	53252	37582	39350	19460	19010	168654
5.	Member borrowers (numbers)	48774	36536	39076	16500	13907	154793
6.	Loan	3404094	1125910	1774189	769695	788315	7862203

	distribution (Rs. 000)						
7.	Loan Recovery (Rs. 000)	2957628	885409	1433944	636783	678228	6591992
8.	Outstanding Loan (Rs. 000)	446466	240501	340255	132912	110387	1270521
9.	Group Savings (Rs. 000)	135424	61217	84246	44085	46953	371925
10.	Individual Savings (Rs. 000)	14568	3997	6683	2050	1480	28778
11.	Total Savings (Rs. 000)	149992	65214	90929	46135	48433	400703
12.	Personnel (numbers)	333	269	242	136	139	1119

- 4.31 The total number of other development banks established under the Development Bank Act 2052 B.S. has reached 14 by mid-April, 2003. Overall resources of these banks during the first 6 months of FY 2002/03, (review period) reached Rs. 5,300 million with a significant increase of 24.8 percent compared to the corresponding period of FY 2001/02. The total capital fund of the development banks grew by 38.7 percent to Rs. 720 million compared to the same review period of the previous year. Compared to the same period of the previous FY, total deposit of these banks in the review period of FY 2002/03 increased by 9.1 percent totaling Rs. 3,520 million. On the utilization of resources front, the amount of loan and credit advanced increased by 30.1 percent in the review period of FY 2002/03, reaching Rs. 3,490 million whereas, the total liquid assets has decreased by 7.2 percent to a total of Rs. 960 million during this period.
- 4.32 There has been a significant growth of financial resources of finance companies between mid-January 2002 and mid-January 2003. The total number of such companies rose to 54 from 51 a year ago. Total resource of these companies reached Rs. 19, 880 million with an increase of 16.7 percent during this period. Deposit, which is the major resource of the finance companies, totaled Rs. 14,700 million, an increase of 15.4 percent over the previous year. Capital fund also increased by 27.8 percent and reached Rs. 3,130 million during the same period. In respect of utilization of resources, investment in credit reached Rs. 12,970 million by mid-January 2003 with an increase of 8.3 percent over a year's period. Total investment stood at Rs. 2,110 million with a significant increase of 53.2 percent over that of the mid-January last year. Liquid assets increased by 28.8 percent to Rs. 2320 million during the year. Ratio of overall liquid assets (government securities included) to deposit stood at 15.8 percent by mid-January 2003 compared to 14.4 percent a year ago.
- 4.33 The total number of finance cooperatives licensed by NRB to operate limited banking business has reached 34 so far. During the review period (first 6

months) of FY 2002/03, total resources of such cooperatives increased by 37.1 percent totaling Rs. 3,010 million compared to the corresponding period of FY 2001/02. In the same period, capital reserves of these cooperatives increased by 20.9 percent to the tune of Rs. 280 million. Deposits, the main resources of such cooperatives, have increased by 33.3 percent by mid-January 2003 totaling Rs. 1,970 million compared to the corresponding period of the previous year while loan advances sharply declined by 38.3 percent and dropped to Rs. 60 million. During the review period, outstanding investment credit totaled Rs. 1,560 million, an increase of 23.0 percent while investments rose by 6.4 percent totaling Rs. 210 million. Number of NGOs licensed to carryout limited banking transactions reached 38 by mid-April 2003 while they were 16 in the previous year. There has been almost four-fold increase in their resource mobilization totaling Rs. 106.9 million during the review period of FY 2002/03.

- 4.34 There are 18 insurance companies including Rastriya Beema Sansthan and the Deposit Insurance and Credit Guarantee Corporation (P) Ltd. Two of these 18 companies, namely, the National Insurance Corporation and National Life and General Insurance Company conduct both life and non-life insurance business. Of the remaining 16 companies, 3 companies are in life insurance business only while 13 others operate non-life insurance only. The Deposit Insurance and Credit Guarantee Corporation (P) Ltd. transact credit guarantee and livestock insurance only and it has not yet started deposit insurance business. It is estimated that the overall premium collection by these companies in the current year totaled Rs. 3,670 million, an increase of 26.7 percent over that of last year. Of the total premium collection, share of the non-life and life insurance stood at 59.5 percent and 40.5 percent, respectively. Corresponding shares of these transactions last year were 66.3 percent and 33.7 percent. The overall resource of the insurance companies in the current FY is estimated to Rs. 13,900 million with an increase of 14.0 percent compared to that of last year. Total investment of insurance companies is estimated at Rs. 12,540 million with an increase of 13.0 percent compared to the amount of last year. These companies are estimated to have generated a total income of Rs. 750 million from their investment compared to Rs. 780 million earned by them last year.
- 4.35 Total resource of the Citizen Investment Trust is estimated to have increased significantly by 50.9 percent in FY 2002/03 compared to FY 2001/02. Its capital fund is estimated to rise by 12.5 percent totaling Rs. 60 million; while fund collection is estimated to increase by 70.9 percent totaling Rs. 2,440 million. Investment in FY 2002/03 is estimated to reach Rs. 1,220 million with an increase of 8.5 percent over the previous FY. Of the total investment, 66.8 percent is estimated to be in government securities, 26.2 percent in fixed deposit, and 7.0 percent in shares and bonds. It is estimated that the loan and credit by the Trust will rise by 90.8 percent over the last year's level to a total of

Rs. 620 million. Bank balance and cash in hand is expected to increase significantly by 4.4 times to a total of Rs. 660 million.

Challenges

- 4.36 The price stability, foreign exchange rate, balance of payments, financial sector and domestic payments contribute in strengthening of macro-economic condition of the country. From this perspective, it is a challenge before the government to ensure that the monetary and fiscal policy encompasses a coordinated and supportive role.
- 4.37 Overall economic stability conducive to the flexible monetary policy will effectively contribute to the expansion of economic activities. In the context of low growth of both narrow and broad money supply as well as of loan advanced to the private sector by the banking sector, there is a case for making the monetary policy more flexible with adequate safeguards to the economic stability. The other challenge before the government is to make use of effective implementation of monetary policy and its instruments to achieve the targeted objectives of the monetary management.
- 4.38 There lies a challenging task of enhancing efficiency and to make domestic payments system healthy, fast, simple, strong and effective to achieve higher and sustainable economic growth. For this, timely improvement of legal bases in relation to international standard remains another challenge.
- 4.39 Government owned banks being more problematic in the overall financial arena, the challenge lies in gradually reducing the ratio of inferior and bad loans and thereby, reducing the ratio of such loans in total loan. It is also imperative to give continuity in formulation and implementation of monetary and financial policy so as such problems do not crop up in the future.
- 4.40 To achieve the target of balanced economic development, there lies the challenge of making provision of sufficient resources to the private sector at a reasonable cost and quantity in the urban and semi urban areas where the banks and financial institutions are active. It is another challenge in the context of non-availability of institutional credit, to create an environment conducive to the establishment of micro-credit and saving institutions enhancing the productivity of small farmers, entrepreneurs and industrialists.

V

MONEY AND CAPITAL MARKET

Primary Market

- 5.1** During the first nine months of FY 2002/03, 12 public limited companies got issue approval to mobilize capital equivalent to Rs. 549.2 million by issuing ordinary shares, rights shares and mutual fund through the primary market. Sixteen companies had got issue approval in FY 2001/02 to mobilize Rs.1,416.6 million by issuing ordinary shares, rights shares, debenture and preference shares. It is estimated that 6 more companies will get issue approval to mobilize capital equivalent to Rs. 399.5 million in the remaining 3 months of FY 2002/03.

Table 5(a)
Trends of the Primary Market

Rs. in Crores

	Headings	Fiscal Year					First Eight Months	
		1997/98	1998/99	1999/00	2000/01	2001/02	2001/02	2002/03
1	Issue Approval	46.24	25.80	53.71	63.43	141.66	78.33	54.92
	(a) Ordinary Shares	11.94	14.80	41.25	26.85	52.87	43.55	30.70
	(b) Rights Shares	25.00	3.00	12.46	36.58	38.79	34.79	14.22
	(b) Preferential Share	-	8.00	-	-	14.00	-	-
	(d) Debenture	9.30	-	-	-	36.00	-	-
	(e) Mutual Fund	-	-	-	-	-	-	10.00
2	Number of Companies	12	5	9	9	16	8	12

Secondary Market

5.2 By the first eight months of FY 2002/03, number of listed companies reached 100 including 4 companies listed during the review period of 2002/03. Their market capitalized value stood at Rs. 34,503.3 million with an increase of 19 percent during the review period of FY 2002/03 compared to Rs. 28,994.6 million during the corresponding period of FY 2001/02.

In the review period of FY 2002/03, value of securities traded (Turnover) declined by 45 percent totaling Rs. 376.2 million (14,00,000 shares) compared to Rs. 684.0 million (23,56,000 shares) equivalent of securities traded during the corresponding period of FY 2001/02.

During the first eight months of FY 2002/03, the number of securities transactions totaled 335.38 with an increase of 31.80 percent, from 254.45 number of total transaction in the corresponding period of FY 2001/02.

At the end of the first eight months of FY 2002/03, Nepal Stock Exchange (NEPSE) index stood at 209.6 points with an increase of 15.8 points compared to 193.8 points by the same date of last year.

Table 5(b)
Trends of the Secondary Market

Rs. in Crores

Headings	Fiscal Year						
	1997/98	1998/99	1999/00	2000/01	2001/02	First	Nine
						Months	
						2001/02	2002/03
Turnover	20.26	150.00	115.50	234.42	154.06	68.40	37.62
Number of Shares Transactions (in '000)	1195	4857	7674	4989	6005	2356.37	1400
Number of Companies in Business	68	69	69	67	69	67	
Number of Transactions	16104	15814	29136	46095	42028	25445	23538
Market Capitalization	1428.90	2350.80	4312.33	4634.94	3470.38	2899.46	3450.33
Percentage of Turnover on Market Capitalization Value	1.4	6.4	2.7	5.1	4.4	2.4	1.1
Percentage of Market Capitalization Value on Gross Domestic Product	4.9	7.1	11.8	11.8	8.4	7.1	

Paid up Value of Listed Securities	495.98	648.74	748.22	816.52	968.5	902.16	1005.80
Number of Listed Companies	101	107	110	115	96	119	100
NEPSE Index (in points)	163.3	216.9	360.7	348.4	227.5	193.8	209.66

Securities Board, Nepal

5.3 During the review period of FY 2002/03, the Securities Board, Nepal made various efforts in improving market monitoring and supervision system by preparing needed infrastructure in addition to providing issue approval to the companies mobilizing capital by registering ordinary share, rights share, and mutual funds.

The Board is in the process of developing and implementing rights share registration and issue approval guidelines and mutual funds management guidelines in order to simplify and make transparent provisions for rights share issue and mutual funds management.

The Board has prescribed new and improved reporting formats for Nepal Stock Exchange Ltd. and Stock Brokers in order to make effective market monitoring and supervision system along with prescribing code of business ethics to be followed by Stock Brokers. The Board initiated on-site inspection of securities transactions in FY 2002/03 and in the first nine months of FY 2002/03, the Board made an on-site inspection of Nepal Stock Exchange Ltd. The Board has made a programme of a completing on-site inspection of Stock Brokers by the end of FY 2002/03.

New Securities Ordinance is being drafted incorporating the provisions of developing institutional capacity of the Securities Board, modernizing Stock Exchange and establishing a central depository system of securities. The proposed ordinance has the provision of introducing one window system for the public issuance of shares.

Box 5 (1)

Development of Credible Securities Business

Mandatory provisions to ensure code of conduct of a stockbroker:

- Clear-cut guidelines on the behavior of one stockbroker to other stockbrokers and stockbrokers' responsibilities towards their customers and regulating institutions;
- Stipulations to protect the interest of the investors;
- Strict adherence of code of conduct not to get involved in wrong

practices;

- Clear directives for the working responsibilities of representative and staff;
- Maintain separate record keeping system of each buyers, and
- Ensure a provision against fraud and artificial market creation by any individual or group of stockbrokers.

Mandatory provisions for Issue Managers:

- Ensure quality and reliability of share issuance and sales management services provided by the share issuer and the sales manager.
- Not to allow issuance of any share, allotted for the public issuance, to any individual or group, on a preferential basis.
- Publish a reliable, factual and informative (not hiding any information) information sheet and ensure the protection of the interest of the investors.
- Take responsibilities of hearing and solving grievances of investors by the Share Issuers and Sales Manager till shares are listed.
- Clearly stipulate the accountability of the Share Issuer and Sales Manager for all the information made public.
- Provision of submitting Due Diligence Certificate and other relevant documents along with application for share issue permission.

Nepal Stock Exchange Limited (NEPSE)

- 5.4 During the review period of FY 2002/03, NEPSE has taken several initiatives to raise the liquidity of public shares issued by the companies and has also helped in raising revenue collection of the government.

NEPSE, during the first eight months of FY 2002/03, collected approximately Rs. 1,787,615 capital gains tax. Out of 100 companies listed during the same period as per the Share Listing By-law 2053, NEPSE has classified 36 companies as class "A", while only 31 out of 119 companies listed during the corresponding period of FY 2001/02 were qualified as class "A". NEPSE has retained the dealing suspension of share transaction of 19 listed companies, which as per the provision of the said By-law, failed to pay the annual fee within three months after the end of Fiscal Year.

Securities Businesspersons

- 5.5 During the first eight months of FY 2002/03, 27 securities brokers, 9 securities issue managers and 2 securities dealers renewed their licenses. These renewal numbers during the corresponding period of FY 2001/02 were: 27 security brokers, 9 issue managers, 2 securities dealers and 1 market maker company.

Mutual Funds and Unit Scheme

5.6 Citizens Investment Trust (CIT) is managing Citizens Unit Scheme as well as other programmes such as Employees Incremental Savings for Retirement Fund, Gratuity Fund Programme, Investor's Accounts Fund schemes as alternative investment opportunities to the savers and investors entering into the capital market. The total capital mobilized through these instruments has reached Rs. 2,308.0 million including Rs. 949.5 million collected during the first eight months of FY 2002/03. Out of the total capital mobilized, 47.43 percent is in the Employees Incremental Savings for Retirement Fund, 19.92 percent in Citizens Unit Scheme, 10.21 percent in Investor's Accounts Fund programme, and 22.44 percent in Gratuity Fund. Of the amount mobilized by the Trust, 37.68 percent has been invested in government bonds, 38.19 percent in fixed deposit in banks and financial companies, 19.65 percent in time-bound credit, 1.55 percent in participants' loan and 2.93 percent in shares of organized companies. In the review period of FY 2002/03, the Trust has repurchased and repaid equivalent to Rs. 132.2 million as provisioned in the programme.

After the expiration of NIDC managed N.C.M. Mutual Fund, its management has been restructured following restructuring of the management of NIDC Capital Markets and Trustees of NIDC, to bring it back into operation. Accordingly, The NCM Mutual Fund equivalent to Rs.100.0 million has been brought into operation after this restructuring. The NIDC Capital Markets Ltd. and NIDC have jointly invested Rs. 46.841 million and the investment of the general public in the Fund is 53.159 million. The N.C.M. Mutual Fund is in the process of getting listed in NSEL as a close-ended scheme.

In view of the growing need of this instrument in absence of a Trust Act, the Securities Board has taken a policy of encouraging private sector finance companies to issue additional Mutual Funds after finalizing guidelines in this respect. The Board is making final arrangements of implementing mutual funds guidelines by the end of FY 2002/03.

Long -term Government Bonds

5.7 Outstanding long-term government bonds by the first eight months of FY 2002/03 amounted to Rs.30, 526.9 million, and an increase of 7.7 percent from Rs. 28,342.7 million during the corresponding period of FY 2001/02. Of the total such bonds by the review period of FY 2002/03, Development Bonds occupied the largest share of 42.90 percent amounting to Rs. 13,090.7 million followed by the National Savings Bond of Rs. 11,249.8 million (36.9 percent), Special Bonds of Rs. 5,245.2 million (17.2 percent) and citizen savings of Rs.

931.1 million (3.0 percent). Of the total of these bonds, Nepal Rastra Bank holds 16.3 percent, corporations and other institutions 44.9 percent, and the individuals and other private sector entities 38.8 percent.

Transactions of the government bonds through the market makers in the secondary market declined by 54.2 percent and stood at Rs. 122.929 million during the first eight months of FY 2002/03 compared to transactions of Rs. 268.457 million during the corresponding period of FY 2001/02. Likewise, the long-term government bonds transacted through market makers in the secondary market declined by 51.7 percent and stood at Rs. 126.518 million in the review period of FY 2002/03 compared to the corresponding period of FY 2001/02.

Transactions of the long-term government bonds through NRB in the secondary market declined by 47.9 percent and stood at Rs. 614.762 million by the review period of FY 2002/03 compared to transactions of Rs. 1,180.841 million in the corresponding period of FY 2001/02. During the review period of FY 2002/03, transactions of long-term government bonds declined by 50.9 percent and stood at Rs. 368.064 million compared to transactions worth Rs. 749.941 million in the same period of FY 2001/02.

Treasury Bills

- 5.8 The outstanding amount of treasury bills by mid April 2003 increased by 14.3 percent totaling Rs.47, 004.8 million compared to Rs.41, 106.6 million outstanding by the same period of 2002. Among the holders of the treasury bills by mid April 2003, NRB's share was 35.1 percent amounting to Rs. 16,494.5 million, while the share of financial institutions and corporations was 64.9 percent or Rs.30, 510.3 million. The weighted average interest rate of treasury bills (91 days) stood at 4.2 percent as of mid March 2003. When compared to the same period of last fiscal year, this rate is lower by 0.51 percentage point.

Compared to first eight months of FY 2001/02, the Repurchase Agreement (Repo) / Outright Purchase of treasury bills by NRB during the corresponding period of FY 2002/03 dropped by 37.1 percent totaling Rs.45, 682.6 million equivalent. Likewise, the sales of Outright/ Tap Sale also declined by 10.2 percent totaling Rs. 41,380.3 million equivalent during the same period. NRB had purchased (including repo and Outright) treasury bills equivalent to Rs. 72,638.4 million and sold (including Outright/ Tap Sale) Rs. 41,380.3 million equivalent of treasury bills in the form of outright and Tap Sale in the secondary market during FY 2001/02.

Inter-Bank Credit

- 5.9 Inter-bank credit during the first eight months of FY 2002/03 totaled Rs. 832.8 million, compared to Rs. 953.4 million during the corresponding period of FY 2001/02. Credits borrowed from foreign banks during the first eight months of FY 2002/03 totaled Rs. 63.7 million. Total credit amount during FY 2001/02 had totaled Rs. 228.5 million. In mid April 2003, the weighted average interest rate on inter-bank credit was at 3.7 percent, which is lower by 0.50 percentage point in comparison to the previous fiscal year.

Challenges

- 5.10 It is imperative to transform the Securities Board into a capable apex regulator by strengthening its legal framework. In this respect, it is a challenging task to enhance the reliability of capital market by improving and strengthening the market related information flow. Also, raising the rate of national savings and investment, encouraging companies towards credit orientation and thereby enhancing the dynamism and liquidity of securities market is another challenge.
- 5.11 Channeling resources in an organized way could be an effective instrument for enhancing opportunities for production, trading and hotel sector companies to access the capital market as well as attract communication, hydropower and construction sectors into the capital market. It is yet another challenge to create an atmosphere whereby the savings scattered in the economy could be mobilized through the organized institutions by facilitating them for the issuance of shares for the said purposes.
- 5.12 Another big challenge of capital market is to gradually boost the present low investment rate of Citizen Investment Trust in the share market, which is an institutional investor, engaged in the promotion of the capital market. And, creating conducive environment for the entry of corporate investment institutions such as Employees Provident Fund, Credit Guarantee Corporation and insurance companies into the share market remains another challenge facing the securities market.
- 5.13 To enhance the credibility of share market, it is necessary to make transactions of secondary market competitive and transparent by taking necessary measures in order to minimize unnatural fluctuations of share prices. Similarly, development and expansion of regulatory frameworks for share market such as adopting standard accounting and auditing system and developing credit rating system as well as central depository system of securities are other challenges.

- 5.14 Ensuring timely and precise information related to share prices and financial situation of listed companies to the public is imperative for the development of investor-friendly market. Also, development of other instruments of capital market in the context of present domination of general shares in the share market is also a challenge to meet the above-mentioned objective.
- 5.15 It is equally challenging to make transactions of resources of non-banking sector more simple and transparent by introducing various short-term instruments of credit in the money market.

VI

FOREIGN TRADE AND BALANCE OF PAYMENTS

- 6.1 Encouraging signs were observed in the past few years on international trade and balance of payments (BOP) front of the country, but both exports and imports slowed down in FY 2001/02. Imposition of quantitative restrictions on four Nepalese products following the renewal of Nepal-India Trade Treaty resulted in noticeable decline in exports. However, overall trade situation slightly improved during the first eight months of FY 2002/03 as exports to third countries surged. Despite such improvement, already adverse trade balance is further deteriorated as a result of surge in imports also. Also, deterioration of domestic security situation and slowdown in economic activities of trade partner countries caused by recession have affected Nepal's balance of trade adversely. However, gradual improvement in economic activities observed during the first eight months of FY 2002/003 is expected to expand import and export trade activities.

Exports

- 6.2 Nepal's total export, declined by 7.8 percent during the first eight months of FY 2001/02, by a smaller rate of 4 percent during the decreased corresponding period of FY 2002/03, amounting to Rs. 3,3550 million. In terms of US dollars, exports during the reference period of FY 2001/02 had declined by 11.3 percent, which improved a little during the corresponding period of FY 2002/03 with a decline of 6.3 percent only. Exports to India fell significantly, but rising trend of exports to third countries continued during FY 2002/03. Because of this trend, proportion of exports to India and third countries stood at 56.1 percent and 43.9 percent respectively during this period, while it was 63.1 percent and 36.9 percent respectively for the corresponding period of FY 2001/02. While analyzing export/import ratio, export earnings during the review period of FY 2002/03 could sustain only 41.9 percent of total imports against 50 percent for the corresponding period of FY 2001/02. Such decline in exports and rise in imports caused a drop in export/import ratio by 8.1 percentage point for the review period of FY 2002/03.
- 6.3 Exports to India during the first eight months of FY 2002/03 dropped by 14.6 percent compared to 31.0 percent rise during the corresponding period of the

previous FY. Subsequently, export earnings from India dropped to Rs.18, 830 million during this period. Exports of primary goods to India including medicinal herbs, livestock, ginger, stone boulders and sand, leather, brooms, rosin, cardamom and cattle fodder, etc, rose during the period. Among industrial goods, exports of jute goods, bran oil, biscuits, noodle, Ayurvedic (oriental) medicines, handicrafts, all type of threads and M.S. pipes also rose. Vegetable ghee and copper products used to have a greater share among export items to India. Exports of these items dropped by 43.0 percent and 88.2 percent respectively after imposition of quantitative restrictions by India following the renewal of trade treaty in FY 2002/03. Similarly, export of raw jute, pulses, catechu, cardamom, tooth paste/powder, soap, turpentine, turmeric, Pashmina and plastic wares have also decreased.

- 6.4 Export to third countries during the first eight months of FY 2002/03 rose by 14.3 percent amounting to Rs 14,720 million, whereas it had fallen by 38.9 percent during the corresponding period of FY 2001/02. Woolen Carpet and Pashmina products have for the last many years main items of Nepal's exports to remained third countries. The declining trend in export of these items since the last few years back continued in FY 2001/02. Export of these items fell by 23.9 percent and 9.9 percent respectively during the first eight months of current FY 2002/003. However, export of readymade garments, a major item of export to third countries, rose by 49.0 percent amounting to Rs.8, 070 million compared to 41.8 percent decline in the corresponding period of previous FY. Similarly, export of other commodities like handicrafts, pulses, tea, nigerseed, gold and silver ornaments and Nepali paper items to those countries have gone up. But export of processed leather, herbs, and leather goods has declined during this period.

Imports

- 6.5 During the first 8 months of FY 2002/03, total imports rose by 14.8 percent totaling Rs 80,160 million whereas in FY 2001/02 it had fallen to the extent of 8.5 percent totaling Rs. 69,840 million. In US dollar terms, imports in review period of FY 2002/03 rose by 12 percent against the fall in imports by equal proportion during the corresponding period of FY 2001/02. Imports in FY 2001/02 from India as well as third countries had decreased. But, in FY 2002/03, that trend reversed with rise in imports from both sources, however, with a notable rise in imports from India. Ratio of imports from India and third countries during the first eight months of 2002/03 stood at 43.7 percent and 56.3 percent respectively against such ratios of 41.2 percent and 58.8 percent for the corresponding period of FY 2001/02.

- 6.6 Compared to 0.4 percent decline in imports from India during the first eight months of FY 2001/02, the trend reversed by a surge in imports by 21.7 percent amounting to Rs 35,022 million during the corresponding period of FY 2002/03. Observation of general group structure of imports of Indian goods shows that there has been a general rise in imports except a nominal slowdown in tobacco, beverages, machinery and means of transportation. Imports from India, where convertible currency is used, rose significantly by 43 percent during the first eight months of FY 2002/03 reaching Rs.7, 180 million compared to corresponding period of FY 2001/02. This accounts for 20.5 percent of the total imports from India during review period while share of imports from India through this source in the corresponding period of FY 2001/02 was 17.4 percent of imports transaction. Out of industrial raw materials and construction materials allowed for importation from India through the use of convertible currency, imports of machinery and spares, M.S. Billets, Steel Sheets, M.S. wire/rods, industrial chemicals, polyester fiber, all types of threads, electrical equipment, cotton, hot rolled sheets, cold rolled sheets, electrical generators, tin and steel plates, caustic soda and iron and steel ingots, have gone up. But, imports of aluminum billets/rods, cement, carbon block, nylon yarn and transport vehicles dropped. On traditional commodities front, imports of pulses, writing and printing papers, spices, tobacco, tea, coal, sugar etc. have also declined. Meanwhile, imports of vegetables and fruits, baby foods, dairy products, salt, rice, petroleum products, textiles, ready-made garments, livestock, agricultural tools, medicines and cosmetics and so on have increased.
- 6.7 Imports from third countries during the first eight months of current FY 2002/03 have gone up by 10 percent totaling Rs.45, 140 million whereas they had declined by 13.5 percent during the corresponding period of FY 2001/02. Imports of commodities like powdered milk, clove, cumin seed, cardamom and so forth under the food and spices category rose during the period. Similarly, imports of raw wool, lard, polythene granules, zinc ingot, soyabean and coconut oil in industrial raw materials category also went up. During the same period, imports of C.I. wire in the construction material category; petrol, kerosene, diesel in the POL category; textiles; readymade garments; and communication equipment have gone up. During this period, records show the decline in imports of betel nuts, synthetic yarn, copper wire/rod, palm oil, computer and spare parts, transport goods and their spares, aircrafts and their spares, electrical equipment, chemical fertilizer, medicine, medical equipment, printing and writing papers, machinery and spares and silver and gold etc.

Trade Balance

- 6.8 As a result of two and half times rise in the volume of imports and decline in exports, trade deficit rose by 33.5 percent and amounted to Rs. 46,610 million during the first eight months of FY 2002/03. As a result of decline in both exports and imports during the corresponding period of FY 2001/02, trade deficit had narrowed down by 9.2 percent. While comparing trade deficit on countrywide basis, proportion of deficit this year with India stood at 34.7 percent while deficit with other countries was 65.3 percent. During FY 2001/02, it was 19.3 percent and 80.7 percent for India and other countries respectively. During the review period of 2002/03, though there was decline in export, volume of international trade was higher because of rise in imports. But, decline in both exports and imports caused total volume of trade to shrink during FY 2001/02.

Balance of Payments

- 6.9 Despite the increase in net income from transfer during the first six months of FY 2002/03, current account deficit rose sharply by 95.3 percent mainly due to notable rise in trade deficit and rapid decline in net income from services. Despite noticeable drop in the flow of foreign loan during the period, however, BOP has been favorable because of significant rise in the flow of unclassified capital inflow. During the first six months of FY 2002/03, total export decreased by 10.8 percent totaling Rs.23, 530 million. But, total import rose by 10.0 percent totaling Rs.57, 750 million. Due to the fall in exports and rise in imports, trade deficit further grew by 30.9 percent totaling Rs. 34,220 million during the first six months of FY 2002/03 in comparison to a deficit of Rs.26, 140 million during the corresponding period of FY 2001/02. Also, slow down of service sector, which occupies an important place in international economic transactions, continued during the first six months of FY 2002/03. During this period, income from the transport services and investments rose by 24.9 and 6.6 percent respectively. But, income from tourism, other services and other unspecified government incomes fell by 13.7 percent, 19.1 percent, and 2.4 percent respectively. As a result, income from services during the first six months of FY 2002/03 was limited to 13, 480 million with a decline of 5.0 percent compared to the corresponding period of FY 2001/002. Total service payments amounted to Rs.9, 820 million during FY 2002/03 with a marginal rise of 1.6 percent as payments on transport expenditures and investments rose significantly in comparison to FY 2001/02. Net service income fell by 19.0 percent as a result of fall in income from services sector and rise in payments. Remittance of personal income, which has been playing an important role in income from transfers, rose significantly

by 29.9 percent totaling Rs.10, 910 million during the first six months of current FY 2002/03 compared to corresponding period of FY 2001/02. Grants to the Government fell by 23.3 percent during this period, but there has been an increase of 33.8 percent in Indian excise refund. During the first six months of the current FY, income from transfers totaled Rs. 15,460 million, an increase of 11.3 percent compared to the corresponding period of FY 2001/02.

- 6.10 The current account deficit, widened by 95.3 percent during the first six months of FY 2002/03 compared to the corresponding period of FY 2001/02 reaching Rs.15, 100 million. During the first six months of FY 2002/03, inflow of foreign loan dropped by 18.0 percent totaling Rs 3,750 million, while inflow of unclassified capital totaled Rs.14, 620 million, and a sharp rise of 80.6 percent compared to first six months of FY 2001/02. External debt servicing during FY 2002/03 rose by 21.1 percent totaling Rs.2, 800 million. BOP surplus during the first six months of 2002/03 dropped to Rs. 470 million from a surplus of Rs 2,620 million during the corresponding period of FY 2001/02.

Foreign Currency Reserve

- 6.11 Foreign currency reserve increased by 2.1 percent during the first eight months of FY 2001/02. The reserve totaled Rs. 110,640 million during the corresponding period of FY 2002/03, an increase of 4.5 percent. Out of the total reserve, share of Nepal Rastra Bank and commercial banks stood at 75.9 percent and 24.1 percent respectively. In the review period of FY 2002/03, share of convertible currency rose to 81.8 percent while that of non-convertible currency dropped to 18.2 percent compared to proportions of 73.2 and 26.8 percent convertible and non-convertible currencies respectively during the corresponding period of FY 2001/02. During the first eight months of FY 2002/03, reserve of foreign currency with Nepal Rastra Bank reached equivalent to Rs. 83,930 million, of which share of convertible and non-convertible foreign currency was 80.1 and 19.9 percent respectively. In the meantime, out of equivalent to Rs. 26,710 million foreign currency reserve of commercial banks, share of convertible and non-convertible currency was 87.0 and 13.0 percent respectively. Based on the trend of imports of the past eight months, the present level of foreign currency reserve can sustain imports of goods for eleven months and imports of goods and services for nine and half months. In comparison to July 2002, assets of banking sector by March 2003 grew by 4.4 percent totaling Rs.111, 750 million in comparison to the growth of 4.3 percent in foreign liabilities totaling Rs. 19,380 million. In the same period of FY2001/002, foreign assets and liabilities had increased by 2.2 and

2.4 percent respectively. Thus, by the end of March 2003, net foreign asset grew to Rs. 92,370 million, registering a growth of 3.4 percent.

Exchange rate

6.12 Between July 2002 and March 2003, exchange rate of Nepalese currency vis-a-vis US dollar and Japanese Yen has appreciated; but it has depreciated with other major international currencies. In this period, Nepalese currency appreciated by 0.3 and 1.8 percent with US Dollar and Japanese Yen respectively. While Nepalese currency depreciated by 3.5 percent against US dollars, it appreciated by 2.7 percent against the Japanese Yen between mid-July 2001 and mid-March 2002. Between mid-July 2002 and mid-March 2003, Nepalese currency depreciated by 2.7 percent, 8.5 percent and 8.6 percent against the Sterling Pound, Euro and Swiss Frank respectively. Between mid-July 2001 and mid-March 2002, Nepalese currency had depreciated by 4.7 percent, 5.6 percent and 8.3 percent respectively against these respective currencies.

Challenges

- 6.13 It is a challenging task to continuously to sustain and stabilize to third country exports, tourism and receipts from remittance for raising convertible currency earnings of the country. Equally challenging is to set a level of convertible currency reserve required to sustain imports of goods and services and use the surplus reserve in secured and productive areas to bring in positive economic changes in the country.
- 6.14 It is required to create an environment for overseas employment opportunities to unemployed youth of the country and secure their earnings. Subsequently, putting a mechanism in place for secured and hassles-free institutional transfer of their remittance into the country is another vital task. Development of such mechanism would raise the level of inflow of convertible currency thereby helping improve the payment system of the country. Development of such mechanism and making it work are other challenging tasks before us.
- 6.15 Carrying out economic policies in a transparent and effective manner for industrialization, market-oriented agriculture production, expansion of export of goods and services, productive use of resources and promotion of investment and trade are some other challenging tasks. Successful performance to that end together with sustainable development while maintaining macro-economic stability of the country is indispensable to make it competitive in the global market and facilitate its entry into WTO.

- 6.16 Third country exports are mainly readymade garments to USA and woolen carpets to Germany. The present quota system and tax exemption facility will be withdrawn after Nepals' getting WTO membership. In this context, it is a challenging task to explore new markets for the products, identify import requirements particularly of densely populated countries, and diversify exports on a countrywide basis while maintaining international quality and standards of our products.
- 6.17 Gradual development of legal and institutional framework to create and sustain an appropriate environment for strong private sector participation for the development and promotion of goods and services of comparative advantage is also an equally serious challenge.

VII POVERTY ALLEVIATION AND EMPLOYMENT

Poverty Alleviation

- 7.1 Poverty should be taken into account in the context of income poverty, status of human development indicators and condition of social exclusion. The Tenth Plan has set two growth targets taking these aspects of poverty indicators into consideration. While achievement of higher annual growth rate of 6.2 percent is estimated to bring down the population below poverty line to 30 percent, low case economic growth would limit it only to 33 percent. Similarly, targets for human development indicators like literacy rate, primary school enrollments, infant mortality rate, maternal mortality rate, life expectancy, percent of population with access to drinking water etc. have been set in relation to those two growth targets.
- 7.2 By the end of the Ninth Plan, population below the poverty line is estimated to have been brought down only to 32 percent against the Plan target of 38 percent. Likewise, literacy rate of population above 15 years of age reached 49.2 against the targeted 70 percent; primary school enrollment 80.4 percent against the targeted 90 percent; infant mortality rate 64.2 (per 1000 birth) against the targeted 61.5; maternal mortality rate 415 (per 100,000 births) against the targeted 400; fertility rate 4.1 percent against the targeted 4.2; average life expectancy to 61.9 years against the targeted 59.7; and population with access to potable water reached 71.6 percent against the targeted 100 percent.

Table 7 (a)
Targets and Achievements made during the Ninth Plan in relation to poverty and human development indicators

S. No.	Indicators	Target	Progress
1	Population below poverty line (%)	32.0	38.0
2	Literacy above 15 years of age (%)	70.0	49.2
3	Primary school enrollment (%)	90.0	80.4
4	Infant mortality (per 1000 births)	61.5	64.2
5	Maternal mortality (per 100,000 births)	400.0	415.0
6	Fertility rate (%)	4.2	4.1
7	Average life expectancy (years)	59.7	61.9
8	Population with access to potable water (%)	100.0	71.6

Source: Tenth Plan (2002-2007)

Box 7 (1)

Millennium Development Goals and Nepal's Status

The 1990 General Assembly of the United Nations (UN) had set International Development Targets for Global Poverty Reduction. UN in its Millennium Summit in 2000 declared Millennium Development Goals (MDG) with added commitments and focus on Environment, Human Rights and Good Governance. 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

Numerical targets of MDG in relation to Nepal and current status of various indicators are presented in the following summary table with 1990 as the base year:

S. No	Millennium Development Goals	1990/91	Achievements till 2001/002	Tenth Plan (2002-2007) Targets		Targets by 2015
				Higher (6.2%) growth scenario	Normal (4.3%) growth scenario	
1.	Bring down 1990 level of population below poverty line by 50%	42 (1996)	38	30	33	21
2	Meet 100% Net Primary School Enrollment Target by 2015	64 (1994)	80.4	90	89	100
3	Achievement of Universal Primary School Education Target by 2015	38 (1994)	45 (1995)	-	-	100
4	Ratio of Primary Schools Girls/Boys Enrollments	56	79 (1999)	-	-	100
5	Reduction of Infant Mortality rate from 161.9 of 1990 to 100 by 2015	161.9 (1990)	91	72	74	100
6	Maternal Mortality rate (100,000 live births)	850 (1988-UNDP) 515 (1991-NFPHS)	415	300	315	213 or 129
7	Delivery Services by Trend Personnel	7.4 (1994)	13	18	17	100

8	Contraceptives Users	24.1 (1991)	39	47	46	100
9	Reduce the number of Population having non-accessibility of potable water from 54.1 of 1990 to 21.1 by 2015	54.1	28.4	15	17	21.1

Note: Although the population with access to basic drinking water facility is higher, targets indicate population having access to safe potable water

- 7.3 Programmes under the Poverty Alleviation Fund initiated in FY 1999/2000 have been continued. These programmes are under implementation in 122 VDCs and 5 Municipalities of 39 districts. These programmes, which are being carried out with social mobilization as a fundamental working model, have played a major role in organization building, skill building and creation of small infrastructures at the community level.
- 7.4 Process for providing legal status to Poverty Alleviation Fund has been carried out by drafting Operations and Working Procedures Ordinance with an aim of developing it as an autonomous entity.
- 7.5 This programme has been introduced in FY 2002/03 in 7 districts of Bara, Terhathum, Rukum, Humla, Myagdi, Dadeldhura and Baitadi. Main objective behind implementation of this Programme is to identify poor people, issue identity cards and launch activities to alleviate poverty. Issuance of identity cards to ultra poor families of these 7 districts have begun upon their identification on recommendation of a local committee formed under certain set criteria.
- 7.6 Preparation of a poverty-based formula is in its final stage so that grants to districts could be allocated on the basis of a rational criteria including area of the district, its population, poverty situation etc. Development of such criteria is expected to facilitate the flow of grants to districts proportionate to their level of poverty and help them to improve their poverty status.
- 7.7 Based on local demands, more than 400 technical volunteers including Engineers, Agricultural experts, Co-planners, Herbs and Medicinal Plants Specialists, Women Development Coordinators, Women Development Workers, Overseers, Junior Technicians, (agriculture and livestock) Health Assistants, Nurses, and Assistant Nurse Midwives were appointed and deputed to remote and backward districts in FY 2002/03 through the National Development Volunteers Programme being carried out by the National Planning Commission. These volunteers have been engaged in education and income generating activities for poverty reduction, health and education

services, infrastructure building and upliftment of the status of suppressed and ethnic communities. Although this programme has been in operation since last few years, recruitment of volunteers at the local level has been started for the first time in FY 2002/03. In addition to playing an important role in uplifting the status of targeted groups, this programme is expected to help in carrying out targeted programmes by availing services of shortfall of technicians at the local level.

- 7.8 As envisaged in the Tenth Plan, framework for poverty monitoring is in its final stage of preparation in FY 2002/03. Following three aspects (of monitoring) will be covered by the poverty monitoring system namely, (a) monitoring of poverty reduction programmes; (b) studies related to periodic changes observed in the poverty status (including human poverty); and evaluation of impact on poverty through the implementation of a specific programme or project. Appropriate institutional arrangement; indicators at different (investment, return, outcome and impact) levels; source of information; participatory poverty monitoring etc. have been incorporated in the aforesaid framework designed for monitoring three aspects (of poverty monitoring) as mentioned above. The monitoring arrangement will provide objective information on the status of project implementation to facilitate in taking timely policy decisions for further improvements in their implementation. Such information includes positive or negative changes brought about in the poverty situation, possibility of further improvements in their implementation arrangement, and impact of a specific project on poverty. In addition, it will bring effectiveness in projects and programmes implementation and management of public expenditure enhancing effectiveness of programmes and budget execution, and ultimately helping towards achieving the goal of poverty reduction.
- 7.9 Agricultural Development Bank is carrying out small farmers' development projects in 56 districts under its Small Farmers Development Programme (SFDP). In FY 2001/02, a total of 189 small farmers' development projects provided their services to small farmers of 288 Village Development Committees (VDCs). Similarly, 107 Small Farmers' Cooperatives Limited (SFCL), handed over by the Bank in the same period provided services in 107 VDCs of 31 districts. By FY 2001/02, 168,019 farmers had already joined as members of 24,287 farmers' groups formed by SFDP and SFCL. In the same FY, SFDP invested Rs. 395.8 million and realized Rs. 336.5 million of credit from the farmers. Meanwhile, SFCL invested Rs. 414.2 million and realized Rs. 326.6 million in that FY. Grameen Vikas Banks are public sector institutions in operation for actively engaging targeted rural poor communities in economic activities by providing them with the required financial resources. Total investments of the projects as of mid July 2002 stood at Rs. 899.6

million. SFDP have invested Rs. 220.6 million and have realized Rs. 213.5 million during the first eight months of the current fiscal year likewise, SFCL have invested Rs. 200.3 million and have realized Rs. 171.0 million during the first seven months of the running FY. Total outstanding investments of SFDP and SFCL by Mid March 2003 totaled Rs. 856.7 million and Rs. 984.1 million respectively. Farmer members of SFDP and SFCL collected savings of Rs. 273.9 million by the end of FY 2001/02

- 7.10 HMG/N, through its own resources and in cooperation with the donor agencies, has been implementing specifically targeted programmes for instance: Rural Community Infrastructure Works (RCIW); Rural Development Programme (RDP); National Commission for the Upliftment of Ethnic/Tribes; Monastery Management and Development Programme; Remote and Special Areas Development Programme; Programme for the upliftment of deprived and depressed class of people; Western Upland Poverty Alleviation Project etc.
- 7.11 Various programmes are being carried out with the aim of developing capacity of the deprived people and raise the level of their participation in income generating activities by socially empowering them. Such measure could be an effective tool for poverty reduction. Activities being carried out under the Women Development Programme are: formation of women groups and their institutional development; group savings and credit operations; community development works; accelerating social awareness; imparting income generating skill development training programmes; leadership development; and improvement in reproductive health.
- 7.12 Food grain through RCIW Project have been mobilized in 30 districts considered to be weaker and insecure from food security point of view. Also, homes for 3,782 freed bonded labor families of Dang, Banke, Bardia, Kailali and Kanchanpur districts have been constructed during the first eight months of the current fiscal year under the food security component of the same Project. Activities related to infrastructure and social mobilization are also being carried out under the same Project. In addition, construction of 192 Km of rural road including the opening and widening of track roads have been carried out together with 18.1 hectares of agroforestry, 23.2 hectares of fish pond, river training and 0.9 Km long dike have been completed during the same period.
- 7.13 Construction activities like suspension bridge, drinking water, minor irrigation, electrification, mule/motor track are being carried out in remote districts under the Remote Area Development Programme and Special Area Programme. Altogether 8 suspension bridges, 7 drinking water schemes, 6

irrigation schemes, and 9 electrification schemes have been completed during the first eight months of the current fiscal year. Poverty Alleviation Project in Western Terai is under implementation in 8 districts of Western Terai, namely: Nawalparasi, Rupandehi, Kapilvastu, Dang, Banke, Bardia, Kailali and Kanchanpur with the loan assistance of International Fund for Agricultural Development (IFAD). District level activities like Agriculture and Livestock Services; skill oriented training; community development; credit services; shallow tube-well construction; and strengthening of institutions are being carried out under the Project. Also, subsidy for the construction of homes for 7,139 rehabilitated families of freed bonded labourers was distributed, 1,520 drinking water hand pumps were installed and 1,155 pit latrines were constructed under the Project.

- 7.14 Community forestry implementation activity is being carried out in 38 hilly districts of the Kingdom for capacity development and income generation of poor people. Implementation of such activities is also aimed at fulfilling demand of forestry products by managing forests through community mobilization. By the end of FY 2001/02, Forestry User Groups (FUGs) formed under the Project totaled 1,733. Additional 137 FUGs have been formed during the first eight months of the current FY. Leasehold forestry and forage development project is being implemented in 10 districts and leasehold forest development programme is under implementation in 16 districts of the Kingdom with twin objectives of raising income level of people below the poverty line in hilly areas and bring improvement in the situation of degraded forests. Number of leasehold forest user groups formed under the programme totaled 1,711 by the end of the previous FY. The total grew up to 1,852 after the formation of additional 141 groups during the first eight months of the current FY.
- 7.15 Implementation of poverty reduction programme has been short of target. Major reasons for this can be attributed to: (a) unfavourable security situation; (b) inability to implement programmes targeted to specific groups and districts in an integrated way and in coordination with the stakeholders at the district level; (c) failure to achieve expected and sustained economic growth; (d) less accessibility of poor people to income from the non-agriculture sector; (e) minimal development of social and economic infrastructures; and (f) resistance to change against cultural and traditional values. In addition, higher rate of population growth; ineffective targeted programmes; ineffective public expenditure management; and lack of good governance are other factors behind falling short of achieving desired level of targets through implementation of poverty reduction programmes.

Employment

- 7.16 Total labor force of the country by the end of the Ninth Plan is estimated to be 9.959 million of which 5 percent is estimated to be unemployed. The proportion of underemployed in the same period is estimated at 32.3 percent. This number would be equivalent to 12.4 percent unemployment. When this figure is added to 5 percent full unemployment, total estimated unemployment figure goes up to 17.4 percent.
- 7.17 It is imperative to move towards full employment by creating more employment opportunities for unemployed and underemployed labor force and raising labor productivity to achieve the target of poverty reduction. The number of labor force is estimated to reach 11.012 million by the end of the Tenth Plan with an addition of 1.053 million new labor forces in the market. By the end of the Plan period, the number of economically active population is estimated to reach 11.580 million with the unemployment rate to around 4.1 percent.
- 7.18 HMG/N has been making best effort for creating employment opportunities at the domestic level as well as at international level. Appropriate training and skill development facilities are being made available through two vocational training centers and 14 skill development centers for creating employment and self employment opportunities to underemployed and unemployed labor force. These centers have been conducting regular skill development and professional training programmes in 27 areas including electronics, plumbing, welding, carpentry, auto mechanics etc. In FY 2001/02, training was imparted to 7,358 persons on various skill oriented and professional courses based on demand in the labor market. Additional 2,517 persons received training on 27 skills oriented and professional courses during the first eight months of the current FY. Cottage and Small-scale Industries Development Programme is being carried out in 27 districts in coordination with Department of Cottage and Small-scale Industries. Skill development and entrepreneurship development training was imparted to 8,198 persons in FY 2001/02 while additional 6,109 persons received training in these fields during the first eight months of the current FY.

Table 7 (b)
**Number of Persons who received Skill and Professional
Development Courses**

S. No.	Development Region	Number of Trainees	
		FY 2001/002	First eight months of the current FY (2002/003)
1.	Eastern	1,545	467
2.	Central	3,077	988
3.	Western	1,286	481
4.	Mid-western	602	258
5.	Far-western	848	323
	Total:	7,358	2,517

Source: Department of Labor and Employment Promotion, Kathmandu

- 7.19 The Council for Technical Education and Vocational Training (CTEVT) imparted long-term and short-term training in different disciplines to the total of 5,240 participants in FY 2001/002, of which 1,142 trainees participated in long-term and 4,098 trainees in short-term training respectively. Nepal Tourism and Hotel Management Academy, since its establishment, has so far imparted training to 17,837 persons on Tourism and Hotel Management including 557 persons trained during the first eight months of the current fiscal year. Various training activities namely, Managerial Skill Development; Entrepreneurial skill development; Health and Gender Awareness; and Community Development are being conducted under the Women Development Programme. Women Skill Development Center during the first eight months of the current fiscal year has imparted cutting and sewing training to 115 women participants. Training programmes to disabled persons have been conducted at the regional level with the objective of providing income generating training through their capacity development, promotion of skills for creating employment and entrepreneurial opportunities for them. CTEVT has been conducting 1 - 4 month duration training to 100 such persons on televisions, electric and electronics goods repairing; fruit preservation; manufacturing of bamboo and rattan goods; and waiters (hotel management).

- 7.20 Signs of recovery in employment situation are visible as a result of rise in overseas employment opportunities in recent years. Approval for institutional overseas employment was given to 242,005 persons during FY 2001/002. Approval for overseas employment to 309,370 persons has been granted by mid-March 2003. Saudi Arabia, Malaysia, Qatar and U.A.E. are major countries providing overseas employment.

Table 7(c)
Persons Leaving Country for Foreign Employment

S.N.	Country	Total number till FY 2001/002	Number during the first eight months of the current FY	Total Number	Percentage
1.	Saudi Arab	83459	12278	95737	30.9
2.	Malaysia	64643	27773	92416	29.9
3.	Qatar	55222	16951	72173	23.3
4.	U.A.E.	25672	8019	33691	10.9
5.	Bahrain	3171	470	3641	1.2
6.	S. Korea	3119	474	3593	1.2
7.	Kuwait	2973	620	3593	1.2
8.	Hong Kong	1753	362	2115	0.7
9.	Others	1993	418	2411	0.8
	Total	242,005	67,365	309,370	100.0

Source: Department of Labor and Employment Promotion, Kathmandu

Challenges

- 7.21 As poverty reduction programmes could not reach the targeted groups and areas mainly residing in the remote mountainous region, as envisaged, countrywide expansion of such targeted programmes has been a challenging task.
- 7.22 Rampant poverty exists among those who have no access to opportunities for education and development due to traditional social barriers. Because of this, efforts to enhance productivity through the development of skill and

technology are facing obstructions. A major challenge is therefore to provide universal access to education and development.

- 7.23 Benefits of programmes launched in participation of the government, non-governmental organizations and civil societies have not reached the targeted groups. Therefore, creation of an environment is imperative to ensure that the benefits of such programmes reach target groups.
- 7.24 As micro credit has proved an effective tool for promoting self-employment, expansion of micro credit through their institutionalization has become another challenging task.
- 7.25 Another challenge is to create employment opportunities to enhance the present level of productivity while protecting employment oriented economic activities.
- 7.26 It is necessary to search, identify and apply labor-intensive appropriate technology that would contribute to reduce poverty by helping raise productivity. Subsequent extension of such technology to remote and inaccessible areas for enhancing employment generating economic activities poses another major challenge.

VIII

AGRICULTURE

Production Situation of Crops

- 8.1 In FY 2001/02, production of major food crops had increased by 1.1 percent compared to that of the previous fiscal year 2000/01. Preliminary estimate of production of these crops during FY 2002/03 suggests an increase of 1.6 percent to a total of 7.36 million metric tons. The total area covered by these crops is estimated to have increased by 1.2 percent to 3.337 million hectares in the review period compared to FY 2001/02. The growth rate of agriculture productivity is only 0.4 percent as given by the growth rates of 1.6 percent and 1.2 percent for agriculture production and area covered under these crops respectively. Despite the decline in cropped area in FY 2001/02 compared to FY 2000/01 slight increment in production of major food crops has been recorded in FY 2002/03 due to the expansion of cropped area.
- 8.2 Production situation of major cash crops seems mixed in the country during FY 2002/03. The production of these crops is expected to increase by 3.7 percent to reach a total of 4.02 million metric tons and the total area covered by these crops is estimated to increase at the rate of 1.2 percent to reach 403,000 hectares. Similarly, the productivity of cash crops is expected to rise by 2.5 percent in FY 2001/02.
- 8.3 Production of crops like lentils, vegetable and others, as major contributors in agriculture production, seems to have increased in the review period compared to FY 2001/02. Production of lentils is expected to increase by 2.6 percent to reach the total of 257,000 metric tons in the review period compared to FY 2001/02. In the same way, the production of fruits and vegetable are projected to rise by 9.4 percent and 1.7 percent to reached the level of 518,000 metric tons and 1.767 million metric tons respectively in FY 2002/ 03 compared to FY 2001/02.
- 8.4 Shares of food crops and cash crops in the total production of major agricultural crops are anticipated to be 64.7 percent and 35.3 percent respectively for FY 2002/03 compared to 65.2 percent and 34.8 percent respectively during FY 2001/02. Likewise, areas under farming of these two

crops are estimated to be 89.2 percent and 10.8 percent of the total cropped area respectively in the review period.

- 8.5 The demand for foodgrain was 4,463,027 metric tons as against the supply of 4,543,049 metric tons in FY 2001/02. The preliminary expectation of demand for foodgrain is 4,572,124 metric tons as against the supply of 4,662,949 metric tons for FY 2002/03.

Production Situation of Major Food Crops

- 8.6 **Paddy**: Paddy production is estimated to decrease by 0.8 percent resulting in the total production of 4.133 million metric tons during FY 2002/03 compared to the previous FY 2001/02. Similarly, the productivity of paddy is expected to decline by 2.2 percent and stand at 2.7 metric tons per hectare in the review period compared to FY 2001/02. On the contrary, in comparison of FY 2001/02 cultivated area is estimated to increase by 1.8 percent totaling of 1.545 million hectares in the review period. As a result, total paddy production in the Eastern Region has increased in the review period. However, productivity is estimated to shrink marginally due to occurrences of floods and landslides in the Central Region on the one hand and insufficient rainfall in different districts of Mid and Far Western Regions on the other.
- 8.7 **Maize**: Production of maize in FY 2002/03 is predicted to increase by 3.9 percent and rise from 1.511 million metric tons to 1.569 million metric tons compared to previous FY 2001/02. Cropped area is expected to go up by 1.2 percent from 0.826 million hectares to 0.836 million hectares in the review period against the previous FY 2001/02. In totality, cropped area and productivity are both expected to grow in all ecological regions with the exception of Western hills.
- 8.8 **Wheat**: Total wheat production in FY 2002/03 is expected to increase by 6.9 percent from 1.258 million metric tons to 1.344 million metric tons compared to previous FY 2001/02. In the same way, its productivity is estimated to increase by 6.3 percent yielding an average of 2.0 metric tons per hectare over the previous FY 2001/02. Due to a favorable winter season coupled with enhancement in the use of improved seeds and fertilizer, an increase in production was noticed.
- 8.9 **Barley**: Farmers of Terai area are largely motivated to cultivate other cash crops as a substitution of barley which resulted into a gradual decline in production, productivity and area of cultivation in subsequent years. Barley production is estimated to increase marginally from 31,000 metric tons in FY

2001/02 to 32, 000 metric tons in the review period of FY 2002/03 largely because of a favorable monsoon.

- 8.10 **Millet:** The pattern of millet production seems to be very similar to barley crops because the trend of its cultivation has been rapidly declining, particularly in Terai region. Production of millet in FY 2001/02 had decreased by 0.1 percent recording a production of 283,000 metric tons, and is expected to remain at the same level in the review period.

Production Situation of Cash Crops

- 8.11 **Sugarcane:** In the review period 2.343 million metric tons of sugarcane are expected to be produced, showing an increase of 4.2 percent as against 1.6 percent increase with a production of 2.248 million metric tons in the last FY 2001/02. The area covered by this crop is expected to increase by 1.6 percent from 59,500 hectares to 60, 400 hectares.
- 8.12 **Oilseeds:** Oilseeds production is expected to decline by 7.4 percent with production at 125,000 metric tons in FY 2002/03 as against a rise of 2.0 percent and production of 135,000 metric tons in the previous FY 2001/02. A decline by 0.6 percent in cropped area is expected due to the change in cropping pattern and insufficient supply of improved seeds and pesticide.
- 8.13 **Tobacco:** Tobacco production is expected to show a further decline by 10.5 percent with the production of 3,400 metric tons in FY 2002/03 compared to that of previous FY 2001/02, which had registered a decline of 5.3 percent producing 3,800 metric tons. Similarly, the area covered by tobacco is also expected to drop by 5.3 percent from 3,800 hectares to 3,600 hectares in the review period.
- 8.14 **Potato:** Potato production that recorded a growth of 12.1 percent in FY 2001/02 is expected to further increase by 4.0 percent from 1.473 million metric tons to 1.531 million metric tons in the review period. Both the area and productivity relating to this crop are estimated to rise by 3.8 percent and 0.2 percent respectively and reach the level of 140,000 hectares and 10.93 metric tons/hectare. It is felt that the desired improvement in potato production is not achieved due to the cold wave in Terai area.
- 8.15 **Jute:** Jute production is likely to further increase by 0.5 percent on top of 3 percent in FY 2001/02 and production seems to be almost same as 17,000 metric tons in the present FY 2002/03 as well. Area covered by this product is

expected to rise by 1.3 percent and reaches 11,800 hectares in the review period.

- 8.16 **Tea:** Tea cultivation has been growing as a commercial farming in the Eastern part of the country. Its production is estimated to further increase by 13.1 percent to the total of 8,500 metric tons in FY 2002/03 against the growth rate of 5.6 percent and the production of 7,000 metric tons in the previous FY 2001/02. Area under tea farming is estimated to grow from 12,500 hectares in FY 2001/02 to 12,600 hectares in this year.
- 8.17 **Coffee:** Coffee cultivation is also developing as commercial venture in the Western part of the country. Its production is expected to increase by 7.9 percent to the total of 150 metric tons in FY 2002/03 compared to 139 metric tons in the year before. Area under Coffee cultivation is expected to expand from 450 hectares in FY 2001/02 to 636 hectares in the current fiscal year.
- 8.18 The productivity of major food and cash crops seems mostly increasing. However, productivity of some crops has shown a slight decline and others remained constant in FY 2002/03 compared to FY 2001/02.

Table 8(A)
Agriculture Productivity (KG per hectare)

Crops	FY 2001/02 (Actual)	FY 2002/03 (Estimated)
Food crops		
Paddy	2745	2675
Maize	1829	1877
Wheat	1886	2009
Millet	1095	1092
Barley	1111	1151
Cash crops		
Oilseeds	719	669
Potato	10902	10925
Tobacco	987	962
Sugarcane	37796	38776
Jute	1449	1438

Source: Preliminary estimation of agriculture production of Nepal, Special Issues, (mid April 2003), Agro-business Promotion and Statistics Division, MOAC

Production Situation of Other Crops

- 8.19 **Pulses:** Pulses production is estimated to be 257,000 metric tons increasing by 2.6 percent in FY 2002/03 as against of 250,000 metric tons with the increase by 2.9 percent in the previous FY 2001/02. Area covered by this crop is raised by 1.3 percent and reaches 311,000 hectares in the current fiscal year compared to 307,000 hectares in FY 2001/02.
- 8.20 **Fruits:** In FY 2002/03, fruits production is estimated to be altogether 518,000 metric tons increasing by 9.4 percent due to this year being on-year for mango farming as against its drop by 3.0 percent to the level of 474,000 metric tons in the last FY 2001/02. Area covered under fruits production is expanded by 2.3 percent to the total of 50,900 hectares in current FY 2002/03 compared to 49,800 hectares in the year before.
- 8.21 **Vegetables:** Production of vegetables is expected to grow by 1.7 percent to 1.767 million metric tons in the review period, which is not a significant increment compared to previous years. In FY 2001/02, it increased by 5.0 percent only with the production of 1.738 million metric tons compared to an increase by 11.0 percent in FY 2000/01. Area covered under vegetable production is expected to be 165,000 hectares in the current fiscal year.
- 8.22 **Climate:** About 395 mm rainfall was recorded during winter season of FY 2001/02, regarded as a favorable climatic condition for agriculture production, compared to 4 mm rainfall in the same period of FY 2000/01. Nonetheless, agriculture sector is being adversely affected by unfavorable climatic condition in FY 2002/03. Eastern and Central regions suffered from high rainfall, floods, landslides during the time of cultivation and thereafter. On the contrary, the Western and Far-Western regions suffered by drought in the same period of time. It is quite normal for productivity to decline in absence of rainfall in time. Similarly, cold waves during winter season in Terai have badly affected the production of oilseeds.

Livestock Production Situation

- 8.23 **Meat:** Meat production had increased by 2.3 percent in FY 2001/02 and reached a total of 199,000 metric tons compared to the growth rate of 2.7 percent in preceding FY 2000/01. During FY 2002/03, meat production is expected to increase by 2.5 percent to a level of 204,000 metric tons. The share of buff, mutton, pork and chicken in total meat production is 64.2 percent, 19.5 percent, 7.7 percent, and 7.2 percent respectively.

- 8.24 **Milk and dairy products:** Milk and dairy products had increased by 3.1 percent to a total of 1.159 million metric tons in FY 2001/02 as against of 2.5 percent increase in FY 2000/01. The production level is expected to rise by 3.2 percent to a level of 1.196 million metric tons in FY 2002/03.
- 8.25 **Eggs:** Total eggs production had gone up by 6.1 percent with a total of 538.42 million units of eggs during the fiscal year 2001/02 compared to 5.5 percent increase in previous FY 2000/01. Total eggs production is expected to further go up by 3.5 percent to 557.4 million units of eggs in FY 2002/03.
- 8.26 **Fish:** Fish production had further increased by 5.2 percent to a total of 35,000 metric tons in FY 2001/02 against 4.9 percent increase in FY 2000/01. Its production is expected to rise further by 4.4 percent to the total of 36,500 metric tons in FY 2002/03. Of the total production of fish, the share of fishponds and others is almost the same.

Chemical Fertilizer and Improved Seeds

- 8.27 **Chemical Fertilizer:** HMG/N decided to split Agriculture Inputs Corporation (AIC) and establish Agriculture Inputs Company Limited (AICL) and National Seeds Company Limited (NSCL), on 29 April 2002 as separate entities with the objective of handling all the works related to agriculture inputs without subsidy, a market based competition basis with the private sector. Use of chemical fertilizer has improved due to better supply from the private sector participation as well as with the establishment of AICL. In the past, during the period of erstwhile AIC, the supply used to be insufficient. After the establishment of the AICL, its supply of chemical fertilizer is estimated at 60,569 MT in gross and 33,644 MT in nutrient in FY 2002/03 compared to only 35,297 MT in gross and 19,713 MT in nutrient under the previous AIC term during FY 2001/02. Growth rates of 71.6 percent in gross and 70.7 percent in nutrient can be considered as an encouraging achievement in the supply of chemical fertilizer during FY 2002/03 compared to the previous year. In FY 2001/02, National Fertilizer Policy, 2058 was made public. The prices of fertilizers such as Urea, D.A.P. and Potash have been stabilized and prices of sulfate seem to be constant.
- 8.28 **Improved Seeds:** The use of improved seeds is likely to have increased because of growing participation of private sector as well as plenty of seeds distributed through relief measures. The National Seeds Company Limited had distributed altogether 3,048 MT seeds of paddy, maize, wheat, vegetable, lentils and jute against the distribution target of 3,460 MT in FY 2001/02. During the first eight months of FY 2002/03, altogether equivalent to 1,764

MT of seeds is estimated as already gone for distribution out of total target of 2, 638 MT.

- 8.29 **Irrigation:** HMG and the ADB/N are the main parties currently engaged in irrigation development. In FY2001/02, irrigation facilities were expanded to additional area of 22,601 hectares, of which 17,587 hectares were under projects launched by the government and 5,014 hectares under ADB/N. By the end of current FY, additional irrigation facilities to a total of 26,480 hectares of land were targeted with 20,907 hectares and 5,573 hectares under the Government projects and the ADB/N respectively. However, additional irrigation facilities of 2,000 hectares by government projects and 242 hectares under the projects launched by ADB/N are already provided with irrigation facilities in the first eight months of FY 2002/03.
- 8.30 **Irrigation Service Charge:** A provision has been made to collect service charge by water users in lieu of using irrigation facilities on the basis of irrigated area for each crop. Water User's Associations (WUAs) will be collecting irrigation service charge where joint management system has been implemented. However, irrigation offices will continue to collect such charges where this system has not been introduced. The WUAs receive their share of irrigation service charge in proportion to their contribution on management participation, and the remaining amount of such charges will be deposited into government treasury. In absence of efficient management and effective institutional structure, irrigation service charge could not be collected effectively under the existing system. Therefore, considering the above fact, reform efforts are being initiated speedily in the field of management and institutional reforms.
- 8.31 Only 1.766 million hectares of land is estimated as potential for irrigation out of the total arable land of 2.642 million hectares. To date, only 64 percent i.e. 1,126,601 hectares of land is found irrigated. Only 461,041 hectares of land is estimated under irrigation throughout the year.
- 8.32 **Agricultural Credit:** Access to agricultural credit is vital to uplift the living standards of rural people dependent upon agriculture for their livelihood. During FY 2001/02, ADB/N disbursed a total of Rs. 8,888.9 million worth of credit; recovered Rs. 6,997.5 million; and Rs. 16,673.8 million remained as outstanding at the end of the fiscal year. During the first eight months of FY 2002/03, Rs. 6,030.4 million, an increase of 15.0 percent, was recorded under loan investment as against the same period of previous FY 2001/02. Of this total, agro-industry, marketing and godown construction claimed the highest

portions, as 51.0 percent, and on the contrary, tea and coffee farming sector shared the lowest portion of 0.5 percent only.

- 8.33 **Small Farmers Development Programme:** Under the ADB/Ns Small Farmers Development Programme (SFDPs), run in 56 districts of the kingdom, services have been provided to small farmers residing in 288 VDCs through 189 projects launched in FY 2001/02. During this period, 107 Small Farmers Cooperatives (SFCs) that were handed over by the Bank rendered their services to 107 VDCs of 31 districts. Investment of ADB/N in SFDP and SFC amounted to Rs. 395.8 million and Rs. 414.2 million in FY 2001/02 and, similarly, Rs. 336.5 million and Rs. 326.6 million had been recovered respectively during the same period. The investment of SFDP and SFCs stood at Rs. 899.6 million up to the end of FY 2001/02. As of the first eight months of FY 2002/03, investment in SFDPs stood at Rs. 220.6 million and recovery at Rs. 213.5 million. Similarly, investment of SFCs stood at Rs. 200.3 million and recovery was at Rs. 171.0 million during the first seven months of FY 2002/03. The total amount of the investment of SFDPs has reached Rs. 856.7 million by the first eight months of FY 2002/03. Similarly, the total amount of SFCs has reached Rs. 984.1 million during the first seven months of the same year. Group savings of member farmers of these co-operations totaled Rs. 273.9 million.
- 8.34 **Nepal Agriculture Research Council:** Nepal Agriculture Research Council (NARC) was established in 2048 B.S. with the objectives of uplifting the living standard of the general people through high-level study and research in the agriculture sector. To date, the NARC has tested different sorts of crops and recommended 187 high breed varieties of 43 crops with full method package of farming. Similarly, a few tested varieties are in the process of recommendation. The Council has also developed a cost effective technology for optimizing turn around time. It has already recommended different varieties of paddy like cold resistant and blast disease immune as Chandannath 1 and 3 for Jumla. Manjushree-2 and Khumal-11 are other varieties for Kathmandu Valley, which are generally considered as Blast disease immune, excess soil fertility resistant, and good for beaten rice. As a result, Chandannath-3 has covered area around 80 percent of rice and has contributed to increase production by 50 percent in Jumla. The System of Rice Intensification (SRI) developed by the Council is vital to increase rice production. The agriculture research strategy focuses on sustainable improvement package for better livelihood of farmers by taking into account agriculture research and development potentialities.

- 8.35 **Export and import situation of agricultural products:** According to S.I.T.C. group, during the first eight months of the present fiscal year, the total export value was equivalent to Rs. 4,186.6 million by exporting of food grains, live animals, tobacco and beverages compared to Rs. 3,961.2 million by exporting the same goods in the corresponding period of the last FY 2001/02. Likewise, commodities equivalent to 6772.9 million was imported during the first eight months of FY 2002/03 compared to approximately Rs. 5172.4 million during the same period of FY 2001/02.
- 8.36 An average annual economic growth rate of agriculture sector is estimated to be 3.3 percent as against the target of 4.0 percent during the period of the Ninth Plan. The average growth rate of 4.1 percent per annum is the target of the Tenth Plan. The main reasons behind the low economic growth in agriculture sector are less than expected investment in agriculture sector, dependence on unfavorable monsoon in the first and the fourth year of the plan, and subsidy elimination in shallow tube-wells in third year of the plan affecting the irrigation expansion adversely.

Challenges

- 8.37 Agriculture sector continues to be dependent on the monsoon due to inadequate and slow development of irrigation facilities. The reasons behind this are less than expected expansion of shallow tube-wells and lack of proper maintenance of irrigation facilities. Further, there is free riding problem affecting the maintenance of such infrastructure. Unexpected floods and landslides also damage these facilities. Likewise, the absence of effective coordination, concrete programmes could not be implemented in a coordinated manner in those areas covered by such facilities.
- 8.38 Despite the involvement of private sector in supply of agricultural inputs such as chemical fertilizer and improved seeds and plants, these inputs are still not easily available at a reasonable price in remote areas. At the moment, there is no information on types of soil with agriculture entities, therefore, appropriate use and management of chemical fertilizer to maintain soil quality and fertility in those areas could not be ascertained. Furthermore, desired success on hybrid animals and artificial insemination has also not been achieved.
- 8.39 There has yet to be a meaningful public-private partnership. Private investment is still not significant. Both these are prominent features of the Agriculture Perspective Plan (APP). The slow technological change in the agriculture could not thus stop the inflow of cheaper agricultural and livestock products from the neighboring country. Also, lack of rural road network and

absence of export oriented agriculture pockets hampered the returns on investments made in agriculture sector. On the other hand, this sector could not also be developed as a market oriented competitive occupation.

- 8.40 Inability to carry out effective studies and research in the field of tea and coffee as cash crops for extensive farming together with ensuring quality production of these crops can be regarded as another challenge.
- 8.41 Failure to include commercial animal husbandry in the priority list of agro-industry, insufficient physical infrastructure on animal and fish research, food quality control and inadequate extension of technologies developed through research are also regarded as challenges.
- 8.42 Compared to increase in the number of agriculture related institutions and organizations, their quality regarding institutional development, professional capacity, resources mobilization and transaction has been a matter of concern.

IX

INDUSTRY, TOURISM AND PUBLIC ENTERPRISES

- 9.1 Analysis of some major industrial items revealed that production of some items under food and beverage category had increased in FY 2001/02. Likewise, production of tool, industrial and electrical equipment did well in that FY compared to FY 2000/01, also the production of wood and wooden goods, other chemicals, leather products, plastic goods, non-metal minerals, iron and steel goods and machinery goods had increased. Among the products that have recorded noticeable increase in production in FY 2001/02 are: noodles (727 metric tons), sugar (3,887 metric tons), tea (488 metric tons), animal feed (649 metric tons), vegetable ghee (3632 metric tons), soap (810 metric tons), detergent powder (50 metric tons), cement (17,902 metric tons), synthetic textiles (518,000 meters), shoes (35,000 pairs,) plywood (24,000 sq.ft.), matches (23,000 gross), sandals (194,000 pairs), iron bars and angles (4,049 metric tons), GIHB wire (1,107 metric tons), dry cell batteries (1.156 million pieces) and plastic goods (32 metric tons). There was a marginal decrease in the production of biscuits, soft drinks, squash, beer, liquor, cigarette, paper, leaf rolled tobacco (bidi), cotton textiles, jute goods, processed leather, bricks and tiles and PVC wire.
- 9.2 In FY 2002/03 productions of most of the items in food and beverage category is estimated to increase compared to FY 2001/02. Among the products that are estimated to record increase are noodles (1,440 metric tons), biscuits (198 metric tons), squash (77,000 litres), tea (579 metric tons), animal feed (1,893 metric tons), soft drinks (1,165,000 litres), bidi 14 (million sticks), processed leather (293,000 sq.ft.), shoes (14,000 pairs), detergent powder (175 metric tons), steel utensils (7 metric tons), PVC wire (1,571,000 kilometers), dry cell batteries (6.096 million pieces), sugar (9,864 metric tons), beer (296,000 litres), liquor (303,000 litres), cigarettes (58.7 million sticks), synthetic textile (4.176 million metres), jute goods (3,768 metric tons), paper (2,009 metric tons), soap (7,826 metric tons), matches (241,000 gross), plastic goods (284 metric tons), cement (77,589 metric tons), brick and tiles (5.253 million pieces) and iron bars and angles (23, 940 metric tons). Out of 33 industrial commodities classified under 16 categories, production of 6 commodities is estimated to decline in FY 2001/02 compared to the previous FY. Those commodities are: vegetable ghee (30,492 metric tons), cotton textiles (204,000 metres), plywood (281,000 sq.ft.)

straw board (301 metric tons), sandals by 581,000 pairs and GIHB wire (1,200 metric tons).

Status of Group-Wise Industrial Index

- 9.3 Group-wise industrial production index had increased by 2 percent in FY 2001/02 compared to 6 percent in FY 2000/01 (1986/87 as a base year). During this period, industrial production index of food and beverage category recorded an increase of 4.1 percent. Increases were recorded in the shoes by 4.9 percent, wood and wooden goods by 2 percent, other chemicals by 1.2 percent, rubber goods by 3.9 percent, plastic goods by 2 percent, non metal minerals by 4.9 percent, iron and steel goods by 3 percent, tools and equipment except machinery by 3.6 percent and electrical and industrial equipment by 3.3 percent. However, the production indices of some goods had decreased compared to the previous FY. Among the products that recorded decrease are soft drinks group by 3.5 percent, tobacco products by 1.8 percent, cotton textiles by 0.4 percent, leather and leather goods 1.7 percent and paper and stationery goods by 0.7 percent. These decreases in some of the industrial production indices are attributable to change in consumption pattern, erosion in consumption capacity, change in the structure of export trade and the present social environment.
- 9.4 In 2002/03, the industrial production index is expected to rise compared to FY 2001/02. However, the total industrial production index is expected to decline by 7.3 percent. Among the products that are expected to record increase are soft drinks by 5.6 percent, tobacco products by 8.5 percent, cotton textiles by 15.2 percent, leather and leather products by 9.2 percent, shoes by 1.6 percent, paper and stationery goods by 4.9 percent, other chemicals by 11 percent, plastic goods by 17.6 percent, non metal minerals by 29 percent, iron and steel goods by 17.1 percent and tools and equipment except machinery by 12.7 percent and industrial and electrical equipment by 4.4 percent. The production index of food and beverage category is expected to drop by 21.9 percent in this FY compared to the previous FY. The main reason behind this drop is attributed to the decline in the production index of vegetable ghee by 30.8 percent. Production index of other items in this category, however, are expected to rise in this FY. Imposition of quota system by the Government of India in the import of Nepalese vegetable ghee is responsible for this drop in production of this commodity. The industrial production indices of wood and wooden goods and rubber goods are expected to decline by 34.9 percent and 11.4 percent respectively in FY 2002/03. Despite decrease in the industrial production index

of 4 commodities out of 33, as a whole the industrial production index is expected to rise this year.

Foreign Investment in The Industrial Sector

- 9.5 The flow of foreign capital and technology are effective means to mobilize capital, human and natural resources in order to make the economy more efficient and competitive in the process of industrialization of a country. Foreign investments not only facilitate inflow of capital and modern technology but also infuse competitive corporate culture, technical skill and access to the international market, which are equally important factors for industrial development. A total of 76 enterprises with the project cost amounting to Rs.3, 309.6 million were granted permission in FY 2001/02 compared to permission granted to 96 enterprises with the project cost amounting to Rs.7, 917.6 million in FY 2000/01. As of first ten months of FY 2002/03, 59 enterprises with project cost amounting to 4,601.0 million and the fixed capital cost of Rs.3, 403.4 million were given permission to establish in private foreign investments. Granting permission to establish 825 enterprises with foreign investment by the end of May 2003, is in itself a testimony of liberal economic policy adopted by His Majesty's Government of Nepal. Out of this total, however, 22 enterprises have been closed down and registration of 71 industries has been cancelled. The remaining 732 industries with the project cost of Rs.73, 413.0 million and fixed capital of 60,803.9 million are estimated to provide additional employment to 80,797 people when in operation. The total foreign investment in these industries turns out to be Rs. 19,724.5 million.
- 9.6 Out of 76 industries given permission to operate under the Foreign Direct Investment (FDI) in FY 2001/02, 37 were related with production of goods, 13 with hotels and resorts, 20 with service industries, one with energy and 5 belonged to construction and agriculture. Observation of country-wise involvement in industries revealed that Indian investment turned out to be in 20, Chinese in 12, Japanese in 8, United States of America in 7, South Korea and Germany each in 4, United Kingdom, Italy, Israel and Poland each in 2, and Australia, Canada, Bangladesh, Guatemala, Malaysia, Netherlands, New Zealand, Pakistan, Singapore, Switzerland, Taiwan and Turkey each in one enterprise.
- 9.7 As of the first ten months of FY 2002/03, 59 industries were given permission to operate under the FDI. Out of this, 20 were related with production of goods, 17 with hotel and resorts, 11 with service industries, 6 with construction, 3 with energy and 2 with housing. Observation of country-wise

involvement revealed that 21 were Indian, 9 were Chinese, 6 were Japanese, 5 were each from South Korea and United States of America and France, Germany and Pakistan each in 2 and Iran, Israel, Malaysia, Norway, Philippines, Singapore and Russia each in one.

Capacity Utilization

9.8 Studies were carried out in some selected industries to assess their capacity utilization. The study revealed that the capacity utilization of sugar had decreased in FY 2001/02 compared to FY 2000/01. The capacity utilization of cigarette, cement, beer, matches, and jute goods were found to have increased. In FY 2001/02 capacity utilization of cigarette and jute industries turned out to be 86 and 74 percent respectively. Likewise, capacity utilization of beer, matches, sugar and cement turned out to be 64 percent, 59 percent, 40 percent and 45 percent respectively.

Industrial Estates

9.9 Industrial estates have been established with a view to contribute to industrialization by providing physical infrastructure and other facilities for industrial enterprises on the spot. His Majesty's Government established 11 industrial estates in Balaju, Hetauda, Lalitpur, Nepalgunj, Dharan, Pokhara, Butwal, Bhaktapur, Birendranagar, Dhanakuta and Rajbiraj. The industrial estate at Dhanakuta is under construction. These industrial estates are managed by the Industrial Estates Management Limited and fixed capital investment in these totals Rs. 158.0 million. Out of 5,706 ropanis (approximately 20 ropanis = 1 ha.) of land under these estates, 5,083 ropanis of land have been fully developed and 3,376 ropani of land have been leased out to different industries. Altogether 345 industries are in operation in these estates. Fifty-four industries are under construction and 86 have been closed. These estates have generated direct employment to 14,273 people. Feasibility studies in more than 16 other places including Nuwakot, Janakpur, Ilam, Chitwan, Jhapa, Kailali, Kanchanpur, Dang, Kavrepalanchowk, and Tanahu have been completed.

Nepal Industrial Development Corporation (NIDC)

9.10 NIDC has contributed to industrialization of the country by providing financial resources to industries. The volumes of loan disbursed by the NIDC for establishment and operation of new industries have sharply declined due to unavailability of long-term resources and scarcity of its own resources. In FY 2001/02, its loan disbursement decreased by 5.5 percent compared to FY 2000/01. Out of total loan disbursed In FY 2001/02, shares of hotel and

tourism, large-scale industries and miscellaneous industries were 10.1 percent, 55.9 percent and 34.0 percent respectively.

- 9.11 During the first eight months of FY 2002/03, disbursement of loan dropped by 65.7 percent totalling Rs 21.9 million compared to the corresponding period of FY 2001/02. During the review period of FY 2002/03, repayments sharply fell by 79.2 percent totalling Rs. 23.6 million compared to the corresponding period of FY 2001/02. Out of total loan disbursed in FY 2002/03, production industries had the largest chunk of 81.8 percent, followed by 13.8 percent by the hotel, and 4.6 percent by service industries and very minimum to miscellaneous industries. Project development, loan approval and loan repayments have been seriously affected due to shortage of long-term investment fund since last few years. The problem of shortage of funds for the long-term investment will not change unless NIDC is provided with resources for long-term financing. With a view to mobilize internal resources, NIDC has slated to initiate activities of commercial banking to collect time deposits from the public in near future.

Cottage And Small Scale Industries (CSIs)

- 9.12 CSIs have contributed to the economic and social uplift of the country by mitigating the problem of unemployment, and poverty. CSIs have been provided loan from the intensive banking programme of the commercial banks. In FY 2001/02, a total of 1,246 CSIs spread over five development regions of the country were provided with the loan amounting to 145.4 million. In the first six months of FY 2002/03, loans amounting to Rs 53.4 million have been forwarded to 570 CSIs.
- 9.13 In FY 2001/02, registration of CSIs increased by 6.2 percent numbering 9,890 compared to FY 2000/01. During this period, registration of private firms, partnership firms and private limited companies decreased by 5.8 percent, 29.2 percent and 5.3 percent respectively. In the same period, total investment in CSIs increased by 5.5 percent amounting to Rs. 7,720 million. It is estimated that in the first eight-months of FY 2002/03, additional 5,116 CSIs have been registered totalling the investment of Rs. 3,000 million.

Industrial Enterprise Development Institute (IEDI)

- 9.14 With a view to promote entrepreneurship, quality management, promotion of technology, development of technical manpower for industrial development, an Industrial Enterprise Development Institute (IEDI) has been conducting training programmes on business creation, business management,

entrepreneurship development, research and consultancy services. As against the target of imparting training to 721 people in different fields during FY 2001/02, the Institute exceeded its target by imparting training to 946 people. In the first eight months of FY 2002/03, altogether 214 people received training against the annual target of 520.

Mines And Geology

- 9.15 Thirty mines in 14 districts including Kathmandu valley have been put under close environmental monitoring. With a view to promote mining industries, data package to promote cement and limestone industries in Surkhet, Salyan and Dhanakuta and gas industry in Kathmandu has been prepared and sold to willing promoters. The proposals received so far are being evaluated. Publication of geological map of Myagdi, Parbat, Kaski and Dang, remote sensing study of Surkhet, Makawanpur and Dhading, exploration of geo - engineering and geo-environmental, engineering geology, town and environmental geology, and geo-hazard assessment are underway. Regular repairs and maintenance and monitoring have been carried out to operate Kathmandu gas project well.
- 9.16 At present 21 seismic stations under Remote Sensing Centre in Kathmandu and Surkhet are in operation to record tectonic movement of the earth all the time. A public alarm system to reach the public through the media within an hour of earthquake measuring 4 Richter scale has already been installed. The engineering and environmental geological map of Kathmandu and Pokhara Valley and Butwal and Dharan municipalities have been completed with the help of Remote Sensing and Geographical Information System. These Municipalities have been using these maps for urban planning, land use planning, infrastructure development works, solid waste management, pollution control, improvement in the quality of drinking water and environment protection.

Tourism

- 9.17 Analysis of tourist arrival, growth rate and duration of their stay in Nepal reveals that between December 2000 and December 2001, tourist arrival had gone down by 22.1 percent and dropping further down to 25.1 percent between December 2001 and December 2002. Average stay of tourist in Nepal is estimated to have remained 11.9 days between December 2000 and December 2001 without any change in this number between December 2001 and December 2002.

BOX NO. 9 (1)

Activities in the Mountain Tourism Sector

- HMG has opened up 13 additional snow peaks (effective from winter season of FY 2002/03) and other 50 snow peaks to promote mountain tourism on the occasion of Golden Jubilee (May 29, 2003) of the first accession to the Everest. In addition to the promotion of mountain tourism, it will also help to develop remote regions of the country. Total number of mountains opened to climbers has now reached 326.
- The earlier mandatory provision of deputing a liaison officer with all mountaineering expedition teams has been amended. Under the amended provision, liaison officer would not be required for climbing peaks lower than 6,500 meters. The number of such snow peaks has now reached 121.
- Royalty for the climbing 20 peaks from 2002 to 2005 in the Far Western Development Region has been fully waived.
- 75 percent of the royalty has been exempted for the three years effective from 2002 to scale 40 mountain peaks, which have not been attractive to the mountaineers.
- The New Mountaineering Expedition By-law 2002 has been made effective to facilitate the process of granting mountaineering permission to the mountaineering teams with other timely improvements.
- A special royalty to scale the Mount Everest from the regular route has been introduced for the mountaineering team with members ranging from one to six.
- A "pollution control deposit" scheme has been introduced with a view to check countrywide pollution of snow peaks so far opened in the Kingdom.
- Following sections of five river system have been opened for water rafting
 1. Dudhkoshi Jorsalle- Chatara
 2. Tamore Basantapur-Chatara
 3. Balephi Chanaute-Chera
 4. Budhi Gandaki Aarughat-Mugling
 5. Seti Karnali Geura- Chisapani
- A Mountaineering Training Academy of international standard has been established in Solukhumbu to produce manpower of international standard in mountain tourism and mountain expedition.
- In the process of preparing profile of all mountains, the map and details of Api Saipal mountain range of the Far Western Development Region has been prepared.
- An Internet home page www.tourism.gov.np in the Ministry of Culture, Tourism and Civil Aviation has been opened.

- 9.18 Analysis of the purpose of tourists visit to Nepal reveals that majority of tourists come to Nepal for trekking and mountaineering. Of the total tourists visiting Nepal during 2001, 51.8 percent came for pleasure, 27.9 percent for trekking and mountaineering, 5.1 percent for trading and business, 5.2 percent on official visit, 3.8 percent on pilgrimage and 6.2 percent for other purpose.
- 9.19 Of the total tourists arrival in Nepal in 2002, 36.4 percent were from the Western Europe, 10.8 percent from the North America, 3.6 percent from Australia and the Pacific Region, 1.7 percent from the Eastern Europe, 1.3 percent from the Central and South America, 0.4 percent from Africa and 45.8 percent from India and other Asian countries.
- 9.20 Between January 2001 and January 2002, 7 star hotels were added making a total of 104 star hotels. During the same period, 48 non-star hotels were added reaching the total of such hotels to 839. During this period, beds in star and non-star hotels increased by 9.1 percent and 2.2 percent respectively reaching hotel beds to 10,289 in star hotels and 27,327 in non-star hotels. In the review period, hotels and hotel beds increased by 6.2 percent and 4 percent respectively.
- 9.21 Analysis of mountaineering expedition teams and mountaineers between January 2001 and January 2002 shows that that there has been an increase both in the number of expedition teams and mountaineers compared to the corresponding period of previous year. During the review period, 134 expedition teams were issued permit and 913 mountaineers scaled different mountains. In the same review period, receipt of royalty to the government and the ratio of expense incurred by the climbers had increased by 0.6 percent and 8.7 percent respectively.
- 9.22 Nepal Academy of Tourism and Hotel Management has been engaged in producing skilled manpower necessary for the promotion of the tourism industry. The Academy imparts training on different subjects and standards to the rural people to fulfil the demand of skilled manpower for small and big entrepreneurs in the tourism industry with the objective of encouraging investments in those areas. During FY 2001/02, the Academy imparted training to 1,003 people on different subjects and during the first eight months of FY 2002/03, it imparted training to 557 people on different subjects.

Box 9 (2)
Destination Nepal Campaign 2002-2003

The Destination Nepal Campaign has been launched as a two-year programme from January of FY 2001/02 to January of FY 2002/03. HMG/N has a plan to carry out this campaign by integrating International Year of Mountain 2002, International Year of Eco tourism 2002 and Visit South Asia Year 2003 as important activities of this campaign.

Objectives of the campaign:

- To promote awareness among people about tourism;
- Widely publicize to establish and maintain Nepal's image as a reliable, attractive and secured destination; and
- To make policy arrangements for the improvements in the tourism sector targets of the campaign:
 - To attract 500,000 tourists to Nepal by the end of 2003; and
 - To earn foreign exchange worth US \$ 180 million during this period.
- Major activities carried out in FY 2002/03.
 - The Golden Jubilee of successful accession of Mount Everest" was celebrated for the whole year on a grand scale between June 2002 to May 2003 on both at national and international levels by organizing various programmes. (See box 9 (3).
 - A "Special Nepal Promotion in Northern Bordering Cities of India" programme conducted in 8 major bordering (Darjeeling, Silliguri, Gangtok, Lucknow, Kanpur, Varanasi, Gorakhpur, and Allahabad) cities of India.
 - A Nepal Evening in Paris programme organized on 13 March 2003, Tourism Operators' Meet and press conference organized in Tokyo and Osaka.
 - "Visit Pashupati" (Pashupati Darshan) a special promotional programme for India in cooperation with the Pashupati Development Trust has been initiated.
 - A special press conference on Mount Everest Golden Jubilee held in London during the World Tourism Fair.
 - A special promotional programme organized at the World's largest tourism trade fair 'ITB' in Berlin in March 2003.
 - Separate introductory tour programmes organized for Tourism Journalists and Tour Operators of Nepal's major tourist originating markets including India, China, Japan, Belgium, Luxembourg, Netherlands etc.
 - Special programmes with attractive packages operated jointly by Royal Nepal Airlines, Indian Airlines and Nepal's tour operators'.

- Tourism days and festivals organized at 38 separate tourist places of the Kingdom including Ilam.
- International Rafting Festival organized in October 2003 involving 75 international and 75 national participants for the promotion of adventure tourism.
- Airlines Service Agreement with Israel concluded for the expansion of air service.
- A product specific CD-ROM related to Buddhist Circuit produced with the objective of introducing and developing Nepal's special tourist heritage sites.
- Ilam festival organized with the name of "Destination Nepal's destination - Ilam" under the programme of promoting new tourist places.
- A documentary film on Haleshi Mahadev Temple of Khotang made for the identification and development of new tourist sites.
- "Ghale Gaun (Ghale Village) Festival held and a CD produced for the promotion of Ghale Gaun of Lamjung as a model of rural tourism like Sirubari of Syangja.

Foreign Exchange Earnings from Tourism

9.23 In FY 2001/02 foreign exchange earning from the tourism sector amounted to Rs. 7,798.5 million, a drop of 33.4 percent compared to FY 2000/01. During the first six months of FY 2002/03, earnings from this sector totalled Rs.5, 343.4 million representing 22.7 percent of the foreign exchange earnings from export of goods, 14.4 percent of the export of goods and services and 11.2 percent of the total foreign exchange earnings of the country. In comparison to ratios of earnings in FY 2000/01, all these three ratios have increased during the review period.

Box No. 9 (3)
International Year of Everest
Golden Jubilee Celebration 2002-2003

As an important component of Destination Nepal Campaign, Everest Golden Jubilee Celebration was observed from June 2002 to May 2003.

Main Programmes:

A weeklong programmeme to commemorate 50th Anniversary of Successful Expedition to the summit of Mt. Everest had been organised. The main components of the programmeme were:

- Namche Conference organised at Namche on 24 May with the participation of mountaineers from different countries.
- Patan Durbar Square Festival organised on 25 May by Lalitpur Sub Metropolitan City and a civic reception held in honour of Everest Summitteers.
- Hanumandhoka Durbar Square Festival organised by Kathmandu Metropolitan City.
- On 27 May, a procession of Everest climbers Sir Edmund Hilary, Mrs. Junko Tabei, Mr. Reynold Messner, Mr. Peter Hebler, Mr. Appa Sherpa, Mr. Temba Tseri Sherpa and others, was taken out on a horse drawn carriage and a Thamel Festival was also organised.
- On 28 May, Nepal Mountaineers Association organised a special tree saplings plantation programmeme at the Summitteers Memorial Garden located at Kakani where distinguished guests planted many saplings. On the same day, Annual General Meeting of International Mountaineering Association was also held. A photo exhibition of pictures taken by Sir Edmund Hillary was organised by the British Embassy at the British Council.
- On 29 May His Royal Highness Crown Prince Paras Bir Bikram Shah Dev inaugurated a symposium on Mountain and Development. On the same occasion His Royal Highness Crown Prince awarded Everest Gold Medal to 11 distinguished Mountaineers. Sir Edmund Hillary was conferred honorary citizen of Nepal in midst of the World Gathering of Mount Everest Summitteers held at Birendra International Convention Hall. His Majesty King Gyanendra Bir Bikram Shah Dev granted audience to all Everest Summitteers and joined them at a reception. Similarly, 350 Everest Summitteers were awarded Golden Jubilee Celebration Medals. On 29 May Mountaineering Philatelic Exhibition was organised in Kathmandu.
- On 30 May, Bhaktapur Festival was organised by the Bhaktapur Municipality.
- On 31 May, an International Music Festival in the participation of Singers and Musicians from 10 countries was organised. On the same day Babu Tseri Academy organised a Friendly Football Match Between journalists and film actors and actress.

Other Programmemes

- An international Auto Car Rally between Kathmandu and Lhasa was organized

- With a view to promote tourism in the country, various programmes in different tourist destinations, the base camp of Mt. Everest and various trekking routes towards base camp were organized.
- To commemorate Golden Jubilee Celebration of Mt. Everest, 25 expedition teams tried to scale Mt. Everest and 168 climbers succeeded in scaling Mt. Everest including 105 Nepalese and 63 foreigners.

9.24 Nepal Tourism Board is engaged to bring qualitative improvement in the tourism industry, development and maintenance of tourism infrastructure and promotion and management of international tourism market. For the promotion of tourism, it has sponsored various international fairs, produced and distributed publicity materials and documentary films pertaining to the promotion of tourism in Nepal. In FY 2002/03 the Board has been carrying out various programmes in partnership with the government and the private sector to promote tourism industry and create awareness among the people including a two years "Destination Nepal" programme.

Public Enterprises

9.25 In FY 2001/02 HMG investment in the public enterprises as share capital and loans had gone down by 4.8 percent and 32.4 percent respectively compared to the previous FY. In FY 2001/02, operation and transport subsidy went up by 7.9 percent. Like in previous years, capital subsidy was not provided to these enterprises in FY 2001/02. During the same period, the cash flow from HMG to public enterprises dropped by 27.5 percent compared to its preceding FY. During the first eight months of FY 2002/03, the share capital and loan investments are estimated to sharply drop by 99.2 percent and 30.2 percent respectively compared to the corresponding period of FY 2001/02. In the review period of FY 2002/03, any operation and transport subsidy has not been provided. During this period, the cash flow from HMG to these enterprises is estimated to have decreased by 84.1 percent.

9.26 The cash flow from these enterprises to HMG had increased by 4.3 percent in FY 2001/02 compared to that in FY 2000/01. This was due to 19.5 percent increment in the payment of income tax by these enterprises. In the same FY, dividend from these enterprises increased by 7.5 percent and payments of interest and principal had gone down by 16.6 percent, 6.3 percent respectively. In the first eight months of FY 2002/02 dividend and interest payments by these enterprises are expected to increase by 6.8 percent and 43 percent respectively. But, income tax and principal payments are estimated to drop by

49.1 percent and 43.7 percent respectively compared to the corresponding period of FY 2001/02. Analysis reveals of more cash flow taking place from public enterprises during FY 2001/02 and FY 2002/03.

- 9.27 The analysis of financial efficiency of these enterprises reveals that most of the public enterprises incurred operating losses amounted to Rs.5, 475.3 million in FY 2001/02. In FY 2000/01, these enterprises incurred operating losses amounted to Rs. 1,353.2 million. The main reason behind the increment of operating losses of the public enterprises by 304.6 percent in FY 2001/02 compared to FY 2000/01 is attributable to the heavy losses incurred by Rastriya Banijya Bank, Nepal Oil Corporation, Nepal Electricity Authority and Royal Nepal Airlines Corporation. In FY 2002/03, the losses are estimated to decline to Rs 2,223.4 million with the improvement in this situation. In FY 2001/02, net capital investment in these enterprises amounted to Rs. 15,088.2 million and the figure is estimated to reach Rs. 15,743.0 million in FY 2002/03. The ratio between the operating profit and net capital investment turned out to be minus 3.7 percent in FY 2001/02 and the figure is estimated to decline to minus 1.4 percent with some improvement in the performance of these enterprises.

Privatization Of Public Enterprises

- 9.28 Privatization has been accepted as an important component of the liberal economic policy. The Government has either privatized or liquidated a total of 23 public enterprises by the end of 11 months of the current FY 2002/03.

Table 9(a)
Details of Privatized Enterprises

S. No.	Name of the Companies	Year of Privatization	Mode of Privatization	Sales Price (in '000 Rs.)	Sale of Shares (%)
1	Bhrikuti Paper Mills	October 1992	Asset and Business Sale	229,800	-
2	Harisiddhi Bricks and Tiles Factory Ltd.	October 1992	Asset and Business Sale	214,830	-
3	Bansbari Leather and Shoe Factory	March 1992	Asset and Business Sale	29,854	
4	Nepal Film	Nov. 1993	Shares Sale	64,662	51

S. No.	Name of the Companies	Year of Privatization	Mode of Privatization	Sales Price (in '000 Rs.)	Sale of Shares (%)
	Development Corporation				
5	Balaju Textiles Industry	Dec. 1993	Shares Sale	17,716	70
6	Raw Hide Collection and Processing Co.	Dec. 1993	Shares Sale	3,990	
7	Nepal Bitumen And Barrel Industry	January 1994	Shares Sale	13,172	65
8	Nepal Lube Oil	January 1994	Shares Sale	31,057	40
9	Nepal Jute Development Corporation	1993	Liquidation	-	-
10	Tobacco Development Corporation	March 1994	Liquidation	-	-
11	Nepal Foundry Ltd.	March 1996	Shares Sale	14,473	51
12	Raghupati Jute Mills	August 1996	Shares Sale	-	65
13	Biratanagar Jute Mills	Dec. 1996	Management Contract	-	-
14	Nepal Bank Limited	March 1997	Shares Sale	125,140	--
15	Nepal Tea Development Corporation	June 2000	Shares Sale and Lease	267,105	65
16	Agricultural Project Services Center (APPROSC)	2001	Liquidation	-	-
17	Cottage Handicraft Sales Emporium	2002	Liquidation	-	-
18	Nepal Coal Limited	2002	Liquidation	-	
19	Hetauda Textiles Limited	2002	Liquidation	-	
20	Nepal Transport Corporation	2002	Liquidation	-	
21	Butwal Power	January 2003	Share Sale	874,200+U	75

S. No.	Name of the Companies	Year of Privatization	Mode of Privatization	Sales Price (in '000 Rs.)	Sale of Shares (%)
	Company			SS\$1.0M	
22	Birgunj Sugar Mills	2003	Liquidation		
23	Agriculture Tools Factory	2003	Liquidation		

- *In the case of Biratnagar Jute Mill the Management Committee was taking the final decision to award management contract, as it is a semi public enterprise.*
- *In case of Nepal Bank Ltd The Government share has been reduced to 41 percent.*

Out of these 23 enterprises, assets and business of three enterprises and share of 10 enterprises were sold out. Management contract was introduced in one. Two enterprises were liquidated as per Company Act. Three were dissolved and two were liquidated as per Privatization Act 2050. In the current FY, the long awaited privatization process of Butwal Power Company has been accomplished. Birgunj Sugar Mills and Agriculture Tools and Equipment factory were liquidated as per the clause 16 of the Privatization Act 2050. Bhaktapur Brick and Tile Factory was leased out for ten years, but has been taken back by the government. New proposals have been under evaluation to sell its assets and equipment and lease out land and building for ten years. Citizen Investment Trust has already been entrusted to sell HMG's 33.62 percent share in Raghupati Jute mills to the general public and workers of the Mill itself. Out of 33.62 percent share, 5 percent were to be sold to the employees and rest to the general public. The Citizen Invest Trust has been entrusted as an Issue Manager to sell HMG's remaining 49 percent share in Nepal Foundry Ltd. to the general public. In the next FY, the government is expected to privatize three more enterprises as per its commitment to the privatization programmeme. Also, HMG will adopt the policy to dissolve or liquidate enterprises only after conducting detailed financial and economic analysis and objectives of establishing such public enterprises.

Challenges

- 9.29 In the context of declining trend in production of some goods and low capacity utilization in others, there are many constraints to overcome like issues of marketing, capital adequacy; technology development and industrial management are some of the challenges. For these, activities like reform in existing policy, creation of investment-friendly environment, managing capital

resources and industrial research and development are essential to facilitate industrial development in the country in years to come.

- 9.30 Tourism industry, which is the major contributor to internal resource mobilization with 10 percent of the total foreign exchange earnings and 3 percent of Gross Domestic Products (GDP), has been heading towards crisis. The number of tourist arrival and their stay in Nepal has not increased due to concentration of tourist promotional activities in a limited geographical region, lack of extension and development of tourist infrastructure, lack of security, environmental pollution, and lack of wider publicity. Maintenance of law and order and security guarantees are essential elements to promote tourism industry in the country. Therefore, it is imperative to plan and implement programmes for the promotion of rural tourism and development of new tourism areas. At the same time, wider publicity, security arrangements and environment protection call for urgent attention.
- 9.31 Most of the public enterprises have been unable to meet their targets of producing goods and provisions of effective service delivery. Government's investment in the forms of share capital and loans has been on rise due to lack of capital management and capital formation of public enterprises. Most of the public enterprises are overstaffed and there exists absence of uniformity in the provision of facilities to their staff. These enterprises have created large liability as a result of their inability to manage their funds properly making it difficult to ascertain the extent of their liability. Therefore to create congenial environment to establish these enterprises as viable entities with the improvement in their efficiency has been a challenge of this time. Moreover, overstaffing and settlement of unlimited liability of these enterprises have been an obstacle on the way of privatization and their restructuring
- 9.32 Infusion of Modern technology, technical skill, corporate culture, skillful management and access to international markets are major challenges to attract enhanced investment in the country.

X

ENERGY, FORESTRY AND ENVIRONMENT

Energy

- 10.1 Energy consumption in FY 2001/02 has increased by 3.2 percent to 7954 thousand Tons of Oil Equivalents (TOE) compared to previous year and expected to increase by 4.5 percent to 8575 thousand TOE in FY 2002/03.
- 10.2 When we divide it into two parts by their sources traditional and commercial- traditional energy occupied 85.8 percent and the commercial energy occupied 14.2 percent of total energy consumption in FY 2001/02. In FY 2002/03, out of the total energy consumption, share of traditional and commercial energy is expected to remain at 84.7 percent and 15.3 percent respectively. This shows Nepalese economy still heavily relies on traditional sources of energy.
- 10.3 Of the total traditional energy consumption in FY 2001/02, share of fuel wood was 75.8 percent, agriculture and cattle residue 3.8 percent and 5.7 percent respectively, while in FY 2002/03 it is expected that the consumption of fuel wood will remain at 75.3 percent while that of agriculture and animal residue will be 3.7 percent and 5.7 percent respectively. Similarly, of the total commercial energy consumption in FY 2001/02, the share of Petroleum was 9.2 percent, Coal 3.5 percent and electricity 1.5 percent, while in FY 2002/03 the share of Petroleum is expected to remain at 9.5 percent, Coal 3.7 percent, and electricity 1.5 percent.
- 10.4 Of the total energy consumption in FY 2001/02, share of household sector was 89.1 percent, industrial sector 5.3 percent, commercial sector 1.3 percent, transportation sector 3.4 percent and agriculture sector 0.8 percent, while the total energy consumption in FY 2002/03, household sector is expected to occupy 90.7 percent, industrial sector 5.4 percent, commercial sector 1.4 percent, transportation sector 3.5 and agriculture sector 0.8 percent.

Electricity

- 10.5 At the end of FY 2001/02, a total of 527.70 mega watt hydropower was produced from various projects in the country. If we include the private sector constructed 7.5 megawatt Indrawati III Hydro Power Plant, the total national

hydropower production goes up to 535.20 mega watt as of mid March of current FY. Of the total hydropower production, 528.28 megawatt has been added in the national grid and the rest 6.91 megawatt has been produced by small hydro power plants and distributed locally. Similarly, thermal power production is 56.75 megawatt and solar power is 100 kilowatt. As of now, all 75 districts of the Kingdom have electricity.

- 10.6 In connection with the expansion of hydropower capacity in the country, the production from all three units of Kali Gandaki Hydropower Plant (144 megawatt) has been commissioned in FY 2001/02. This is the largest hydropower plant of Nepal, so far, financed jointly by His Majesty's Government of Nepal, Nepal Electricity Authority and loan assistance of Asian Development and the government of Japan. Likewise the private sector financed Indrawati III Hydropower Plant, has been commissioned with a capacity of 7.5 megawatt in FY 2002/03. Similarly, Chilime Khola of Rasuwa (20 mega watt) and Piluwa Khola of Sankhusashava (3 megawatt) under the joint financing of Nepal Electricity Authority (NEA) and private sector are expected to be commissioned by this fiscal year. The Middle Marsyangdi Hydropower Plant, Lamjung (70 mega watt) is under construction with the assistance of the government of Germany. The electricity is 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.

Box 10 (1)

The World Bank's assistance in power development

The loan negotiation between His Majesty's Government and the World Bank was concluded in April 2003 with regard to providing \$ 75.4 million IDA assistance to implement Power Development Fund and implement various projects in Nepal. This is in conformity of the Bank's commitment to help Nepal in the development power following its withdrawal from Arun III Power Project. The assistance is composed of \$ 25.4 million grant and \$ 50 million loan. The project period is five years. The agreement between the World Bank and His Majesty's Government on this project will be signed in near future and the assistance will be made available from coming fiscal year.

The main objectives of the proposed assistance are:

- a) Development of 12 hydropower plants through private sector participation for the sustainable development of hydropower and to meet the demand of electricity in the country.
- b) Rural electrification through the construction of about 150 small hydropower plants in order to have access electricity by rural population, 3 megawatt hydropower for every 30 thousands households will be provided.
- c) Participation of private sector in power sector development, which would cater the investment need and enhance the service capacity of electricity sector.

The three main components of the project are (I) establishment of Power Development Fund (PDF), (II) development of small hydropower and (III) capacity development of Nepal Electricity Authority and urban and rural electrification by NEA. The amount for above mentioned three components are \$37.5 million, \$5.5 million and \$32.4 million respectively.

- 10.7 The power plants constructed by private sector is being commissioned and in operation. The Indrawati III has been commissioned and in operation whereas Chilime and Piluwa Khola are expected to complete in this fiscal year. The power purchase agreements of Baramchi (999 Kilowatt) of Sindhupalchowk was concluded at the end of FY 2001/02, while such agreements for Raitang Khola (500 Kilowatt) and Thopala Khola (1.4 megawatt) of Dhading, and Lower Indrawati (4.5 megawatt) of Sindhupalchowk were concluded in mid March of FY 2002/03.
- 10.8 In line with the expansion of the electrification, under high voltage 132 KV level, single circuit 1132 km, double circuit 412 km, under 66 KV level single circuit 231 km, double circuit 161 km, bar circuit 3 km and under the joint 66 KV and 132 KV level 22 km and 33 KV level 2362 KM are in operation until the end of FY 2001/02. In current FY, transmission lines for Kaligandaki 'A' (66 KM) under 132 KV is completed. Likewise, transmission lines under 132 KV, of Butwal-Sunauli (25 km), Parwanipur-Pathlaiya (20 KM) and under 33 KV Illam-Phidim-Taplejung (100 KM), Hetauda Dhalkewar and Butwal-Bardhaghat second circuit (174km), Shitalpati-Musikot (50 KM), Buipa-Okhaldhunga (33 KM) and Chhinchu-Jajarkot (70 KM) are under construction. As there has been understanding with India to exchange electricity up to 150 megawatt as against the earlier arrangement of 50 megawatt, there has been agreement in principle to construct transmission lines for the exchange of additional electricity in 3 more points of Nepal - India border. In this connection, necessary survey has been carried out and

preparation made for transmission lines of 132 KV capacity in different sections - Butwal-Sunauli (25 km), Parwanipur-Birgunj (25 km), Dhalkewar-Bhittamod (45km). The construction of Butwal-Sunauli is already started. To strengthen the capacity of Kathmandu valley transmission lines and to address increasing urbanization, construction of Thankot-Chapagaun-Bhaktapur 132 KV Kathmandu Ringmen transmission lines has been started under the loan assistance of Asian Development Bank (ADB).

- 10.9 To connect main sub-station and powerhouses of the Kingdom to the Load Despatch Center with communication system and SCADA with the objectives of system control and enhance production, the completion of Load Despatch Center Project is in the final stage.
- 10.10 In the power distribution side, electrification will be continued in all districts connected by power with the resources of HMG and NEA. Additional electrification for Kailali and Kanchanpur districts under the assistance of the Royal Government of Denmark is continuing. The loan agreement with Asian Development Bank for the electrification in additional places in 35 districts of the Kingdom has been concluded. Likewise, the negotiation is underway with the World Bank for the electrification of additional places in Bhaktapur, Lalitpur, Nuwakot, Dhading and Kavreplanchowak districts. Feasibility study is being undertaken and in its last stage for electrification in the districts of Mid Western and Far Western Development Regions under the assistance of government of Sweden.
- 10.11 In order to expand hydropower services, detailed feasibility study is being undertaken on a continuous basis. The detailed study has been carried out and infrastructure development is being undertaken for Kulekhani III and Chameliyagad projects. In connection with carrying out study of dam projects, 102 projects were identified, out of which, four attractive projects such as Upper Seti (Tanahu), Madi Isaneswor (Kaski, Lamjung), Langtang (Rasuwa) and Madi/Begnas (Kaski) have been selected for feasibility study. Of these, feasibility studies of two projects are being continued. Necessary studies have been undertaken with a view to develop hydropower projects such as Khimti II, Upper Tama Koshi and Upper Modi "A" with joint investment of Nepal Electricity Authority and private sector. The studies which are in different stages will continue this year also for the projects below 5 megawatt capacity as identified in Small Hydropower Master Plan Study Project.
- 10.12 In FY 2001/02, the total supply of power was 2087.6 Gega Watt Hours (GWH) including hydropower 1831.9 GWH, thermal power 17.9 GWH and 237.8 GWH imported from India. In current FY 2002/03, the total supply of

power is expected to reach 2744.2 GWH, including hydropower 2631.9 GWH, thermal power 12 GWH and import from India 101.1 GWH. In FY 2001/02, of the total available power, the share of internal consumption was 1431.6 GWH and 142.9 GWH was exported to India and there was a deficit of 513.1 GWH whereas in current FY, the share of national consumption will be 1604.9 GWH and export to India 200 GWH and 939.3 GWH is expected to remain as deficit.

- 10.13 Sector wise consumption of power in FY 2001/02 reveals that industry sector accounted for 37.9 percent, household sector 36.6 percent, commercial sector 6.1 percent; export 9.1 percent and miscellaneous 10.3 percent. In FY 2002/03, it is expected that consumption by industrial sector will account for 36.6 percent, household sector 35.9 percent, commercial sector 6.1 percent, export 11.1 percent and miscellaneous sector 10.3 percent.
- 10.14 The total number of electricity consumers in FY 2001/02 was 878,000, while at the end of FY 2002/03 the total number of electricity consumers is expected to increase to 979,000. According to the Population Census of 2001, 39.4 percent of total population are found using electricity whereas it is expected to increase to 45 percent in FY 2002/03.

Petroleum Products

- 10.15. In FY 2001/02, the consumption of petroleum products increased by 1.9 percent to 804,338 kilo liters and L.P gas by 21.6 percent to 48757 metric tons amounting to Rs. 18,117.5 million. The consumption of petroleum products in the first eight months of FY 2001/02 was 522, 779 kilo liters and L.P gas 30,983 metric tons, whereas the consumption of petroleum product decreased by 0.7 percent and L.P. gas increased by 19.5 percent amounting to Rs. 12,245.1 million during the corresponding period this FY. The import of petroleum product in FY 2001/02 is 38.1 percent of commodity exports, whereas it is expected to remain at 36.5 percent in FY 2002/03.
- 10.16. Diesel, Kerosene, Petrol and aviation fuels are among the widely used petroleum products. In FY 2001/02, of total consumption, the share of diesel was 35.6 percent, Petrol 7.9 percent, Kerosene 48.0 percent, civil aviation 5.9 percent. In the first eight months of the current FY 2002/03, the share diesel accounted for 35.9 percent, Petrol 8.4 percent, Kerosene 47.3 percent, Aviation fuel 6.3 percent as total consumption of petroleum products.

10.17. The total supply of all types of petroleum products depends on import and Nepal Oil Corporation is continuously involved in storage management. The total storage capacity of corporation is 70,300 kiloliter but due to technical reason, current available storage capacity is limited to only 65,189 kiloliter. The negotiation with Indian Oil Corporation for the construction of pipeline from Raxaul to Amlekhgunj is in process. The report has already been submitted to the Ministry of Industry, Commerce and Supply by the Pipeline Task Force commissioned by Minister level decision of His Majesty's Government. Nepal Oil Corporation is currently importing petroleum products from Indian Oil Corporation. The study was carried out to assess the prospects of importing petroleum products from alternative source.

Coal

10.18. Of the total commercial energy consumption in FY 2001/02, share of coal was 24 percent or 290,000 tons of TOE, where as in FY2002/03 it is expected to increase by 8.3 percent to 314, 000 tons of TOE.

Alternative Energy

10.19. HMG has introduced Renewal Energy Subsidy System 2000, the objectives of which are; sustainable development of alternative energy and ensure energy supply in rural areas, run small industries and professions through energy technology and thus uplift socio-economic conditions of the poor people and to keep regional balance and to reduce environment problem caused by deforestation in rural areas. Similarly, HMG has enforced Renewal Energy Subsidy Guidelines 2000 to mobilize and manage efficiently the grant fund received from various donor agencies. With a view to provide loans out of the grant received from Danish Government for solar energy and small hydroelectricity projects, an internal fund has been created in the Alternative Energy Promotion Center and various activities have been initiated. The result of the establishment of such fund has been very positive, as it has increased the access of rural people to new and sustainable energy systems. With the view to transfer this fund into Rural Energy Fund in future and to mobilize all grants on alternative and renewal energy, task force on this was commissioned and actions were initiated.

Biogas

10.20 The installations of biogas plants have been continued in F.Y 2002/03. A biogas credit unit has been established at Alternative Energy Promotion Center to channel faster, easier and concessional credits through small financial

companies involved in biogas. This is expected to provide easy access of biogas programme to poor people and help in the production of clean cooking gas and a good quality compost manure from the slurry. This credit has been made available through KFW of Germany since FY 2001/02. In FY 2001/02 a total of 14754 biogas plants were established against the target of 24500 of plants. A total of 7027 biogas plants have been established during the first eight months of current FY.

Micro Hydropower

10.21 The construction of micro hydropower plants has been continued during FY 2002/03 as well, because this serves useful purposes of relieving pressure on rural forest and harnessing of unutilized water resources. In FY 2001/02 a total of 781-kilowatt electricity was generated against the target of generating 500 kilowatt while during the first eight months of current FY a total of 333.5 kilowatt electricity has been generated against the target of generating 500 kilowatt.

Solar Energy

10.22 In FY 2001/02, installation of 9968 units of Solar PV Home System and 83 units of Small Solar Small Drinking Water and Dryer have been completed as against the target of installing 60000 units of Solar PV Home System and 27 units of Solar Drinking Water and Dryer. During FY 2002/03, 7897 units of Solar PV Home System have been installed against the target of 9000 units.

Forest

10.23 After water resources, forest is the second largest natural resources in Nepal. The expansion, development and conservation of forest are essential to maintain clean environment and ecological balance and supply fuel woods to people. It is also necessary to enhance revenue collection and supply construction materials for the developmental works. Forest management work plan has been implemented in 19 districts of Terai and Inner Terai since FY 1998/99. With regard to sale of timber and wood (Sal and other varieties), a total of 23,77000 c. ft. timber was sold out including 67,460 cft. in Hills, 18,34000 cft. in Terai and Inner Terai and 4,76000 cft. through Community Forest. Similarly towards firewood, a total of 3199.79 stockpiles (Chatta) were sold out including 99.13 stockpiles in Hill, 2814.53 stockpiles Terai and Inner Terai and 286. 13 stockpiles through Community forest.

- 10.24 In line with the implementation of leasehold forestry programme, barren and waste forest areas are leased to poor and low-income groups to produce wood, timber, fruits, fodder trees, grass that would enhance their income, subsequently helping poverty alleviation programme. In FY 2001/02, such programmes are continuing in ten districts (Sindhuli, Dhading, Makwanpur, Chitwan, Gorkha, Tanahu, Ramecchap, Sindhupalchowk, Kavrepalnchowk and Dolakha) under IFAD loan programme and additional 16 districts (Panchthar, Khotang, Terhathum, Bhojpur, Okhaldhunga, Pyuthan, Salyan, Rolpa, Rukum, Accham, Bajura, Doti, Dadedhura, Baitadi, Dailekh and Jajarkot) are added under the Government's own funding.
- 10.25 In line with implementing Community Forestry Development Programme which is expected to balance forest conservation and community's daily requirements, 356 users groups have been formed under Community Forestry Project (districts level), in FY2001/02. This project under its technical programme provides training, workshop and study tours to users groups in continuous basis. DANIDA has been assisting in 38 districts for the project. In FY 2001/02, under the Community Forestry Programme, there is a provision of grant to manage 525 users group in 38 districts including recruitment of community ranger by the Department of Forest. Similarly, there is a provision of grant to conduct short-term programmes relating to income generation to 474-forest users group in 32 districts. DANIDA has been implementing a special programme relating to herbal in 32 districts in the programme to be expanded in 38 districts under a direct payment system.
- 10.26 Under Community Forestry Project (1999/00-2002/03) implemented in 38 districts and community forestry programme implemented in 74 districts by the Department of Forest, a total of 1,733 and 12,584 forest users group have been formed and 1,31,00,423 hectares and 9,99951 hectares forest are being handed over to local levels respectively. This has benefited a total of 1,54952 and 14,06,947 households respectively. By FY 2001/02, 1,733 forest users group in 38 districts have been constituted, 1250 forest work plans formulated, 11,136 community forests were inspected and monitored and 1006 hectares forest area was reforested, while until the first eight months of the current FY, 137 forest users group are constituted, 138 work plans are formulated and 37 community forests are inspected and monitored.
- 10.27 Forest management work plans are being implemented in 19 districts of Terai and Inner Terai right from FY 1998/99. A policy of granting 25 percent of revenue generated through the sale of forest products to VDCs and DDCs for the local development activities has been continued in FY 2001/02 under the Collaborative Forest Management Approach.

10.28 Leasehold forestry programme is under implementation in 26 districts of the Kingdom with the objectives of enhancing incomes of people living below poverty line in hilly areas and to improve the condition of degraded forest areas. Hill Leasehold Forestry and Pasture Development project is being implemented in ten districts (Kavre, Sindupalchowk, Dhading, Dolakha, Sindhuli, Makawanpur, Chitwan, Tanahu, and Gorkha), under the IFAD loan programme since FY 1993/94, while this programme is launched in other 16 districts (Panchthar, Terhathum, Bhojpur, Khotang, Okhaldhunga, Pyuthan, Rukum, Rolpa, Salyan, Jajarkot, Dailekh, Bajura, Achham, Doti, Baitadi, and Dadeldhura) from FY 2001/02 under the government's own funding. By the implementation of these programmes, 1711 forest groups have been constituted and 11634 families have benefited up to FY 2001/02, while additional 141 forest groups have been formed and 957 families have benefited till the first eight months of current FY. During the first eight months of FY 2002/03, a total of 7060.76 hectares of forest areas have been handed over, an area of 1300.53 kilometers have been demarcated and also 13,44,23,750 saplings have been distributed.

10.29 Under the Soil Conservation and Watershed Management Project, river training and watershed management will be implemented through inter-ministerial programme coordination. With a view to minimize negative impact in the Bhabar and Churia range -due to sensitive nature of Churia hills and the increasing pressure on it- different soil conservation and watershed projects and programmes are being implemented by Districts Soil Conservation Offices (12 districts). In this connection, the Department of Soil and Watershed Conservation Department has prepared a separate project to protect and conserve Churia range. In FY 2001/02, 90 percent progress was achieved in different projects such as Watershed Management Project (throughout kingdom), Bagmati Watershed Management Project (Kathmandu, Lalitpur, Kavre, Makwanpur, Sindhuli-EU funded), Natural Disaster (Emergency landslides) Control and Management Project, Chure Soil and Watershed Management Programme (Siraha, Saptari, Udayapur – GTZ funded), Sindhu-Kavre Soil Conservation Programme (AUS AID funded), Watershed Management Project (Rasuwa, Nuwakot, Dhading – DANIDA funded), Upper Andhi Khola Watershed Management Project (Syangja District-CARE funded), Siwalik Bhabar Watershed Management Protection Project (9 Districts), Natural Resources Management Programme (17 Districts-DANIDA funded) Soil Conservation Programme (27 Districts), Sustainable Soil Conservation (4 Districts) and Upper Chaldi Panah Watershed Management Project, Gulmi (SDC funded).

- 10.30 With a view to launch programmes on national parks and wildlife conservation as a basis to promote eco-tourism, Visitor's Information Centers one each at Chitwan National Park and Royal Bardia National Park have been established. A five-year tourism management plan has been prepared with a view to minimize ecological degradation caused by tourism promotional activities. Of these, Royal Bardia National Park Tourism Management Plan has been approved by the Government and in the process of implementation, while Tourism Management Plans of Royal Chitwan National Park, Sey-Phoksundo, Royal Langtang Park and Kanchanjanga Protected areas are in the process of approval. As of now, 6 buffer zones areas have been declared. His Majesty's Government has taken a policy of expending 30 to 50 percent of incomes of such protected areas in different community and participative programmes which are expected to uplift the living standards of the people of these regions. Buffer zones management projects for Royal National Chitwan Park and Royal Bardia National Park have already been initiated.
- 10.31 With a view to collect germ-plasm, monitor, prepare appropriate technology and commercialize the vegetation available in the country and enhance incomes in backward districts where ISDP has been launched, the programme of carrying out studies, research and harvesting of valuable herbal plants such as Panch-aule, Jatamasi, Sarpagandha, Sugandhakokila, Sugandhawal, Luthsalla and Yarsagumba have been initiated under Herbal Plants Promotion Project. Nurseries have been established in different places to carry out research to make such plants cultivable. Some thirty plants have been collected at Godavari field in Lalitpur for the management of germ plasm.
- 10.32 Herbal Promotional Centers have been established in every zone to implement the concept of Herbal Center as envisaged by Forest Development master Plan under Herbal Promotion Project. The Project envisaged to; establish 14 Herbal Promotional Centers, form 100 Herbal Development Groups, establish 30 Herbal Processing Centers in private sectors prepare 100 volunteer technicians and make 1500 Herbal Group Members. In FY 2000/01, feasibility studies were carried out in 5 districts and regions were selected. In FY 2001/02, teams have been sent in those selected regions. As of now, 22 Herbal Development Groups have been constituted and they have started cultivation of herbs. In line with preparing 100 local level volunteers technicians, 12 persons were trained and employed in FY 2000/01 and 15 persons were trained as of mid June of FY 2001/02. As of now, 27 volunteer technicians including 3 women and 330 Herbal Group Members have been prepared.
- 10.33 Under the Botanical Garden Development Project, some 12 Botanical Gardens, namely, Royal Botanical Garden Godavari, Brindavan Garden

Makawanpur, Tistung-Daman Garden Makwanpur, Maipokhari Garden Ilam, Dhanusadham Garden Dhanusa, Mulpani Garden Salyan, Dhakeri Garden Banke, Godavari Garden Kailali, Devaria Garden Kailali and Dhitachaur Jumla, have been established. In FY 2001/02, total number of visitors at Royal Godavari National Park stand at 4348 (Nepali 3794, SAARC Countries 427 and others 127). A Memorandum of Understanding has been signed between the Ministry of Soil Conservation, Tribhuvan University, Royal Nepal Academy of Science and Technology to implement the project 'Flora of Nepal' under the project Nepal Flora. And plants survey has been carried out at Khimti Khomidh Corridor (Jiri-Jatapokhari), Kaligandaki Valley Corridor (Jomsom-North Kali) and Arun Khomidh (Yangima – Chichila). According to revised programme of FY 2001/02, 30 thousand – Orange 6 thousand, Banana 24 thousand- fruits saplings have been produced and sites have been selected in Kavre, Dhading and Makwanpur districts for the plantation of these saplings, whereas research has been carried out on the production technology of saplings related to Sreekhanda, Cardamom, Pairethem, Jarbira.

- 10.34 In line with the decision of the Government to better manage forest product development programme, the Timber Corporation is restructured with reduced number of field offices- from 15 to 9. This restructure is based on the Government decision to downsizing the Corporation by reducing the existing employees by 50 percent. Department Forest will handover T. C.N with designated plots from where it can collect, process and sale dead and fallen woods. As of the first eight months of current FY, T.C.N has collected 87753 cft. of wood logs and 116.25 stockpiles of fire wood. Similarly, it also collected 11834 c. ft. timbers and 1872 c. ft. by-products (rejection, cut piece, etc) and sold 420124 c. ft. of logs, 18072 c. ft. of timber, 321.11 stockpiles of firewood and 1709 quintile of by-products. During last FY, Forest Product Committee produced 80018 c. ft. of Pole, 4310 stockpiles of firewood and 13850 c. ft. of logs and sold 75918 c. ft. of Pole, 3589 stockpiles of firewood and 5970 c. ft. of logs.

Population and Environment

- 10.35 Of the programmes proposed in FY 2001/02, draft of Long term Population Policy has been completed and being refined while preliminary study and analysis of Population Law is being carried out. Population Pressure Index is being prepared while Nepal Population Report, 2002 has been already published. The work of preparing Data Bank Refinement Approach Paper is currently being undertaken. In line with coordinating in the establishment of Information and Consultancy Centers in districts level, five non-governmental organizations in five districts have been appointed as facilitators and contact

points. In Bhaktapur and Morang districts, Secondary and Higher Secondary teachers are being included as participants in seminars on Population Management Orientation with a view to assist in targeted youth programmes. Similarly, Youth Targeted Programme is given final shape and districts level profile of organizations, firms involved on this programme are being prepared. In FY 2001/02, with a view to promote networking among NGOs involved in youth programme a roaster is being prepared in center and five districts (Bhaktapur, Morang, Kaski, Makwanpur and Bardiya). In Current FY, seminars on Population Management are conducted in Bhaktapur, Morang and Makwanpur districts while five different NGOs are designated as coordinator and contact points for coordinating information and consultation for youths.

10.36 Under the Danish assistance, pollution control in Kathmandu hospitals is carried out, while under UNEP assistance, conventions on climate change and, minimization of desertification are being implemented. At the same time, work is underway to establish a station at Rampur in Chitwan to monitor air pollution emanating from across the boarder. Similarly, work is being initiated for the institutional development of Environment Impact Assessment under Norwegian Assistance, while pollution control programmes are being initiated through UNIDO under Global Environment Facility.

10.37 In FY 2001/02, Public Private Partnership for Urban Environment (PPPUE) agreement was concluded and enforced in five districts of the Kingdom in collaboration with the Government and private sector under environment management programme. Similarly, with a view to launch public awareness on environment at community level, agreement on Community Environment Awareness and Management Project (CEAMP) has been concluded and being implemented. Under the Finnish assistance, an agreement on local level environment management programme is being concluded and currently being implemented in Sunsari and Morang districts. With a view to manage the waste products of Kathmandu Valley, the construction of Okharpauwa Land Fill Site and 9.211 km of access road and bridges have been completed in FY 2001/02. A detailed report of Land Fill Site Development is also being prepared.

Challenges

10.38 The demand for energy is increasing day by day in the country, whereas a major share of energy consumption is met through traditional energy sources. This has caused a severe pressure on the forest resource of the country and led to environment degradation. The great challenge before us is to complete the construction of ongoing hydropower plants as soon as possible and construct

small hydropower plants and thus make available easy and affordable power to the people.

- 10.39 Of the existing alternative energy in the country, biogas, small hydropower, solar power and wind power occupy prominent position. Although there is a great potential of these sources, they remain to be exploited. Due to unfavorable security situation, the problems like delivery of construction materials at site and provision of insufficient grant money are still prevailing.
- 10.40 According to Population Census of 2001/02, the population growth of 2.2 percent during the period 1991-2001 is still very high. Therefore, the better management of population is another challenge.
- 10.41 There is no effective control over the smuggling of rare wild animals. The problem has remained because the bill pertaining to (*Conference on International Trade of Endangered Species CITES*) prohibition and control of smuggling is yet to be approved and there is no legal provision for wild life farming.
- 10.42 The per capita electricity consumption in FY 2000/01 is 89.8 kilowatt/hr. This is considered one of the lowest in energy consumption. Therefore, to increase per capita electricity consumption we need to boost power generation, which is again a challenge.
- 10.43 The export of power has not been materialized due to the very high production cost of hydroelectricity in Nepal. Despite the high potentiality of export and internal market, the export of power is not feasible due to very high production cost. So the challenge is to produce hydro electricity at a competitive price.

XI

TRANSPORT AND COMMUNICATION

Road Transport

- 11.1 The Ninth Plan that targeted to link 12 district headquarters with the road network out of 19 districts yet to be linked by a road. As only four district headquarters could be linked by road during the Plan period, 15 districts still remain without access to roads. A total of 15,985 Km. roads were completed by the end of FY 2001/02. Of this, 4,617 were black topped, 3,878 Km were graveled, and 7,490 Km. were fair-weather. With the addition of another 10 Km black topped and 5 km graveled road during the first eight months of the current FY 2002/003, road length of the country totaled 16,000 Km.

Table 11(a)
Road facilities of Nepal

S.No.	Types	As of 15 July 2002 (Km)	Additional till mid-March 2003	Total by mid-March 2003	
				Km.	% age
1	Black	4,617	10	4,627	28.9
2	Gravel	3,878	5	3,883	24.3
3	Fair-Weather	7,490	0	7,490	46.8
	Total	15,985	15	16,000	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 stood at 354,955 at the end of FY 2001/002. Additional 26,592 transport vehicles were registered during the first 8 months of FY 2002/003, reaching the total to 381,547, an increase of 7.5 percent. Number of vehicles per kilometer by Mid March 2003 rose to 24 from 22 per kilometer of last year.

Table 11(b)
Number of Vehicles

Types	Fiscal Year 2001/002	Add by Mid- March 2002/003	Total	Percent Increased
Bus	11,414	238	11,652	2.1
Minibus	3,436	194	3,630	5.6
Truck, Tanker	23,378	734	24,112	3.1
Car, Jeep, Van	63,489	1,727	65,216	2.7
Tractor	27,180	1,573	28,753	5.8
Motorcycle	214,998	21,481	236,479	10.0
Tempo	7,182	1	7,183	0.0
Bulldozer, Crane and Others	3,878	644	4,522	16.6
Total	354,955	26,592	381,547	7.5
Vehicles per KM	22	-	24	-

Source: Department of Transport Management

Other Transport

- 11.3 Railway, Ropeway and Trolley Bus Services were being operated by Nepal Transport Corporation prior to HMG/N decision to dissolve it in FY 2001/002. After that decision of the Government, processes are underway for estimating assets and liabilities of the Corporation and subsequent clearance of liabilities thereof.

Progress on Policy and Institutional matters

- 11.4 Strengthened Maintenance Division (SMD) has been initiated and Geo-Environmental and Bridge units have been established for the development of planned road maintenance process.
- 11.5 Effort on the development of 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, the annual programme and budgeting process has been initiated based on Medium Term Expenditure Framework.
- 11.6 In the process of setting National Standards for construction materials, specifications and standards for local construction materials have been approved and are already being used.
- 11.7 Road Sector Skill Development Unit (RSSDU) has been established in the Department of Roads (DoR) for Human Resources Development in that

Sector. This Unit is working to create database for Roads personnel, and seminars and training activities are underway.

- 11.8 Preparation of a proposal for video documentation programme, to demonstrate DoR activities to the general public in a transparent manner, is underway. Preparation for Post Evaluation of completed works, which is planned to be started from next FY, is finalized. General awareness raising on the importance of monitoring and evaluation for successful implementation of development works has been initiated.
- 11.9 Traffic Engineering and Safety Unit (TESU) has been established for increased road safety, and work on the preparation of Traffic Sign Standard and upgrading of Accident Data Record has been complete. In addition, greater emphasis has been given to traffic safety and necessary steps are being taken accordingly.

Air Transport Service

- 11.10 Expansion and strengthening of air transport service is being carried out as targeted by periodic plans and national civil aviation policy by taking into consideration the geographical complexity of the country. The nation suffered a great loss as a result of terrorist attacks at the physical infrastructures of airports earlier in this FY. Emphasis has been given to restore services at those airports. Effective measures have been taken to establish a "remote area services fund" for collecting funds from air service companies with the objective of expanding air service facilities to the people of remote areas. In addition, air transport safety related work has been initiated with the formation of a high level commission to make air transport safety dependable, qualitative and accessible.
- 11.11 Under a six package programmes of the Tribhuvan International Airport Improvement Master Plan (with Asian Development Bank support), Air cargo Building, International Terminal Building, extension of Airlines/Operations Building and Airport Fire Station, and Airfield Maintenance Building have already been completed and brought in operation from the current FY. The concept of the development of hub airports and up-gradation of their facilities is emphasized for the promotion of tourism and socio-economic development. By expanding air services to regional and remote tourist destinations. Biratnagar, Pokhara, Bhairahawa, and Nepalganj airports are being developed on this concept. Accordingly, construction of a new terminal building is planned in the current FY. Ministry of Culture, Civil Aviation and Tourism is making effort to upgrade these airports to international standards under the

Build Operate and Transfer (BOT) concept. Extension of Biratnagar terminal building is complete and construction of Tower is expected to be completed in the next FY. Overall up gradation of runways, taxiways, aprons of above-mentioned airports have been completed.

- 11.12 As Nepal is a member of International Civil Aviation Organization (ICAO), fire service and rescue service provided in the Kingdom of Nepal need of ICAO Standards. Accordingly, Tribhuvan International Airport has been upgraded to ICAO category VIII, whereas Nepalgunj, Pokhara, Bhairahawa, and Biratnagar airports have been upgraded to category V in the current FY. Bharatpur and Simara Airports will also provided facilities of same standard in near future. Fire extinguishers and Ambulance facilities have been provided to Nepalgunj, Biratnagar, Pokhara and Bhairahawa airports. Fire extinguishers have been provided at Lukla, Bharatpur, Jumla and Jomsom, the airports of tourist destination.
- 11.13 The fact-finding mission of Eco Tourism project proposed under the Asian Development Bank assistance has included Suketar airport of Taplejung, Tumlingtar, Surkhet, Simikot and Masine Chaur airport of Dolpa for improvement. Accordingly the Civil Aviation Authority is actively working on the revision of passenger service charges and aircraft landing charges to cover land acquisition and maintenance costs.
- 11.14 In pursuance of the policy of encouraging recreational flying activities like the flying Club, ballooning, gliding, power gliding by Micro light aircraft are being operated in Pokhara. Similarly, paragliding and hang gliding is also being encouraged. The Civil Aviation Authority of Nepal (CAAN) works in cooperation with its Co-ordination Center and concerned airlines for emergency landing during search and rescue operations of tourists in the event Natural Disaster and emergency situations.
- 11.15 Work for providing V-SAT communication service between Kathmandu-Nepalgunj and other airports west to it is in its final stage of completion.
- 11.16 The process of inviting tenders for selection of consultant to design working procedures for departure/arrival path required for gradual introduction of the satellite based Global Positioning System (GPS) at most of the airports is in its final stage. With regard to new airports and newly installed equipment, it is being carried out with the help of GPS coordinates. Coordination is maintained with India for working out new air routs and Nepal-India Air traffic Agreement meant for this purpose is in its final stage under CNS/ATM

Project. Rechecking of coordinates through WGS-84 at various airports has been initiated.

- 11.17 As recommended by National Civil Aviation Security Committee, an Automatic Message Switching System (AMS) terminal has been installed at the headquarters of the CAAN. Similarly, necessary groundwork has been completed for placing description of Aeronautical Information Publication (AIP) on the web site.
- 11.18 Since adoption of open-air policy, renewal of existing Air Service Agreement (ASA) and Memorandum of Understanding (MOU) along with entering into new air agreements with various nations is continued with the aim of introducing Nepal as an important tourist destination on the globe. Till now Nepal has signed air agreements with thirty-two countries. In FY 2001/002 MOU has been signed with the Republic of Korea, United Arab Emirates and Qatar along with the provision of number of flights, number of seats, and fifth freedom of traffic rights. Initial Agreement has been signed with Israel after bilateral consultation on air services. The Agreement includes the provision of code sharing by airlines within MOU/ASA limit.
- 11.19 Test flights on newly constructed Talcha Airport of Mugu and Kangel airport of Solu have been completed out of airports planned for expanded infrastructure facilities. Likewise, commercial flights have been started to Thamkharka airport of Khotang since last FY after completion of test flights. Also, construction of runways at Kamalbazar airport of Achham and airport in Kalikot are targeted for completion.
- 11.20 As per the policy of encouraging private airlines to operate air services, 32 airlines are licensed with AOC and 16 of them are operating flights.

Information and Communications

Postal Services

- 11.21 A target for establishing of 4,013 post offices by the end of FY 2002/03 was set to provide postal services to the public. Of this target, others were met except for meeting the target of 3,095 sub Post Offices. By the end of first eight months of current FY, postal service is being provided through a total of 3,992 post offices including one General Post Office, 5 Regional Post Offices, 70 District Post Offices, 842 Area Post Offices and 3,074 Sub Post Offices. As per the policy of enhancing Money Order service facility to the people, level of revolving fund will be raised from present Rs. 13.375 million to Rs. 13.875

million in the next FY. The Government of India from FY 2001/002 raised the level of amount for advance payments from Indian Rupees 140,000 to 300,000. Express Mail Service has been expanded to 43 municipalities and 2 sub-urban VDCs. Likewise; International Express Mail Service is available for 26 countries. Beginning October 2002, in addition to General Post-Office and Lalitpur Post-Offices, Express Mail Service registration and distribution facilities have been extended at Biratnagar, Pokhara, Dharan, and Siddharthanagar municipalities. Same day Delivery Service has been started from 1 January 2003 as a step to make Express Mail Service more effective and organized. New technology has been developed at the Department of Postal Services, GPO, Postal Trainings Center and Western Regional Directorate to ensure fast, and reliable services to their customers. More than 16 thousands Post Boxes are installed at newly extended GPO building to meet increasing demand for Post Boxes Construction and expansion of Regional, District, and Area Post Office buildings and other facilities at 13 locations have been completed. Post Office Savings Service is available at 116 post offices.

Telecommunications Services

- 11.22 By first eight months of FY 2002/003, Nepal Telecommunications Authority (NTA) has issued licenses to 83 various service providers including Internet (with email) - 18, V-SAT service - 10, service users - 37, Radio Paging network - 8, video conferencing- 1, fax mail service-6, basic telecommunications service-2, cellular mobile service-1. Likewise, Nepal Telecommunication Corporation is providing basic telephone and mobile telephone services to its customers after getting license from NTA. A Policy to provide Global System for Mobile communications (GSM) technology cellular mobile service to private sector companies is in place. The policy to permit the private sector operator to operate Wireless Local Loop (WLL) technology based telecommunication service has already been put into practice. Service provision for Global Mobile Personal Communication System (GMPCS) through the private sector is also being thought of. With the assistance of the World Bank 534 VDCs of Eastern Development Region, which are yet to have their access to telephone service, are planned to be connected with telephone lines. Selection of private sector operator for this purpose is underway.
- 11.23 Out of 3,914 VDCs in the Kingdom, 1,761 or 45 percent have had access to telephone service by mid February 2002. The number could not be security situation in the districts. Eighty locations including some district headquarters and VDCs are expected to be connected with V-SAT technology telephone

service within FY 2002/003. In this FY Special Rural Telecommunication Programme aims at extending WLL technology based telephone service to 99 VDCs other than the Eastern Development Region.

- 11.24 By the first eight months of current FY, Nepal Telecommunications Corporation has been operating telephone service through its 159 exchanges within the Kingdom - increase of 17 from 142 in the previous year. A total of 356,323 lines have been distributed and operated by first eight months of current FY 2002/003 against the installed exchange capacity of 409,833 lines. The cellular mobile telephone services are being made available in Kathmandu Valley, Biratnagar, Birgunj, and Pokhara. The number of mobile telephones distributed so far has reached 29,039 by first eight month of FY 2002/003. The International circuit capacity has reached 1,149 to directly contact 131 countries. By mid-February 2003, approximately 306,028 applications were waiting for telephone connections. During the first eight months of current FY 2002/003, a total of 20,608 new telephone lines were distributed compared to 22,000 lines distributed during the corresponding period of the previous FY.

Table 11(C)
Extension of Telephone (Exchange) Services

Title	July 2002	First Eight months of Fiscal Year 2002/003 (Mid March 2003)
Total		
(a) Municipality	58	58
(b) Telephone lines distributed	327,67	356,323
(c) Lines/1000 population*	3	15.4
	14.2	

*National Population Census 2058 (23,151,423)

Source: NTC Kathmandu

Note: All exchanges are Digital

Newspapers and Magazines

- 11.25 Altogether 3,440 newspapers and magazines were registered in Nepal by mid March 2003. Among them are, 249 dailies, 17 bi-weeklies, 1,192 weeklies, 245 fortnightlies, 1,006 monthlies, 238 bi-monthlies, 361 three monthlies, 20 quarterlies, 54 bi-annuals, and 58 annuals. The total during the corresponding period of the previous FY was 3, 191 of which were, 218 dailies, 12 bi-weeklies, 1,119 weeklies, 235 fortnightlies, 906 monthlies, 223 bi-monthlies, 357 three monthlies, 16 quarterlies, 52- bi-annuals, and 53 annuals. Likewise by mid February 2003, by language category, there are 2420 Nepali, 316 English, Nepali/English 536, Hindi 11, Newari 19, Maithili 7, Bhojpuri 2, Sanskrit 1, Urdu 1, Tibetan 2, There 2 and 123 in other languages. His

Majesty's Government has completed the construction of infrastructure facilities for the development of a communication village at Tilganga with the objective of bringing together agencies like Department of Information, Press Council, and Nepal Journalist Association and integrating their operations.

Television

11.26 In the current FY 2002/003, Nepal Television has been transmitting its programme 18 hours a day through its 14 relay stations. Although duration of daily transmission was the same, but the number of such relay stations was 12 till last year. Compared to 40 percent coverage of the geographical area of the Kingdom by NTV transmission of last year, it is estimated that currently 60 percent of the population can view NTV programmes with coverage going up to 50 percent of the geographical area. Nepal Television has started using satellite to cover the whole country. Construction of the studio building for the second (Metro) channel project being carried out under the grant assistance of China is near its completion. Although 200 cable operators were licensed in FY 2001/002 to operate cable channels, only 139 of them have continued to provide their services. This is because of non-renewal of rest of the licenses. In pursuance of encouraging private sector participation in the field of television transmission, four licenses have been issued consisting of one metro channel in Kathmandu valley, one for terrestrial transmission all over the country, and two for transmission through the establishment of earth stations.

Radio Broadcasting

11.27 By FY 2002/03, the short-wave radio broadcasting service covered the whole country, while the medium wave is estimated to cover 60-80 percent population. Attempt is being made to cover those uncovered areas through Frequency Modulation (FM) in collaboration with the private sector. V-SAT system is also being used to make radio broadcast clearly audible. Radio Nepal through its medium wave stations in five Development Regions broadcasts various programmes national languages; in addition, these stations also broadcast news in different language such as, Nepali, English, Sanskrit, Hindi, Maithili, Bhojpuri, Tharu, Tamang, Newari, Rai-Bantawa, Gurung, Awadhi, Limbu, Magar, Sherpa, Urdu, Khammagar, Ranatharu, and Doteli. So far, out of 25 FM licenses issued to private sector by the end of the previous FY for broadcasting recreational and informational programmes, 21 had started their operations by that year and currently reaching 24. Remaining one is expected to come into operation very soon.

Printing Service

- 11.28 The printing press of the HMG/N, Department of Printing, is gradually getting developed, expanded, and strengthened with the objective of transforming it into a Security Printing Press. With the addition of some printing machines, the press has already started some first stage security printing jobs like bank cheques, revenue stickers etc. Construction of security printing press building is near its completion.

Motion Pictures

- 11.29 His Majesty's Government has already formed a Motion Pictures Development Board for the coordinated development and expansion of this sector. Promotional works have already been initiated in collaboration of experts in the field.

Challenges

- 11.30 Absence of security, restriction on the supply of explosives security reasons, absence of timely approval of programmes are still major challenges for the development of Roads.
- 11.31 Enhancing the level of resources required for investing in the Communications and Information Sector and improving security against terrorist activities is a major challenge.
- 11.32 Lack of co-ordination among Department of Roads, Nepal Water Supply Corporation, Department of Drinking Water and Sewerage and Nepal Telecommunications are daunting challenges being faced against the development of sustainable road construction.
- 11.33 Inability to carry out regular repair and maintenance of roads on the one hand and inclusion of a number of new projects in annual and periodic plans, despite inability to allocate required resources to execute them on the other, has been a persisting challenge.
- 11.34 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.

11.35 Difficult terrain, lack of transport infrastructure and unavailability of modern technology throws a major challenge for rapid development of the communications sector.

XII

SOCIAL SERVICES

- 12.1 The Education (Seventh Amendment) Act, 2058 B.S. has been enforced since FY 2001/02. The Act has classified schools into two categories: (a) community schools and (b) institutional schools. The institutional schools can be operated under Company Act or Trust (Private or Public), while the local bodies have been made more accountable for the operation, supervision and management of the community schools. After the establishment of the Department of Education, various programmes have been initiated, pursuant to the decentralization policy. In this context, formulation of the District Education Plan has been initiated in FY 2001/02. This plan has been further refined in FY 2002/03. On the basis of such District Education Plan, and the enrollment rate, number of girl students, etc., 80 percent of the total primary level budget is being allocated in the districts.
- 12.2 Child Education I and II, Alternative Education, Primary Education Extension Programme and Non-formal Primary Education Programmes have been launched for the children not attending the schools. During FY 2001/02, a total of 500 Child Development Centers were opened; 158 Child Development Primary Trainings were completed; and Child Development Materials Production Trainings were conducted. Likewise, 110 persons under Child Education I Programme, and 40 persons under Child Education II Programmes have been trained. Similarly, refresher-training course to 127 persons by adding 100 extra classes under the Primary Education Extension Programme, and refresher training to 175 facilitators and pre-in-service training to 50 persons under the Non-formal Primary Education Programme have been completed. In FY 2001/02, a total of 2915 Child Development Centers were established in 42 districts keeping in view the proper nurturing of small children, and their physical, mental and emotional development. During FY 2002/03, 4215 additional Centers have been established in 58 districts.
- 12.3 During FY 2001/02, as many as 8,500 sets of books were distributed and 41 persons were trained on Community Study Center Operation and Management by the Non-formal Education Center under its Literacy Programme. Based on the request from VDCs, Municipalities and other organizations, of 8,875 sets of adult literacy, 1,635 sets of child education and 150 sets of post-literacy

textbooks were freely distributed. For this, 76,775 sets of adult literacy, 14,825 sets of child education and 18,150 sets of post-literacy textbooks produced. In order to implement income-generating programmes, effectiveness study has been completed in Surkhet, Dang and Lamjung Districts.

- 12.4 Under the Non-formal Education Programme, arrangement of Alternative Schooling Programme has been made for all those children who are unable to attend schools. This arrangement is expected to provide these children the opportunity for basic Primary Education. Under this arrangement, School Outreach Programme and Flexible Schooling Programme have been further expanded. A total of 75 adult and post-literates, 26 children, 55 local inspectors, 200 facilitators and 51 non-formal education coordinators have been trained, and 21535 sets for adult literacy, 1,820 sets for child education and 1000 sets for post-literacy teaching materials have been printed and distributed.
- 12.5 Ministry of Education and Sports, under Scholarships Programme, selected 107 students in the field of Medicine and 14 in Dentistry and sent them for higher studies, both inside and outside the country in FY 2001/02. In FY 2002/03, a total of 109 students with 97 in MBBS and 12 in BDS are enrolled in various medical colleges of the country. Likewise, a total of 11, 4 and 1 students have left for Bangladesh, Russia and China, respectively for their study in Medicine, while 5 students have gone to China for Engineering. In the field of Engineering, 4 persons have been sent to Russia and Czech Republic. 10 students have been sent to Italy, Japan and Russia for study in other areas.
- 12.6 In FY 2001/02, physical inspection of 8000 schools, printing and distribution of 20 types of forms, and training in physical improvement of schools to 240 engineers and overseers have been completed. In addition, arrangements have been made for the procurement and distribution of materials for 1000 classrooms, 44 resource centers and 15 special education classrooms. In FY 2002/03, 4000 copies of School Repairs Book for the physical improvement of schools have been printed and 30 engineers have been trained in this matter. Gender awareness training to 123 persons, primary female teacher training to 37 persons, and introductory seminar for feeder hostel wardens have been conducted. Under the National Girls Scholarships Programme, 147702 girl students and 105776 *Dalit* students of primary schools were provided with scholarships. Similarly, local scholarships to 14735 persons, campus scholarships 403 persons have been provided, and 360 persons have been upgraded. Likewise, Guardians Concession Programme and orientation

seminar targeted to 286 persons have been conducted; and guardianship education has been provided to 360 persons. Under Special Education Programme, 658 sets of brail books have been distributed and trainers training has been imparted to 34 participants by procuring 100 units of hearing aid, and one-month training related to integrated education has been imparted to 49 teachers.

Box 12 (1)

Development of the Education Sector

As education is the main force behind the development of conscious, capable and well-informed citizens, His Majesty's Government has adopted the following strategies:

- To enhance literacy by expanding the Formal Education Programmes and to make the Non-formal Education useful for life.
- To play an effective role by the government in facilitating, promoting quality, regulating and providing necessary services and support by emphasizing public participation in the overall management of the school education pursuant to the concept of decentralization.
- To enhance opportunity by making the programmes of technical education and vocational training effective for the production of skill oriented manpower.
- To enhance the access of students in the Secondary Education keeping in view of the day to day growing number of successful students from the primary level and develop the Secondary Education System with a view to make the Higher Secondary Level as the last point of School Level Education.
- To emphasize on the opportunity, quality and diversification of the Higher Education by adopting its Cost Recovery Principle.
- To implement additional programmes in order to increase the access of the women, downtrodden and backward class in quality education keeping in view of their weak in educational status.
- To develop an Inclusive and Integrated Education System by also combining the general education programmes pursuant to the concept of "Special Education for those classes (including disabled) who need Special Learning" in the quest of achieving the reality of the slogan "Education for All".

- 12.7 In FY 2000/01, 5 model schools were established in 5 Development Regions of the Kingdom and the task of providing them additional facility has been continued. One-month second phase computer training has been imparted to

additional teachers of 52 districts. Likewise, 3 boarding schools have been selected in the remote areas - Rasuwa, Mustang and Humla. In addition, providing additional infrastructures to the boarding schools established in Humla, Rasuwa and Mustang has been continued.

- 12.8 In FY 2001/02, the number of primary, lower secondary and secondary schools stood at 24,915, 7,330 and 4,111, respectively, while, these figure are expected to have reached 25,911, 7,404 and 5,442, respectively in FY 2002/03. Likewise, in FY 2001/02, the number of teachers in the primary, lower secondary and secondary schools stood at 96,556, 26,661 and 18,830, respectively, while, these figure are expected to reach 97,116, 35,360 and 19,863, respectively in FY 2002/03. Similarly, the number of students in the primary, lower-secondary and secondary schools stood at 37,92,000, 10,58000 and 4,49000, respectively, in FY 2001/02, while, these numbers are expected to reach 38,94,000, 10,76,000 and 4,56,000, respectively in FY 2002/03.
- 12.9 The National Sports Council under the Ministry of Education and Sports is responsible for the development of sports. A Sports Policy Task Force has been formed and formulation of sports policy is underway. The task force also includes experts on sports.
- 12.10 As of October 2002, the proportion of school, student and teacher at the 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	150	145	84
Teacher / School	4	5	4
Student / Teacher	40	30	23
Student / Trained Teacher	322	174	58

Source: Ministry of Education and Sports

In FY 2001/02, the student/school ratio in primary, lower secondary and secondary level stood at 152, 144 and 109, respectively. Similarly, in October 2001, the teacher/school ratio in primary, lower secondary and secondary level stood at 4, 4 and 5, respectively. The student/teacher ratio of the same stood at 39, 40 and 24, respectively, and the student/trained teacher ratio stood at 336, 183 and 59, respectively.

12.11 The community schools, as classified in the Education (Seventh Amendment) Act, 2058 B.S., receive grants from His Majesty's Government of Nepal, while the institutional schools operate under Trust or Company Act. From the point of view of the classification, public and community schools fall under the category of community schools, while private schools fall under institutional schools. According to the estimated data of October 2002, the student/teacher ratio in the public, community and private schools of the five Development Regions of the Kingdom are as follows:

Table 12 (b)
Student /Teacher Ratio, 2002/03 (Estimate)

Region	Student / Teacher Ratio		
	Primary	Lower Secondary	Secondary
Kingdom of Nepal	40	30	23
Public	44	35	28
Community	44	13	21
Private	18	16	10
Eastern Development Region	41	32	25
Public	44	35	28
Community	49	10	17
Private	17	16	11
Central Development Region	39	30	20
Public	44	35	28
Community	34	23	23
Private	21	20	10
Western Development Region	40	31	24
Public	44	34	28
Community	44	15	23
Private	16	11	9
Mid-Western Development Region	43	31	25
Public	44	35	28
Community	57	9	18
Private	14	10	6
Far- Western Development Region	39	28	23
Public	44	35	28
Community	45	11	22
Private	13	8	7

Source: Ministry of Education and Sports

Note: Public and community schools refer to those receiving government grants and those expecting to receive such grants, respectively.

During the same period of FY 2001/02, the student/teacher ratio in primary, lower secondary and secondary schools stood at 39, 40 and 24, respectively.

- 12.12 Pursuant to the policy of encouraging Higher Secondary Education System (10+2), the region wise number of schools affiliated to the Higher Secondary Education Board from the academic year 1992/93 to 2002/03 are as follows:

Table 12 (c)
Total Number of Affiliated Schools by the Academic Year
2002/03

Development Region	Public School	Private 10+2	Private 0+2*	Campus	Total No. of Schools	Regional Percentage
Eastern	96	12	38	19	165	21
Central	95	78	104	48	325	42
a. Within Kathmandu Valley	21	62	79	24	186	24
b. Outside the Valley	74	16	25	24	139	18
Western	130	21	16	23	190	24
Mid-western	36	6	4	3	49	6
Far-western	48	5	4	3	60	7
Grand Total	405	122	166	96	789	100
Percentage	51.33	15.46	21.04	12.17	100	

Source: Higher Secondary Education Board.

** Schools conducting only higher secondary education*

- 12.13 The number of students enrolled in Higher Secondary Schools has reached 67,050 in FY 2002/03. The number of Higher Secondary Schools affiliated since 1997/98 as well as the number of students enrolled are as follows:

Table 12 (d)
Number of Students and Affiliated Higher Secondary Schools since the
Academic Year 1997/98

Description	Academic Years					
	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
Number of Students Enrolled (Year-wise)	14100	21100	32200	55959	49050	67000
Number of Students Increased (Per-Year)	3900	7000	11100	23759	(6909)	17950
Percentage Change of	38	50	53	74	(14)	37

Students (Per-Year)						
Number of Schools Affiliated (Year-wise)	120	80	103	177	94	-
Total Number of Schools (Year wise)	331	411	514	691	785	815
Number of Registration Cancelled Schools	18	19	21	26	26	26
Total Number of Schools (Net)	313	392	493	665	759	789

Source: Higher Secondary Education Board

As against 681 schools of higher secondary level affiliated in FY 2000/01, the number increased by 13.8 percent and reached 775 in FY 2001/02. Likewise, compared to 775 schools of higher secondary level affiliated in FY 2001/02, the number has increased by 2 percent and reached 789 in FY2002/03. In the same way, the year wise number of students has increased by 37 percent and reached 67000 in FY 2002/03 compared to 49050 in FY 2001/02.

- 12.14 On the basis of geographical location, number of schools affiliated up to the academic year 2002/03 are as follows:

Table 12(e)
Higher Secondary Schools Affiliated till 2002/03 Academic Year by Geographic Regions

Geographical Region	Public Schools	Private Schools	Affiliated Campuses	Total	Regional Percentage
Mountain	45	0	3	48	6.08
Hills	245	181	61	487	61.72
Terai	115	107	32	254	32.2
Total	405	288	96	789	100
Percentage	51.33	36.5	12.17	100	

Source: Higher Secondary Education Board

- 12.15 Since FY 2001/02, a grant equivalent to one year's salary for one teacher per school was provided to those Higher Secondary Schools that are receiving government grant. This policy has been continued in FY 2002/03 as well. By this, as many as 382 public schools of this type have been directly benefited. In the process of making teachers training objective oriented and pertinent, a total of 450 higher secondary school teachers of various subjects were trained

until FY 2001/02, while 176 teachers have been imparted subject-wise training by March 2003. With this, the number of trained teachers is expected to reach 786 by the end of FY 2002/03.

- 12.16 Pursuant to the policy of bringing all in the national mainstream by providing easy access to the disadvantaged, downtrodden, indigenous people, backward class and women in the Higher Secondary Education, a scholarship amounting to Rs. 2000 per student/year has been provided to the students enrolled in the Higher Secondary Level public schools that receive government grant as well to the genius women students and students of backward indigenous class. It is estimated that about 500 students will be provided such scholarship by the end of FY 2002/03.
- 12.17 Studies relating to the Educational Management System and Mapping of Higher Secondary Institutions, Baseline Studies to Strengthen Higher Secondary Education Evaluation of Grade XI and XII Textbook, the Management of Examination System as well as Tracer Study of Higher Secondary Level Completers will be completed by FY 2002/03 under the Japanese Grant Fund administered by the World Bank. The objectives of these studies are to reform the management and institutional capacity of the Higher Secondary Education Council as well to enhance the quality and equal opportunity of entering into Higher Secondary Level Education. The result oriented recommendations of these studies and research will be implemented gradually in the years to come.
- 12.18 As against the target of handing over 100 primary schools in FY 2001/02 to the local communities for supervising, controlling and operating the schools in 15 districts (Morang, Nuwakot, Ilam, Kavre, Myagdi, Jhapa, Kaski, Banke, Dhankuta, Surkhet, Parbat, Okhaldhunga, Bara, Syangja and Dandeldhura), 60 primary schools were handed over. During the first eight months of FY 2002/03, 26 additional schools have been handed over. An arrangement has also been made to release the school's budget through DDCs from FY 2002/03. The task of formulating Community Schools Support Programme is underway which is expected to facilitate the handing over process and improve the management.

Higher Education

- 12.19 At present, 5 universities - Tribhuvan University (T. U.), Mahendra Sanskrit University, Kathmandu University, Purbanchal University and Pokhara University - are in operation under Higher Education in Nepal. In FY 2002/03,

as many as 283 campuses are running under T. U., of which 61 are directly under T. U. and 222 are private campuses affiliated to it. Currently, with some 1,17,675 students enrolled in the campuses under T. U. and 63,363 in the private campuses (affiliated to it), it is estimated that a total of 1,81,038 students are enrolled in T.U. There is a decline in student number by 11.7 percent compared to the 2,04,924 students enrolled in FY 2001/02.

12.20 The details of the outputs of institutes of technical education under T. U. are as follows:

Table: 12 (f)
Products of the TU Institutes of Technical Education

Institutes and Programmes	Academic Year					
	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02
1. Engineering	255	332	647	559	648	665
a. Certificate	241	238	514	372	436	441
b. Bachelor	14	94	133	150	184	181
c. Masters	-	-	-	37	28	42
2. Agri. & Animal Science	75	116	101	146	N. A.	175
a. Certificate	57	32	21	69	N. A.	42
b. Bachelor	18	84	80	77	N. A.	108
c. Masters	-	-	-	-	-	25
3. Medicines	365	390	376	458	450	504
a. Low Level	-	-	-	-	-	-
b. Certificate	268	228	268	309	294	314
c. Bachelor	48	139	67	90	109	124
d. Masters'	49	23	41	59	47	66
4. Forestry	166	91	87	134	169	164
a. Certificate	124	88	87	95	103	113
b. Bachelor	42	3	-	39	66	51
5. Science and Technology	361	451	346	164	415	447
Masters'	361	451	346	164	415	447
Grand Total	1222	1380	1557	1461	1682	1955

Source: Tribhuvan University

- 12.21 Compared to the 1,682 products of the T. U. institutes of technical education in FY 2000/01, the number has increased by 5.8 percent and reached 1,785 in FY 2001/02 (excluding Agriculture and Animal Science).

Table 12 (g)
Number of Doctorates

Institutes/Faculties	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02
1. Engineering	-	-	-	-	-	1
2. Science & Technology	2	1	1	1	2	-
3. Management	1	1	3	1	1	3
4. Hum. & Soc. Sciences	8	9	8	8	7	13
Grand Total	11	11	12	10	10	17

Source: Tribhuvan University

In FY 2000/01, a total of 10 students were conferred doctoral degree, while in FY 2001/02 the number increased to 17.

- 12.22 The TU has been providing medical services since 2037 B.S. The total number of patients receiving various types of medical services provided by T. U. through its Teaching Hospital, B.P. Koirala Lions Eye Research Center (eye hospital), Drug Addicts Care Center and T. U. Health Center has reached 4,16,603 in FY 2001/02.
- 12.23 In FY 2001/02, a total of 3,252 students were enrolled in the campuses of and affiliated to Mahendra Sanskrit University, which was established with the objectives of developing Nepal as the center for Sanskrit Education. The university was also expected to provide Sanskrit Education in its totality as well as attract the intellectuals of other nations towards Nepal and to continue the expansion of Sanskrit Education. In FY 2002/03, a total of 3,001 students are enrolled in this university. Two Sanskrit High Schools are running under this university with 1088 students enrolled of which 633 are boys and 445 are girls.
- 12.24 In FY 2001/02, as many as 3153 males and 1738 females were enrolled in the colleges with the Kathmandu University, while a total of 2959 males and 1746 females are enrolled in FY 2002/03. In FY 2002/03, as many as 715 students in the School of Science, 468 in School of Engineering, 120 in School of Management, 100 in School of Education, 42 in School of Arts and 287 in School of Medical Sciences are enrolled in the colleges under this university, while 2336 students in the Medical Sciences, 469 in Management, 12 in

Environmental Science, 142 in Arts and 14 in Education are enrolled in the affiliated colleges.

- 12.25 A total of 2,840 new students were enrolled in the campuses under as well as affiliated to the Purbanchal University in FY 2001/02, while this figure has increased by 111.26 percent and reached 6000 in FY 2002/03.
- 12.26 As many as 2,941 students were enrolled in the campuses under as well as affiliated to the Pokhara University in FY 2001/02, while this figure has increased by 40.5 percent and reached 4133 in FY 2002/03.

Health

- 12.27 At the end of FY 2001/02, there were 83 hospitals, 10 health centers, 700 health post, 286 Ayurvedic hospitals, 3170 sub-health posts, 180 primary health centers. In these health facilities, there are 5250 hospital beds, 1259 doctors, 7315 nurses, 203 Kaviraj (senior Ayurvedic physicians), 294 vaidyas (Ayurvedic physicians), 5295 health assistants (including H.A.and A.H.W), 3190 health workers (M.C.W), 3985local health workers and 62546 other health workers (trained traditional birth attendants and female health volunteers). Compared to the last FY 2001/02, Ayurvedic hospital increased by 3.8 percent, nurses by 25 percent, Kaviraj by 90.6 percent and Vaidya by 20.4 percent in the current FY 2002/03.

BOX 12 (2)

Guarantee of Basic Health Service

His Majesty's Government has adopted the following strategy to extend basic health service to all people especially to improve the health and nutrition status of the poor, guarantee fair access of people to essential services, and mainstream all the communities and indigenous people to contribute to the development of social sector,

- Gradually increase the social sector investment so as to provide essential health services to the poor and backward communities.
- Develop Ayurved and Natural Medicine Services and Traditional Medicare Systems (Homeopathy, Greek Medicine etc) as alternative health services. In order to conserve and promote these services, promote the use and development of local medicinal herbs, and enhance skills and expertise. Accordingly treatment system will be developed.
- Gradually decentralize health services in accordance with Local Self Governance Act, 2055.

- Extend special treatment services under basic health services programme in rural and remote areas for Safer Motherhood, Reproductive Health, Child Health, Nutrition, and for controlling Tuberculosis, Kalazar, Malaria, Japanese Encephalitis and other infectious diseases.
- Effectively manage the human, financial, and physical resources to improve the quality of health services provided through a partnership approach of Government, local and Non-governmental sectors.

- 12.28 In FY 2001/02 the coverage by the first visit service to pregnant women was 43 percent, child delivery services by trained personnel were 15 percent and the rate of use of family planning means was 37.4 percent. Corresponding coverage is expected to be 45, 16 and 38 percent respectively in FY 2002/03. The coverage of BCG vaccine was 96 percent, DPT and Polio third dose was 80 percent, measles was 76 percent under the extended immunization programme of FY 2001/02, and this coverage is estimated to be 96, 80 and 77 percent respectively, in FY 2002/03. In FY 2001/02 the annual rate of respiratory disease was 229 per thousand children (of which 3.8 percent was of severe nature). Likewise, the annual rate of occurrence of diarrhea was 177 per thousand children of which 4.0 percent cases were of serious nature. In current FY 2002/03, the rate of infection of ARI and occurrence of diarrhea have come down to 210 and 164 per thousand children respectively and the severity of these diseases is expected to be 3.6 and 4.0 percent of the total annual cases, respectively.
- 12.29 In FY 2001/02, 16.0 percent of the children under the age of 2 suffered from malnutrition and 6 in thousand were found malaria infected. Likewise, the rate of recovery of TB disease was 89 in thousand cases, i.e. 35.8 percent of the population that came to public health institutions in FY 2001/02. In the current FY 2002/03 it is estimated that 14 percent of the children under the age of 2 suffered from malnutrition; 6 in thousand cases were found infected by malaria. Rate of recovery of TB is 89 in thousand, i.e. 37 percent on the basis of public health institution visitors. The prevalence of leprosy in the fiscal year 2001/02 was 4.41 per 10000 and the same rate is expected in the fiscal year 2002/03.
- 12.30 HIV/AIDS, which appeared in the world a few decades ago, has now started to show its effect in Nepal also. For the prevention and control of this epidemic, National Aids and Sexually Transmitted Disease Control Programme is being conducted. Under this programme, activities such as collection and examination of 5000 blood samples, distribution of medicine to 40 organizations for STD cure and management, campaigning through radio, television, and newspapers to create public awareness, distribution of 20000

AIDS bulletins, and distribution of 20000 *brochures*/posters and 250 souvenir were carried out in FY2002/03.

- 12.31 In the process of implementing the policy of decentralization, in the first phase till the end of FY 2002/03, 472 sub-health posts in 12 districts under the jurisdiction of Ministry of Health will be handed over to local bodies. In this context, the management of altogether 437 sub-health posts of 11 districts (Bhaktapur-12, Chitwan-32, Rupendehi-58, Lalitpur-29, Sunsari-40, Mahottari-67, Jhapa-38, Kanchanpur-10, Morang-49 Kaski-34 and Kapilbastu-68) has been handed over to the VDCs while 35 sub-health posts of Banke district will be handed over by the end of FY 2002/03.

Drinking Water, Sanitation and Sewerage

- 12.32 To make the urban drinking water systems more efficient and effective, programmes have been conducted to control the existing leakage in the Urban Drinking System and to strengthen them. In case of the Kathmandu Valley, to meet the increasing need of drinking water, Kathmandu Valley Drinking Water Strengthening Project will be implemented and more water will be harnessed from the identified sources and by mobilizing small sources around the valley. Injunctive use of surface and ground water will be continued till the completion of Melamchi Water Supply Project, a long-term solution.
- 12.33 In FY 2001/02 altogether 189 drinking water and sanitation projects including 28 at central and 161 at district level were launched by the Department of Drinking Water and Sewerage Department. In FY 2002/03 the same department launched altogether 1158 drinking water and sanitation projects including 42 at central level and 1116 at district level.
- 12.34 In FY 2001/02, under Drinking Water and Sanitation Programme, Kathmandu Valley Drinking Water Pipeline Extension Programme, 4" Main by-pass Line Extension at Sundarijal, Mandikatar/Golfutar Drinking Water Strengthening, Maintenance of Sundarijal Water Processing Center, Maintenance of Mahankal Circular Water Pond Leak, Diversion of the Bishnumati Source, Take Line Conservation of Paanchmane Source, and others have been implemented. In this programme almost 100 percent progress was achieved. Under Drinking Water and Sanitation Programme, progress achieved has been Drinking Water Pipeline Extension in Kathmandu Valley (50 percent), New System Improvement Programme (50 percent) and Drinking Water Leakage Control and Maintenance in Kathmandu, Pokhara, Bharatpur, Hetauda and Bhairahawa (40 percent) in FY.

- 12.35 In FY 2001/02, Balkhu Khola Drinking Water Project, Purchase of Pump and Pumpwell Construction at Kuleshwor, Water Processing Center at Kalimati and Maharajgunj Silver Jubilee Park, Lokanthali Drinking Water Project, Janakpur Overhead Tank, and Deep Tube Well construction at Banepa were implemented under Drinking Water Production Increment Programme. This programme has achieved an overall progress of 69.6 percent. In the current FY 2002/03 under Drinking Water Production Increment Programme - Tubewell construction at Ratna Park, Pump Fitting at Swayambhu, Tubewell construction at Balaju Manmaiju, Tubewell and Water Processing Center Construction at Tripureshwore, Construction of Water Processing Center at Tahachal, Overhead Tank Construction at Bhairahawa, and Overhead Tank Construction at Janakpur have achieved an average progress of 51.4 percent.
- 12.36 In FY 2001/02, under Extensive Sewerage Project, the progress of sewerage construction in the areas Kirtipur, Kuleshwore, Dallu, Chaagal, Lalitpur, Saankal, Gwarkho, Dhumbarahi, Maitighar, and North of the Royal Palace is 79.04 percent. In the current fiscal year 2002/03, 50 percent progress is achieved at Tinkune, Buddhanagar, Balaju Chakrapath, Kumarimarg Bagbazar, Kalimati Tole, Dhapasi, Manmaiju, Sanepa, Gwarkho, Kirtipur, Bhaktapur etc.

Box 12(3)
Expansion of drinking water

As drinking water is essential not only for sustaining life but also for the public health, it contributes to poverty alleviation by addressing public health related Human Development Indicators – average age, child and maternal mortality rates, productivity of labor by promotion of health measures etc. In this context, His Majesty's Government has adopted the following strategy for the development of drinking water.

- The drinking water projects will be implemented on the basis of cost recovery. In rural areas, the consumer groups will recover the running costs, whereas in urban areas other costs as well will be recovered.
- Rural Drinking Water Projects will be implemented according to the need and demand of the consumer with their participation and use of local resources.
- Priority will be given to drinking water projects with appropriate and simple technology that can be sustained by the consumers. Drinking water facilities will be provided to the areas not having

permanent and sufficient sources with help of rainwater collection, solar pump, high dam etc.

- A policy for water storage will be formulated so that conservation of watershed area and integrated use and management of surface and underground water could be implemented.

12.37 Till the end of FY 2001/02, Drinking Water Corporation has provided an additional 7 million litres of drinking water per day to benefit 50000 more people. The new projects implemented in the rural areas by the Department of Drinking Water and Sewerage has provided 2876000 litres of drinking water. This has benefited 64000 people. In the first eight months of current fiscal year 2002/03 the Drinking Water Corporation has provided an additional 3 million litres of water per day, which has benefited 20000 people. Likewise, from the new projects of Department of Drinking Water and Sewerage additional 7.9 million 48 thousand liters of water is being provided to 177 thousand people. In FY 2001/02 Nepal Drinking Water Corporation has provided an additional 10 kilometers of sewerage facility whereas in the first eight months of FY 2002/03 additional 2 kilometers has been made.

Housing and Urban Development

12.38 According to the population census of 2001, 15.9 percent of the total population is living in urban areas of 58 municipalities. This increase has created pressure in urban housing. HMG's policy is to implement urban development programmes in a way to support rural development. To this end, role of urban areas in the national economy will be made more efficient, sustainable and employment oriented. Haphazard urbanization will be controlled through physical development planning so that urban areas become more productive, healthy, and employment oriented. Government's policy is to gradually implement plans for physical development, land development, physical infrastructure development, development of services and facilities with the participation of local bodies so as to complement the rural development and poverty eradication programme.

12.39 According to the policy of Town Development Fund to invest in the sanitation and environment, educational system and income generating activities, programmes on drinking water system, municipality buildings, bus parks, commercial centers, sewerage systems, and parks are under implementation. For the implementation of these programmeme Rs 69 million 20 thousand was allocated from KFW grant and 43million under ADB loan in FY 2001/02. In FY 2002/03 KFW grant of 100 million and ADB loan 138 million is allocated.

In FY 2001/02 the progress was 31.56 percent compared to 19.20 percent in the first eight months of FY 2002/03.

Women, Labor, Skill Development and Child and Social Welfare

- 12.40 Women Development Offices have been set up in all 75 districts of the Kingdom to empower women and mobilize them in the socio-economic development. By the end of FY2001/02 Women Development Programme was extended to 567 VDCs and 28 Municipalities. Over that period 234 cooperatives organizations for women at VDC level were set up and made functional. Women Awareness and Income Generation Programme initiated from FY1999/00 has been implemented in 931 VDCs of 205 constituencies of all the 75 districts whereas 181 Community Based Women Cooperative Organizations are functioning.
- 12.41 Women Skill Development Center, set up with the objective of skill development and income generation, has produced 6565 products rich in Nepalese art and culture using domestic raw materials, in the first eight months of the current year. 7 fairs were organized to promote the sales of the manufactured products. Similarly, 115 women have completed weaving-knitting training.
- 12.42 Attempts have been made for promoting public awareness for the control of household violence. The attempt to reform existing laws is in the procedural stage. To collect and analyze through one window the information and statistics related to the programmes implemented by different governmental and non-governmental agencies for the upliftment and development of women, DIC has been set up and database is under preparation.
- 12.43 Policy measures, and legal, institutional and structural reforms have been made in the past years for the improvement in the condition of women, children, disabled and elder citizens. Special classes have been conducted to increase the women participation in civil service. Coordination is strengthened for the programmes conducted by different agencies. Gender focal points have been set up in various ministries and programmes have been implemented for institutional development and capacity building. Programme formulation and implementation based on gender budgeting and auditing are underway. To control girl trafficking, Girl Trafficking Control District Working Committee have been set up and made functional in 26 trafficking prone districts.
- 12.44 To eliminate child labour from Nepal, a draft National Master Plan was prepared in 2001/02. A policy has been adopted to completely eliminate the

child labour by 2010. A provision of 33 percent discount on fare to students traveling on public vehicles has been made. Providing loan for foreign employment to Nepalese labourers with poor economic condition has been initiated and will be continued in FY2002/03.

- 12.45 With regard to child right, welfare, and development, a policy to involve children and make them aware in the programmes like child protection and education has been adopted. To provide shelter to the children of the imprisoned parents and abused children, Reform Center at Bhaktapur, Sanothimi, and four Children Welfare Homes at Butwal, Biratnagar, Birgunj and Rajbiraj are being established, where 98 children are getting shelter. To promote child justice, Child Courts in all 75 Districts have been established. Besides this, District Child Welfare Committees in all the 75 districts have been set up. Shelter has been provided to the women and children affected by unrest and violence in different *Bal Mandirs* of the Kingdom. Also, 600 children have been provided financial assistance for study, and 200 women affected from violence are provided with a credit of Rs. 500 per head for self-employment.
- 12.46 Employment oriented trainings are being conducted for handicapped people at the regional level. The training is expected to help them in capacity development, skill promotion and employment. One to four months training like television repairing, electrical and electronic goods repairing, fruit preservation, bamboo goods manufacturing and waiters (hotel management) are being conducted in the Technical and Professional Training Center for 100 such handicapped people. Community Based Rehabilitation Programmes for the handicapped that started in 5 districts since FY2000/01 have now been extended to 25 VDCs of those districts.
- 12.47 Community-based Rehabilitation Programme through various NGOs for the elderly citizens and handicapped persons started in 5 districts. Till FY 2001/02, 17 homes for senior citizen are being run. Elderly Citizens Health Service Programme was implemented to provide health services at the local level for the 65 years or older citizens of 15 districts (3 from each of the Development Regions) and 242 senior citizens have been benefited from this.
- 12.48 In FY 2001/02, a total of 344 persons were awarded with scholarships for primary, lower secondary, secondary and campus level education under 'Handicapped Assistance Fund' of Social Welfare Council. Likewise, orthopedic appliances to 133, wheel chairs to 35, and weaving-knitting, computer training and treatment assistance to 88 persons were made available.

Challenges

- 12.49 To increase the involvement and participation of local community and building their ownership in primary education, health, drinking water, and sanitation programmes is a challenge before us. Formulating a strategy to provide autonomy so as to make secondary and higher education efficient and self- dependable is also a challenge that still exists.
- 12.50 As nearly 19 percent children are outside the school during 2001/02, last year of the Ninth Plan, achieving a target of reaching 90 percent enrollment rate during the Tenth Plan is challenging.
- 12.51 Extending health facilities to remote and hilly regions and make appropriate arrangements so as to inspire and motivate the essential number of physicians to provide the services in those regions is still a real challenge.
- 12.52 The successful implementation of Urban Development Programme is being constrained due to unplanned construction of houses without considering the essential infrastructures. In this context, involving local community in the common issues like removing the existing houses, leaving land for roads, insufficiency of the land for house due to road, providing free land etc., and implementing programmes with their consent and ownership is also a challenge before us.
- 12.53 To implement, expand, monitor, and sustain the Social Security Shield is a challenge.

Appendix

**ECONOMIC REFORMS PROGRAMME
2059/60 (2002/03)**

- With a view to implementing some high-priority macro economic and sectoral reform measures with strong timeline, Immediate Action Plan (IAP) was initiated and put in implementation. Continuing with this Action Plan and widening its coverage, His Majesty's Government through its cabinet decision of 2059/07/13 (October 30, 2002) introduced Economic Reforms Programme (ERP), 2002/03 with time-bound program activities and policy actions.
- The ERP-2002/03 focused upon macro economic measures, good governance, decentralization and civil service reforms, public expenditure management, resource mobilization, external assistance, fiscal transparency, accounting and auditing practices, public enterprises, fiscal reforms, private sector development, program implementation, and service delivery. It was believed that these reforms would ensure high and sustained economic development, and effective and efficient service delivery.
- A high-level monitoring committee was formed under the chairpersonship of the Finance Secretary to oversee the implementation of the programme. Other members of the committee were secretary at the National Planning commission, Financial Comptroller General and all the division chiefs in the Ministry of Finance. The Chief of the Evaluation and Monitoring Division was asked to work as its member secretary. With a view to coordinating the action for solving the problems, one high-level monitoring coordination committee was also formed. Finance Minister was designated to chair this committee with Vice Chairman of the National Planning Commission (NPC) and Finance Secretary as its members. The Finance Secretary was assigned as member secretary of the Committee. All the concerned implementing agencies were required to submit their progress reports to the Coordination Committee once in every 15 days.

- Major components of ERP with its timeline were as follows:

1. National Planning Commission

- (i) Develop performance indicators to be used for performance-based budget release system (by 2059 Poush)
- (ii) Bring out Tenth Plan (by 2059 Mangsir)
- (iii) Bring out Medium Term Expenditure Framework (by 2059 Mangsir)
- (iv) Establish fully operational Poverty Alleviation Fund (immediate)
- (v) Prepare poverty based formula for allocating central government grant to the local bodies (by 2059 Poush)
- (vi) Prepare a position paper on Quality at entry and quality of supervision and introduce it for project/program screening (by 2059 Magh)
- (vii) Watch out and identify measures to remove implementation problems arising from security situation, provide security umbrella to large projects, mobilize local participation for small-scale projects and reallocate resources of such projects which could not be implemented due to security problems (ongoing).

2. Ministry of General Administration

- (i) Ensure that no new positions are created, and undertake efforts to make use of existing permanent staffs. If new staffs are considered absolutely necessary due to unavailability of the permanent staff, obtaining the consent from Ministry of General Administration and Ministry of Finance is obligatory (immediate)
- (ii) Make reforms in Civil Service Act with regard to training, placement on the basis of qualification, transfer and promotion system, appointment in high positions, and also with regard to female civil servants (immediate)
- (iii) Identify unnecessary positions and eliminate them, and create no new positions in the current fiscal year (by 2059 Poush)
- (iv) Prepare guidelines to contract out and outsource activities like agriculture extension, community health services, mail transfer, sanitation and gardening services, office security, electric services, plumbing, repair of fax, photocopy, telephone, etc. No new and permanent staffs to be recruited for these activities (by 2059 Poush)
- (v) Review the staffing position of projects /committees /commissions, prepare their work details, budget and remaining works and assess the

- staff position that could be reduced, and inform to Ministry of General Administration and Ministry of Finance (by 2059 Poush)
- (vi) Prepare the criteria and guidelines to evaluate the staffs for selection (by 2059 Poush)
 - (vii) Improve upon the accountability and transparency in government services (by 2059 Chaitra)
 - (viii) Ensure continuity of main project staff such as Project Manager, engineer, finance chief, procurement officer and administrative officer till the project period, and arrange for not transferring them till the projects end (ongoing)

3. Office of the Prime Minister

- (i) Implement corruption control measures and strategies (by 2058 Kartik)
- (ii) Establish National Vigilance Center within the Prime Minister's Office.

4. Ministry of Local Development

- (i) In the spirit of Local Self Governance Act - 2055, prepare action plans with time line, and implement them to link the services provided by District Offices of HMG to District Development Committees (by 2059 Mangsir)
- (ii) Prepare and implement action plan to enhance implementation and monitoring capability of District Infrastructure Development Office (immediate)
- (iii) Make more effective arrangement for the release of resources through local bodies for agriculture extension, primary education and health post (ongoing)
- (iv) Make arrangement to audit the expenses made at the local level and bring out income and expenditure statements of the local bodies for the public knowledge (ongoing)

5. Ministry of Home

- (i) Develop criteria for spending through miscellaneous headings in order to control and make it transparent (immediate)
- (ii) Establish Government Property Management Committee under the Chief District Officer to make optimal use of government-owned land and

buildings. If some land and building are found unused, recommend to respective ministries for the transfer of such land and buildings to those permanent offices, which are in rented buildings. Upon receiving the request for such transfer, respective ministries have to take action within two months (immediate)

- (iii) Develop specific criteria in collaboration with Ministry of Health and Ministry of Finance, to identify prominent persons who need and request for financial support from the government for medical service (by 2059 Poush)
- (iv) Coordinate rehabilitation works of all physical infrastructures in order to ensure uniformity and transparency in such activities (ongoing)

6. Ministry of Education and Sports

- (i) Ensure to achieve the target of transferring 100 primary schools to local School Management Committees (by mid Mangsir 2059)
- (iii) Make an arrangement for the appointment of primary level teachers by School Management Committees (by 2059 Mangsir)

7. Ministry of Industry and Commerce

- (i) Arrange for the formation of industrial security force (immediate)
- (ii) Restructure Nepal Oil Corporation to enhance service efficiency, bring in private sector in supply of petroleum products, and effectively monitor adulteration and black marketing in petroleum products (ongoing)
- (iv) Ensure free movement of goods within the country for fostering economic activities (ongoing)

8. Ministry of Health

Continue with the transfer of sub-health posts to local health management committees; ensure that attendance of the staff working in the sub-health posts are maintained and controlled by the local committees, and the health ministry is responsible to monitor if such sub-health posts are open in time, provide quality services and fees, and also that public notification of the services available and other related information is regularly carried out (ongoing)

9. Ministry of Labor and Transport Management

Make labor management more flexible through revision in labor laws and other institutional measures so that business sector becomes more dynamic and creates more employment opportunities (ASAP)

10. Ministry of Finance

a. Budget and Programme Division

- (i) Initiate the process of preparing the Budget and expenditure statement by recurrent and capital breakdown (immediate)
- (ii) Provide no meeting allowances in the meeting during office hours, make sure no meeting allowances are tied up to the percentage of salary, and enforce the notification of Finance Ministry of 2057/8/6 to this effect stringently (immediate)
- (iii) Fix the size of the delegation for foreign travels to 9 members in case of the team led by Prime Minister, 5 in case of the team led by Chief Justice, Speaker and Chairperson of National Assembly, and maximum 3 in case of the team led by ministers, constitutional heads and members, special class officials (Immediate)
- (iv) Review existing rates and define and implement new norms in order to be cost-effective in foreign travels (on food, accommodation, contingency etc.) (immediate)
- (v) Foreign travels to be made only when absolutely necessary; otherwise ask Nepalese missions abroad to represent (immediate)
- (vi) Ensure resource availability for high priority programs (immediate)
- (vii) Make resources available for repair and maintenance for completed projects (ongoing).
- (viii) Make budget release system more efficient so as to improve services in local development, education, health, drinking water facilities in the social sectors (ongoing)

b. Revenue Division

- (i) Activise central monitoring unit of the Ministry of Finance and effectively monitor and follow up the complaints, supervise the revenue centers in achieving their revenue targets and make field visits for solving the problems on the spot (immediate)

- (ii) Form and strengthen monitoring units in the concerned departments, tax offices and institutions affiliated to the Ministry of Finance such as banks, financial companies and public enterprises for addressing peoples' complaints and tax-payers.
- (iii) Make all the offices affiliated to the Ministry of Finance enforce citizens' charters by displaying and bringing to public notice their services along with their nature, time, paperwork, taxes/fees, contact point, and responsibilities clearly; bring out information brochures and conduct interaction program (Immediate)
- (iv) Form joint teams with the representatives from industry/trade sectors to effectively survey and monitor the market centers, widen tax base, increase billing habit, ensure proper billing practices, discourage under valuation practices, and fine on the spot the businessmen involved in malpractices (immediate)
- (v) Fill up vacant positions in the Revenue Tribunals and take necessary measures to settle pending cases (immediate)
- (vi) Carry out special investigation and control programs by equipping Revenue Investigation Department with additional resources to control revenue leakages. It includes mobilization of mobile teams throughout the country to check revenue leakages, non-billing habits at the retail points, under valuation and other leakages in VAT, income tax and excise duties (by 2059 Magh).
- (vii) Introduce ASYCUDA in three other custom points namely Kakarbhatta, Krishna Nagar and Tatopani (by 2059 Mangsir)
- (viii) Strengthen post-clearance audit at customs offices, procure undervalued goods, create and maintain price data base of imported goods with the cooperation of FNCCI and Nepal Chamber of Commerce, monitor internal price data and assess the transaction values submitted and use them for investigation purpose (ongoing)
- (ix) Take actions against and collect due taxes from defaulting tax payers (ongoing)
- (x) With a view to reducing the complexities in the implementation of Income tax Act 2058, simplify and distribute forms, guidelines and information brochures widely, conduct education programs for tax payers and provide adequate information to general public (ongoing)
- (xi) Conduct consultation and obtain suggestions from FNCCI and other representative bodies of the industry and trade sector to ensure transparency and enhance effectiveness in revenue administration; strengthen institutional capability of the Revenue Advisory Committee

- by making greater use of experts, and form committees in districts jointly with private sector to resolve implementation problems instantly at the local level (ongoing)
- (xii) Enforce effectively the legal provision for giving details of goods to be imported in the letter of credit (ongoing)
 - (xiii) Cut down the exemption list for VAT purpose (ongoing)
 - (xiv) Work out a schedule payroll audit, TDS audit and the audit of the large tax payers

c. Corporation Coordination Division

- (i) Immediately liquidate public enterprises not sustainable from economic, managerial, and technical considerations; privatize some PEs which are economically feasible (liquidation immediate, and privatization within this fiscal year)
- (ii) Convert some of the PEs into limited companies (immediate)
- (iii) Prepare Action Plan for privatizing PEs to speed up privatization (by 2059 Poush)
- (iv) Assess the arrears between HMG and PEs, take measures to clear them (by 2059 Magh).
- (v) Ensure updating of accounts and audits of PEs, and take action to dislodge the chief executive officers who fail to do that (within 2059/60 fiscal year)
- (vi) Strengthen monitoring of PEs by Ministry of Finance and prepare bi-annual (half yearly) review reports (ongoing)
- (vii) Limit the HMG's role as an investor rather than manager in the PEs (ongoing)
- (viii) Appoint professionals in the management of PEs (ongoing)
- (ix) Reduce subsidy to PEs and make them competitive, thereby reducing the burden on treasury (ongoing)
- (x) Refrain from unnecessary appointment, reduce expenses, and bring compensation packages to encourage voluntary retirement in PEs (ongoing)

d. Foreign Aid Coordination Division

- (i) Monitor and ensure timely completion of foreign-aided projects (ongoing)

- (ii) Ensure timely refund and preparation of expenditure statement and auditing (ongoing)
- (iii) Strive for obtaining flexible and quickly disbursable foreign assistance of non-project budgetary support type
- (iv) Bring about reforms in policy, institutional and procedural aspects of International NGOs as guided by HMG's Foreign Aid Policy to ensure consistency and uniformity in their facilities, ensure accountability and transparency in their operations, and streamline their priorities with those of the government
- (v) Effectively implement Foreign Aid Policy-2059

e. Economic Affairs and Policy Analysis Division

- (i) Ensure the appointment of CEO to Rastriya Banijya Bank by 2059 Mangsir 15, and other management team to be in place by Poush 2059 for management reforms in RBB. Likewise, complete the Action Plan for reform measures in the Nepal Bank and bring it to the public (as per schedule).
- (ii) Form Debt Recovery Tribunal in accordance with Debt Recovery Rules, 2059 (by end of 2059 Poush)
- (iii) Complete financial restructuring of NIDC and ADB/N (within the fiscal year)
- (iv) Strengthen the autonomy of Nepal Rastra Bank and implement its re-engineering program as per schedule so that it can conduct its regulatory and supervisory functions on banking and monetary fronts (immediate)
- (v) Ensure completion of reforms in corporate legal and capital market sectors in accordance with Corporate and Financial Government Project (immediate)
- (vi) Appoint professionals in PEs under the Ministry of Finance (ongoing)
- (vii) Propose database for the macro-economic indicators and bring out analytical report on a periodic basis (ongoing)
- (viii) Arrange for the adjustment of amount that need to be refunded to industries under duty drawback system in the import duties on industrial raw materials through the use of passbooks (ongoing)
- (ix) Attempt to restore the bank branches in the areas where they were withdrawn due to security reasons, and provide banking facilities to the rural people (ongoing)

f. Legal Division

- (i) Formulate Banking and Financial Institutions Ordinance and Asset Management Ordinance by 2059 Poush.
- (ii) Formulate Insolvency Ordinance, Secured Transaction Ordinance and other revisions in the Company Act and Privatisation Act (Immediate)

g. Administration Division

Review the prevailing system of entry, exit, transfer and career development in the Revenue Service to make the revenue personnel objective and result oriented, sincere and professional.

11. Office of the Financial Comptroller General

- (i.) Formulate new procurement law to improve upon existing laws by taking into consideration the findings and recommendations of review studies on existing contract and procurement laws (by 2059 Falgun)
- (ii.) Introduce integrated central treasury system on an experimental basis keeping in view more than 3,500 spending units in operation making it difficult to manage accounts and ensure fiscal discipline (immediate)
- (iii.) Monitor the implementation of Public Works Directives (ongoing)
- (iv.) Ensure updated account keeping in projects (ongoing)
- (v.) Carry out timely reforms in the Fiscal Administration Rules for the effective project implementation (ongoing)
- (vi.) Monitor the effectiveness of resources transferred to the schools (ongoing)
- (vii.) Monitor the implementation of the recommendations of Country Financial Accountability Assessment (ongoing)
- (viii.) Develop internationally acceptable account and audit standards (ongoing)

12. All Concerned Ministries/Agencies

- (i) Ensure that no new positions are created, and undertake efforts to make use of existing permanent staffs. If new staffs are considered absolutely necessary due to unavailability of the permanent staff, obtaining the

- consent from Ministry of General Administration and Ministry of Finance is obligatory (immediate)
- (ii) Ensure if the money is received from the offices of the personnel records of the civil, police and army staff and attach the certification of the receipt if so received while releasing money for medical expenses (ongoing)
 - (iii) Economise the use of office miscellanies and, wherever possible, procure reusable office materials (ongoing)
 - (iv) Make sure that one government office does not give fuel and repair cost to vehicles of another government office except in security matters (ongoing)
 - (v) No seminars/workshops to be held under government expenses; if absolutely necessary, take consent from the Ministry of Finance and make use of less expensive venues like training centers, convention halls etc. with no alcoholic drinks served (ongoing)
 - (vi) No new purchase of vehicles and furniture from government fund, with an exception to security agencies and foreign aided programs (ongoing)
 - (vii) No construction of new buildings except those already started and in dire need of completion, destroyed during insurgency, and required for security purposes (ongoing)
 - (viii) Establish Government Property Management Committee under the Chief District Officer to make optimal use of government-owned land and buildings. If some land and building are found unused, recommend to respective ministries for the transfer of such land and buildings to those permanent offices, which are in rented buildings. Upon receiving the request for such transfer, respective ministries have to take action within two months (immediate)
 - (ix) Create no new organizations of permanent nature like commissions and committees, review the existing ones for their relevance and usefulness, and if found unnecessary, close them (ongoing)
 - (x) Take to the Cabinet with compulsory and prior consent from the Ministry of Finance any proposal that puts fiscal burden on the government, e.g. loan/subsidy to PEs, financial assistance, gifts/ prizes, foreign travels, medical expenses etc.
 - (xi) Encourage all to be frugal and let the Ministry of Finance know the savings so made on a mandatory basis by all ministries, keeping difficult financial situation in view (ongoing)

- (xii) Enforce the system of procuring domestically produced goods by government offices even if such goods are 10% higher in costs (ongoing)
 - (xiii) Ensure continuity of main project staff such as Project Manager, engineer, finance chief, procurement officer and administrative officer till the project period, and arrange for not transferring them till the projects end (ongoing)
- Overall, progress of Economic Reforms Programme was positive even if difficulties were encountered in meeting the deadlines. Because the monitoring process was made active, reports that regularly came in cited reasons for non-completion of the tasks in the given timeframe, and suggested measures to solve the problems confronted in the course of implementation.
 - The achievements of the programme are discussed, where appropriate, in the respective chapters of this Survey. Some notable achievements include:
 - Completion and implementation of the Tenth Plan/Poverty Reduction Strategy Paper and Medium Term Expenditure Framework
 - Introduction of budget release system based on performance indicators
 - Formulation of anti-corruption strategy and action plan, and the formation of National Vigilance Center
 - Poverty Alleviation Fund at its final stage of legal initiation
 - Submission of the report on restructuring of Nepal Oil Corporation and private sector participation in petroleum supply
 - Transfer to local management committees of sub-health posts and primary schools
 - New procurement law in active process of finalisation, gradual implementation of CFAA suggestions, formation of accounting and auditing standards board and formulation of standards
 - Passage of the Contract Services Manual

- Strict enforcement and monitoring of public expenditure reduction measures, setting up of norms for medical expenses
 - Progress in privatisation: sale of 75% shares of Butwal Power Company, liquidation of Birgunj Sugar Factory and Agriculture Tools Factory, liquidation in progress of Himal Cement Factory, privatization of Bhaktapur Brick Factory, moving ahead for the sale of shares of Raghupati Jute Mills and Nepal Foundry
 - Appointment of professionals in PE management initiated
 - Under the financial sector reform: management contracts for Rashtriya Baniya Bank and Nepal Bank Ltd. in effect, re-engineering of Nepal Rastra Bank already in progress, formulation of legal arrangement for corporate and financial governance, restructuring of NIDC and ADB/N in progress, and formation of Debt Recovery Tribunal
 - Submission of the report by Fiscal Reform Task Force, enforcement of various measures to make revenue administration performing and well-delivering
- The experience earned during the implementation of the Economic Reforms Program, 2059-60 shows that programmes of this nature require, among other things, serious and sincere commitment in implementation, prioritization of tasks and activities and their continuous and effective monitoring. The ERP was thus a mixed success, measured against these parameters.

Table 1.1 : Gross Domestic Product

Rs. in Million

	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**
Nominal GDP (Current Prices)	73170	85831	99702	116127	144933	165350	191596	209976	239388	269570	289798	330018	366251	393566	404482	428477
Agriculture	36755	42572	50470	55368	65156	70090	80589	85569	96896	108785	112495	132373	145131	151059	160144	169692
Non-Agriculture	36415	43259	49232	60759	79777	95260	111007	124407	142492	160785	177303	197645	221120	242507	244338	258785
Real GDP (at 1994/95 Prices)	148405	156478	163893	174908	183371	188780	204397	209976	221930	233040	240816	251758	267096	279749	278471	285061
Agriculture	70829	75137	79512	81320	80392	79631	86356	85569	88830	92706	93496	96151	100856	106380	108752	111069
Non-Agriculture	77576	81341	84381	93588	102979	109149	118041	124407	133100	140334	147320	155607	166240	173369	169719	173992
GDP Deflator	49.3	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	145.3	150.3
Agriculture	51.9	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	152.8
Non-Agriculture	46.9	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	144.0	148.7

Percentage Change Over Previous Year

Nominal GDP (Current Price)	19.7	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	2.8	5.9
Agriculture	20.0	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	6.0
Non-Agriculture	19.3	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	0.8	5.9
Real GDP (at 1994/95 Price)	7.0	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	-0.5	2.4
Agriculture	6.6	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	2.1
Non-Agriculture	7.5	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	-2.1	2.5

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 Prices)
(As per new series)

Rs. in Million

Originating	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**
1 Agriculture, Fisheries & Forestry	36755	42572	50470	55368	65156	70090	80589	85569	96896	108785	112495	132373	145131	151059	160144	169692
2 Mining & Quarrying	317	421	449	575	795	921	990	1117	1342	1495	1553	1685	1815	1924	2054	2192
3 Manufacturing	4615	4857	5956	7894	12822	14618	17861	19555	22466	24816	26987	30337	33550	35495	32805	33721
4 Electricity, Gas & Water	441	466	523	815	1241	1543	2163	2862	3598	4457	4383	4632	5942	7004	7359	8479
5 Construction	6303	8231	8943	11078	14769	17318	19621	23093	26093	29263	30483	33262	37382	39584	42247	44470
6 Trade, Restaurants, & Hotels	8118	9052	10507	12902	16563	19260	22497	24326	28317	30551	33687	39313	42895	44572	40498	42592
7 Transport, Communications and Storage	4250	4732	5724	6560	8558	10819	12625	13995	15898	19315	22598	24631	29336	33297	34725	37095
8 Financial & Real Estate	6681	8032	9269	10944	13241	15684	18122	20533	23521	27157	29778	33203	36919	41634	43882	46878
9 Community & Social Services	5691	7469	7861	9991	11788	15115	17128	18924	21257	23731	27834	30582	33281	38997	40768	43357
10 Total GDP at factor cost	73170	85831	99702	116127	144933	165368	191596	209974	239388	269570	289798	330018	366251	393566	404482	428476
Agriculture GDP at factor cost	36755	42572	50470	55368	65156	70090	80589	85569	96896	108785	112495	132373	145131	151059	160144	169692
Non-Agriculture GDP at factor cost	36415	43259	49232	60759	79777	95260	111007	124405	142492	160785	177303	197587	221120	242507	244338	258784
11 Less imputed value of banking service	956	1319	1954	2289	2933	3578	4473	5060	5932	7009	7896	9438	10708	11912	12388	13294
12 Total GDP at factor cost	72214	84512	97748	113838	142000	161790	187123	204914	233456	262561	281902	320580	355543	381654	392094	415182
13 Net Indirect Taxes	4692	4758	5668	6532	7487	9702	12149	14261	15457	17952	18943	21456	23945	28633	29240	30994
14 GDP at producers' prices	76906	89270	103416	120370	149487	171492	199272	219175	248913	280513	300845	342036	379488	410287	421334	446176

* Revised Estimate

** Preliminary Estimate.

Source : Central Bureau of Statistics.

Table 1.3 : Gross Domestic Product at Constant Prices by source

As per revised estimate

(As per new series 1994/95)

Rs. in million

S/No	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**
1.	Agriculture, Fisheries & Forestry	70829	75137	79512	81320	80392	79631	86356	85569	88830	92706	93496	96183	100856	106380	108752	111069
2.	Mining & Quarrying	785	895	846	922	996	1018	1080	1117	1262	1348	1365	1416	1480	1547	1563	1609
3.	Manufacturing	10142	9426	10350	12179	16076	17075	19179	19555	21322	22826	23607	24856	26646	27649	24892	24990
4.	Electricity Gas & Water	1520	1430	1845	2481	2649	2406	2553	2862	3414	3475	3331	3520	4025	4413	4486	5003
5.	Construction	15382	17515	16957	18285	19695	20474	21765	23093	24733	26372	26953	28786	31550	31823	32357	33144
6.	Trade, Restaurant & Hotel	16264	16466	16824	18701	19828	21130	22947	24326	25424	26458	27981	29069	31036	31507	28218	28622
7.	Transport, Communication & Stor	7815	7917	8759	9910	10772	11597	12653	13995	14759	15902	17186	18355	19644	20860	21248	21982
8.	Finance & Real Estate	13322	14198	15198	16647	17519	18522	19684	20534	22096	23136	24494	25719	27026	27491	28410	29457
9.	Community & Social Services	12346	13494	13602	14464	15444	16929	18180	18924	20090	20817	22403	23885	24833	28080	28545	29185
	Agriculture GDP at factor cost	70829	75137	79512	81320	80392	79631	86356	85569	88830	92706	93496	96183	100856	106380	108752	111069
	Non-Agriculture GDP at factor co	77576	81341	84381	93589	102979	109151	118041	124406	133100	140334	147320	155606	166240	173370	169719	173992
10.	Total GDP at factor cost	148405	156478	163893	174909	183371	188782	204397	209975	221930	233040	240816	251789	267096	279750	278471	285061
11.	Less imputed value of banking serv	1844	2287	3060	3277	3519	3892	4518	5060	5616	5703	6181	6610	7230	7831	7839	8238
12.	Total GDP at factor cost	146561	154191	160833	171632	179852	184890	199879	204915	216314	227337	234635	245179	259866	271919	270632	276823
13.	Net indirect taxes	9049	8248	8874	9346	8979	10541	12287	14261	14561	15684	15537	16240	17508	18631	18523	18986
14	GDP at producers' prices	155610	162439	169707	180978	188831	195431	212166	219176	230875	243021	250172	261419	277374	290550	289155	295809

* Revised Estimate

** Preliminary Estimate

Source: Central Bureau of Statistic

Table 1.4 : National Accounts Summary
(At Current Price)

Rs. in million

	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**
Gross Domestic Product (Producers' prices)	76906	89270	103416	120370	149487	171474	199272	219175	248913	280513	300845	342036	379488	410287	421333	446177
Plus Import of goods and Nfs.	16350	19162	21820	27785	39321	47429	62972	75850	88996	105775	101949	101648	123055	129104	121531	130917
Total Resources Available = Use	93256	108432	125236	148155	188808	218903	262244	295025	337909	386288	402794	443684	502543	539391	542864	577094
Total Consumption	69302	79120	95273	108856	133280	148302	170052	186710	214487	241351	259407	295473	321911	349257	371526	395585
Private Consumption	62407	70173	86314	97771	121372	133402	154065	166443	191469	216364	231392	264944	287947	309107	329199	348780
Public Consumption	6895	8947	8959	11085	11908	14900	15987	20267	23018	24987	28015	30529	33964	40150	42327	46805
Total Investment	15237	19415	19076	25074	31619	39653	44644	55231	68017	71084	74728	70061	92272	98313	103616	116266
Gross Fixed Capital Formation	13414	16392	17002	22780	29277	37278	42032	48370	56081	60794	65375	65269	73324	78031	81260	85506
Public	5483	7902	7968	8683	10331	11769	13380	15070	17624	19392	22573	23888	26436	31268	32044	31455
Private	7931	8490	9034	14097	18945	25509	28652	33300	38457	41402	42802	41381	46888	46763	49216	54051
Change in Stock	1823	3023	2074	2294	2342	2375	2612	6861	11936	10290	9353	4792	18948	20282	22356	30760
Export of Goods and Nfs.	8717	9897	10887	14226	23909	30948	47548	53084	55405	73853	68659	78150	88360	91821	67723	65243
Gross Domestic Savings	7604	10150	8143	11514	16207	23172	29220	32465	34426	39162	41438	46563	57577	61030	49807	50592
Net Factor Income	1575	1541	1934	2147	2715	3231	3863	4817	3566	4660	6025	10881	13125	16172	18375	22744
Net Current Transfer	156	116	172	218	482	581	495	819	900	1009	1158	1205	1319	1456	1701	2276
Gross National Savings	9335	11807	10249	13879	19404	26984	33578	38101	38892	44831	48620	58648	70702	77202	68182	73336
Gross National Product	78481	90811	105350	122517	152202	174705	203135	223992	3566	4660	306870	352917	392613	426458	439708	468921

* Revised Estimates

** Preliminary Estimates

Source : Central Bureau of Statistics

Table 2.1 : Government Expenditure & Sources of Finance

Rs. in Million

	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
Expenditure	14105.0	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	80072.3
Regular	4677.0	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	48590.1
Development	9428.0	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	31482.2
Receipts	9427.2	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	57131.6
Revenue	7350.4	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	50445.5
Foreign Grants	2076.8	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	6686.1
Overall Surplus (+)	-4677.8	-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	-22940.7
Deficit (-)															
Sources of Financing Deficits															
Foreign Loan	3815.8	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	7698.7
Internal Loan	1130.0	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	8000.0
(a) Banking System	797.7	1320.0	1450.0	3713.2	1178.8	920.0	1000.0	1300.0	750.0	1500.0	1600.0	2850.0	3300.0	0.0	0.0
(b) Non-Banking System	339.4	10.0	700.0	839.5	900.0	700.0	820.0	600.0	1450.0	1500.0	1800.0	1860.0	2200.0	0.0	0.0
Cash Balance (-) Surplus	-268.0	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	7242.0

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

Source : Financial Comptroller General Office.

Table 2.2: Tax Revenue

Rs. in Million

Heading																First Eight Month	
	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	2001/02	2002/03*
Customs	2214.6	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	7979.8	8832.7
Imports	1984.2	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	6220.7	6749.8
Exports	107.9	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	725.1	665.7
Indian Excise Refund	121.2	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	813.8	1132.2
Others	1.3	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	220.2	285.0
Tax on Consumption and Product of Goods and Services	2528.0	2665.9	3163.9	3763.4	4921.5	5681.3	7261.2	8792.6	9684.7	10775.2	11249.7	11719.1	13387.3	16153.6	16074.3	10054.0	10888.4
Industrial Product	822.4	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	2223.5	2880.1
Liquor Contract	2.9	6.8	2.1	0.6	0.2	0.4	0.3	-	-	-	-	-	-	-	-	-	-
Sales Tax/Value Added Tax	1300.5	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	7609.8	8007.3
Entertainment Tax	32.3	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	5.8	0.9
Hotel Tax	80.6	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	2.7	0.1
Air Flight Tax	65.4	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
Contract Tax	199.1	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	212.2	0.0
Road & Bridges Maintenance Tax & others	24.8	22.3	25.4	35.0	45.7	15.1	17.1	-	-	-	-	-	0.0	-	0.0	0.0	0.0
Land Revenue and Registration	366.9	401.0	451.7	540.0	636.1	754.9	833.2	937.7	1066.6	1015.4	1004.2	1003.2	1015.9	612.9	1131.8	574.2	717.3
Land Revenue	80.7	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
House and Land Registration	286.2	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	574.2	714.3
Tax on Property, Profit & Income	643.3	930.4	983.4	829.7	959.1	1281.3	2022.1	2911.6	3589.3	4324.6	5183.7	6512.9	7935.6	9546.5	9465.7	5270.6	4511.6
Income Tax from Public Enterprises	193.2	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	1102.8	561.1
Income Tax from Semi-Public Enterprises	1.9	2.6	2.4	2.7	5.3	2.6	2.1	-	-	-	-	-	0.0	0.0	0.0	0.0	0.0
Income Tax from Private Corporate Bodies	1.9	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	662.8	579.8
Income Tax from Individuals	348.6	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	2331.7	2133.7
Income Tax from Remunerations	33.4	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	452.9	17.0
Urban House and Land Tax	17.4	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
Vehicle Tax	28.3	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	448.7	433.8
Tax on Interest	17.1	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	271.7	454.3
Other Taxes	1.5	0.7	0.3	21.9	16.4	3.1	51.1	-	-	-	-	-	0.0	0.0	0.0	0.0	331.5
Total	5752.9	6287.2	7283.9	8177.4	9875.6	11662.5	15371.5	19660.0	21668.0	24424.3	25939.8	28752.9	33152.1	38865.1	39330.6	23878.6	24950.0

*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																First Eight Month	
	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02	2001/02	2002/03*
Charges, Fees, Fines and Forfeiture	676.5	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	365.7	346.7
Firm Registration	12.9	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	50.7	56.5
Arms Registration	1.0	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	2.7	1.0
Vehicle Licence	9.1	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	73.5	74.3
Judiciary	27.3	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	153.6	63.2
Administration, Penalty & Forfeiture	626.2	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	85.2	151.7
Receipts from sales of Commodities and Services	348.2	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	1679.4	1760.8
Drinking Water	1.8	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	4.3	3.1
Irrigation	3.6	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	0.7	0.8
Electricity	2.2	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	0.2	0.1
Postal Service	60.6	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	156.8	148.1
Food and Agriculture	23.2	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	29.5	22.9
Education	10.6	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	103.4	80.5
Forest	101.1	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	285.7	391.5
Transport	44.6	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	58.6	57.9
Others	100.5	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	1040.2	1055.9
Dividend	117.2	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	1065.3	1109.4
financial Institutions	115.1	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	1026.6	1054.3
Trading Concerns	0.2	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	0.3	0.0
Industrial Undertakings	1.9	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	0.0	5.1
Services Sector	0.0	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	18.2	50.0
Extra	-	-	-	-	-	-	-	-	-	-	-	0.6	121.1	20.2	60.5	20.2	0.0
Royalty and Sale of Fixed Assets	25.7	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	461.8	447.9
Royalty from Mining	5.9	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	12.1	5.1
Other Royalties	5.9	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	409.7	410.0
Others	13.9	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	40.0	32.8
Mint	-	-	-	-	-	-	-	-	-	-	-	-	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
Principal and Interest Payment	358.6	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	1100.8	779.8
Loan Corporations	150.4	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	959.6	561.6
Interest from Loan to Companies & Corporations	207.4	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	134.2	192.5
Others	0.8	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	6.9	25.7
Miscellaneous Items	71.4	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	597.2	1831.0
Miscellaneous	71.4	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	597.2	1831.0
Total	1597.6	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	5270.2	6275.6

*Provisional

Source: Financial Comptroller General Office.

Table 2.4 : Regular Expenditure

Rs. in Million

Heading	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
Constiutional Organs	80.6	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
His Majesty & Royal Family	28.2	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
State Council	2.4	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	8.2
Parliamentary Secretarial	11.2	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
Supreme Court	5.1	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	43.8
Commission for Prevention of Misuse Authority	1.8	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
Auditor General Office	11.0	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
Public Service Commission	15.4	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
Election Commission	3.2	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
Attorney General Office	2.3	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
Judiciary Council	-	-	-	-	-	0.7	0.8	0.9	1.1	1.3	1.4	1.6	1.7	9.0	4.2
General Administration	701.3	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
Council of Ministers	5.3	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
HMG Secretariat	104.1	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
District Administration	56.7	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
Police	462.3	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
Jail	32.0	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
Miscellaneous	39.5	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	309.0
Administration Reform	1.5	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	18.5
Revenue Administration	101.1	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	477.2
Land Revenue	42.5	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
Customs	31.8	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
Excise	11.3	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
Tax	15.0	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	0.0
Revenue Tribunal	0.5	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	5.7
Others	-	-	-	-	-	-	-	11.0	10.6	11.0	14.1	14.4	15.7	17.7	20.0
Economic Adm. & Planning	38.2	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
Planning	2.1	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
Statistics	2.1	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
Comptroller General's Office	34.0	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
Metric Measurement	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0
Judicial Administration	71.0	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
Court	70.6	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
Court for Prevention of Misuse of Authority	0.4	0.4	0.4	0.2	-	-	-	-	-	-	-	-	-	0.0	0.0
Foreign Services	106.9	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
Foreign Services	88.9	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
Miscellaneous	18.0	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
Defence	768.3	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
Defence	638.0	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
Miscellaneous	130.3	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

Contd.

Table 2.4 : Regular Expenditure

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Rs. in Million

Heading	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/2001	2001/2002
Social Services	562.0	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
Education	262.5	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
Health	204.1	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
Drinking Water	14.6	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
Local Development	28.7	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
Other Social Services	52.1	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
Economic Services	289.6	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
Agriculture	9.0	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
Irrigation	7.9	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
Land Reform	29.6	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
Survey	12.7	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
Forest	14.6	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
Industry & Mining	14.5	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
Communication	107.9	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
Transportation	88.0	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
Electricity	0.0	0.0	-	-	-	-	-	-	-	8.7	10.1	10.4	9.5	8.1	9.7
Other Economic Services	5.5	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
Loans & Investment	2.6	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
Loans & Investment	2.6	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
Loan Repayment & Interest	1441.6	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
Payment of Principal	397.5	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
Payment of Interest	1044.1	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
Miscellaneous	458.9	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	5170.5
Travelling Exp. of Dignitaries and Government Delegation	25.2	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
Pension, Allowances & Gratuity	102.3	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
Hospitality	1.1	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
Emergency Help, Donation & Prizes	-	-	-	-	-	0.1	-	-	2.0	1.1	-	0.2	0.2	2.2	0.3
Compensation	1.0	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
Miscellaneous	211.2	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	1319.8
Contingency	118.1	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
Total	4622.1	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	48590.1

Source: Financial Comptroller General Office

Table 2.5 : Development Expenditure

Rs. in Million

	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
Constitutional Organs	-	-	-	-	-	-	-	-	-	-	3.6	28.5	26.6	12.7	13.4
Commission for Abuse of Authority													1.5	1.4	2.2
Auditor General Office											1.5	15.1	15.2	2.6	3.5
Public Service Commission											2.1	13.4	9.9	3.7	1.6
Office of Attorney General											-	-	-	5.0	6.1
General Administration	24.4	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
Administration Reform	24.4	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
Economic Administ. & Planning	5.9	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
Planning	1.6	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
Statistics	4.3	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
Social Services	2433.3	3309.2	3973.2	3569.3	5040.3	7245.5	7104.1	6224.8	7612.7	9281.3	10323.5	10265.4	12406.2	12872.7	11530.3
Education	1226.8	1458.8	1479.8	1716.0	2395.2	3465.0	3822.1	1453.6	1791.0	2356.2	2037.1	1641.3	2573.7	2783.9	2755.1
Health	385.2	616.0	393.8	366.8	507.2	600.2	560.5	858.5	915.5	1621.2	2076.1	1677.2	2126.7	1972.4	1876.7
Drinking Water	236.3	469.3	617.4	538.5	1334.4	1821.4	1073.6	1102.2	1206.4	1327.1	1670.0	1866.8	2423.0	2407.2	1747.3
Local Development	442.7	458.6	454.1	321.3	406.5	656.1	1006.9	2416.1	3345.3	3622.9	3678.8	3968.7	4136.7	4626.2	4156.2
Other Social Services	142.4	306.5	1028.1	626.7	397.0	702.8	641.0	394.3	354.5	353.9	861.5	1111.4	1146.1	1083.0	995.0
Economic Services	6751.7	8241.6	8200.7	11893.3	11063.3	12111.5	13841.4	12852.7	16982.7	17054.7	17900.2	17324.4	18648.6	21114.3	17452.0
Agriculture	928.9	1016.2	1183.5	1534.6	1276.0	2077.2	2300.3	2639.4	2224.0	1889.6	2144.3	1926.2	2089.5	2329.3	2561.2
Irrigation	854.7	1623.2	1204.8	1118.9	2212.2	2017.3	3232.1	2550.8	2884.6	2726.6	2437.6	2940.7	3044.6	3953.3	3141.5
Land Reform	19.6	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
Survey	72.1	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
Forestry	449.6	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
Industry & Mining	604.0	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
Communication	519.0	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
(a) Post Office	3.2	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
(b) Telecommunication	515.8	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
Transportation	1214.6	1857.2	1590.1	1979.5	2381.0	2844.0	3363.2	3010.6	5968.5	5305.2	5619.9	5111.3	4695.4	5354.9	4518.0
(a) Roads	958.4	1392.0	1090.6	1375.6	2059.3	2499.5	2991.2	2277.1	2859.2	4752.7	4853.6	4350.4	3613.0	4106.6	3630.3
(b) Bridges	112.4	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
(c) Aviation	143.0	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
(d) Others	0	34.5	7.8	7.7	15.5	-	-	33.4	127.7	26.4	9.1	2.0	0.8	68.4	204.6
Electricity	1924.7	2003.4	2087.6	1363.1	1414.4	2229.1	2312.2	1764.9	3210.2	4447.3	4704.7	4811.3	5537.9	6813.7	4395.3
Other Economic Services	164.6	145.3	306.8	3519.6	233.3	340.5	387.3	488.8	591.5	590.3	682.3	996.1	1382.0	1231.6	996.5
(a) Commerce	13.5	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
(b) Labour	6.5	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
(c) Tourism	111.4	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
(d) Metereology & Hydrology	13.2	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
(e) Supply and Others	20.0	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
Miscellaneous	212.6	732.8	798.7	422.2	356.1	8.9	191.9	652.3	310.3	154.8	650.9	813.3	531.1	2742.8	2142.3
Miscellaneous	80.3	212.9	518.0	-	-	-	-	-	-	-	-	-	-	48.2	62.3
Contingency	132.3	519.9	280.7	422.2	356.1	8.9	191.9	652.3	310.3	154.8	650.9	813.3	531.1	2694.6	2080.0
Total	9428.0	12328.7	12997.5	15979.5	16512.8	19413.6	21188.2	19794.9	24980.5	26542.6	28943.9	28531.3	31749.2	37065.9	31482.2

Table 2.6 : Foreign Aid Commitment by Major Sources

Rs. in Million

	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	First Eight Month	
																2002/03	2002/03
1. Bilateral	3478.5	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	15707.1	9706.7
Grant	2925.5	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	14560.6	9577.4
Loan	553.0	317.0	527.1	760.5	-	264.0	135.2	74.8	1797.8	8821.7	1455.4	488.3	-	3449.9	1146.5	1146.5	129.3
2. Multilateral	2971.1	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	14691.8	14742.9
Grant	14.5	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	6048.1	5950.9	8960.8
Loan	2956.6	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	8741.0	5782.1
3. Total	6449.6	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	33227.8	30398.9	24449.6
Grant	2940.0	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	23340.3	20511.4	18538.2
Loan	3509.6	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	9887.5	5911.4

Source: Ministry of Finance

Table 2.7 : Foreign Aid Commitment (by Sectors)

Source	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#*
Agriculture, Irrigation	3560.6	3901.1	2992.4	3616.2	5003.3	2354.9	1550.7	3326.5	2518.6	6489.5	12997.4	3804.0	685.8	3290.3	748.3	1476.8
& Forestry	<i>3175.1</i>	<i>3815.0</i>	<i>2992.4</i>	<i>3616.2</i>	<i>4951.9</i>	<i>2162.6</i>	<i>1519.0</i>	<i>2617.9</i>	<i>2053.3</i>	<i>6489.5</i>	<i>12997.4</i>	<i>3804.0</i>	<i>685.8</i>	<i>3290.3</i>	<i>748.3</i>	1476.8
Transport and	607.7	1437.2	3076.7	398.8	3949.9	1226.9	5280.9	1200.1	5597.2	1989.8	812.8	1380.9	5628.8	924.6	5361.2	3760.4
Communication	<i>589.0</i>	<i>1403.6</i>	<i>3076.7</i>	<i>348.4</i>	<i>3949.9</i>	<i>895.9</i>	<i>2665.7</i>	<i>929.7</i>	<i>5597.2</i>	<i>1989.8</i>	<i>812.8</i>	<i>1380.9</i>	<i>5628.8</i>	<i>924.6</i>	<i>4017.2</i>	3760.4
Power	631.1	1296.3	3187.6	585.5	2797.4	4474.7	670.5	1952.4	3144.5	18879.5	2993.9	3318.0	4174.4	1158.7	758.5	447.5
	<i>631.1</i>	<i>1296.3</i>	<i>3187.6</i>	<i>585.5</i>	<i>2797.4</i>	<i>4190.6</i>	<i>670.5</i>	<i>1952.4</i>	<i>2183.4</i>	<i>18879.5</i>	<i>2993.9</i>	<i>3318.0</i>	<i>4174.4</i>	<i>1158.7</i>	<i>758.5</i>	447.5
Industry & Mining	619.0	32.7	186.4	17.0	446.6	1034.4	46.6	254.1	-	-	156.5	1372.7	876.6	0.0	0.0	25.7
	<i>619.0</i>	<i>28.1</i>	<i>186.4</i>	<i>17.0</i>	<i>446.6</i>	<i>1034.4</i>	<i>46.6</i>	<i>254.1</i>	-	-	<i>156.5</i>	<i>1372.7</i>	<i>876.6</i>	<i>0.0</i>	<i>0.0</i>	25.7
Rural Development	144.3	1280.5	60.2	467.4	243.9	504.6	579.5	602.5	2482.1	906.0	1491.7	848.4	1474.0	3399.1	2148.9	2318.4
	<i>38.1</i>	<i>1284.7</i>	<i>60.2</i>	<i>467.4</i>	<i>243.9</i>	<i>125.8</i>	<i>579.5</i>	<i>602.5</i>	<i>1319.4</i>	<i>906.0</i>	<i>1491.7</i>	<i>848.4</i>	<i>1474.0</i>	<i>3399.1</i>	<i>2148.9</i>	2318.4
Water Supply &	7.0	922.8	508.4	-	3794.8	1565.4	-	59.0	-	2177.4	0.0	440.0	518.7	15418.4	6205.8	590.4
Sewerage	-	<i>922.8</i>	<i>508.4</i>	-	<i>3794.8</i>	<i>1565.4</i>	-	<i>59.0</i>	-	<i>2177.4</i>	0.0	<i>440.0</i>	<i>518.7</i>	<i>15418.4</i>	<i>6205.8</i>	590.4
Education	20.8	922.8	1784.1	-	2687.1	1523.2	1210.3	210.2	1062.9	201.0	4094.5	1083.2	4034.5	540.2	2007.4	9208.0
	<i>20.8</i>	<i>922.8</i>	<i>1784.1</i>	-	<i>2687.1</i>	<i>1523.2</i>	<i>1210.3</i>	<i>210.2</i>	<i>779.3</i>	<i>201.0</i>	<i>4094.5</i>	<i>1083.2</i>	<i>4034.5</i>	<i>540.2</i>	<i>2007.4</i>	9208.0
Health	214.7	1401.6	690.6	487.2	113.1	3730.3	2884.4	1052.1	472.0	4333.8	1107.0	1246.4	-	9.6	4895.6	642.7
	<i>214.7</i>	<i>1176.6</i>	<i>690.6</i>	<i>477.1</i>	<i>113.1</i>	<i>961.3</i>	<i>1445.0</i>	<i>652.1</i>	<i>472.0</i>	<i>4317.8</i>	<i>1107.0</i>	<i>1246.4</i>	-	<i>9.6</i>	<i>4895.6</i>	610.7
Others	644.4	59.6	3343.6	93.4	2047.7	4112.3	949.3	4220.1	1260.1	4666.0	8368.4	4858.9	3055.2	6546.0	11102.2	5979.7
	<i>347.9</i>	<i>59.6</i>	<i>2933.4</i>	<i>93.4</i>	<i>1657.4</i>	<i>3038.9</i>	<i>949.3</i>	<i>3405.1</i>	<i>1260.1</i>	<i>4106.0</i>	<i>8125.4</i>	<i>4433.9</i>	<i>2121.6</i>	<i>5430.1</i>	<i>10348.6</i>	5979.7
Total	6449.6	10403.0	15830.0	5665.4	21084.1	20526.7	13172.2	12877.0	16537.3	39643.0	32022.1	18352.5	20448.0	31286.9	33227.8	24449.7
	<i>5635.7</i>	<i>9991.3</i>	<i>15419.8</i>	<i>5604.9</i>	<i>20642.3</i>	<i>15498.1</i>	<i>9085.9</i>	<i>10683.0</i>	<i>13664.7</i>	<i>39067.0</i>	<i>31779.1</i>	<i>17927.5</i>	<i>19514.4</i>	<i>30171.0</i>	<i>31130.2</i>	<i>24417.7</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

	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
1. Bilateral	2251.6	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
Grant	1789.1	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
Loan	462.5	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
2. Multilateral	2826.9	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
Grant	195.1	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
Loan	2631.8	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
3. Total	5078.5	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
Grant	1984.2	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
Loan	3094.3	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

* 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. 450.7 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

Rs. in Million

Sectors	1987/88			1988/89			1989/90			1990/91			1991/92			1992/93		1993/94			Sectors	Grant
	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan	Total	Loan	Total	Grant	Loan	Total		
Agriculture, Irrigation and Forestry	159.3	1067.0	1226.3	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	Agriculture, Irrigation and Forestry	1032.6
Agriculture	70.6	482.7	553.3	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	Agriculture	492.4
Irrigation	23.0	453.3	476.3	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	Irrigation	313.7
Forest	65.6	130.9	206.5	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	Forest	130.5
Others+	0.1	0.1	0.2	0.3	-	0.3	0.5	-	0.5	0.5	-	-	-	-	-	0.0	4.2	70.3	340.4	410.7	Others+	96.0
Transport, Power and Communication	1196.0	1598.6	2794.6	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	Transport, Power and Communication	2532.7
Transport	257.6	349.7	607.3	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	Transport	1741.1
Power	536.4	1135.1	1671.5	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	Power	51.6
Communication	402.0	113.8	515.8	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	Communication	740.0
Industry and Commerce	252.1	193.6	445.7	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	Industry and Commerce	121.0
Social Services	293.8	228.4	522.3	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	Social Services	1260.5
Education	44.8	135.6	180.4	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	Education	452.0
Health	138.1	1.6	139.7	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	Health	386.2
Drinking Water	11.9	64.6	76.5	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	Drinking Water	182.3
Others++	99.1	26.6	125.7	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	Others++	240.1
Others+++	82.9	6.7	89.6	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	Others+++	51.7
Total	1984.2	3094.3	5078.5	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	Total	3937.1

Contd.

+ Survey and Land Reform
 ++ Local Development, Supply and
 +++ Statistics, Administrative Ref
 Source: Financial Comptroller Gene

Table 2.9: Foreign Aid Disbursement (by Sectors)

Rs. in Million

1994/95		1995/96			1996/97			1997/98			1998/99			1999/00			2000/01			2001/02		
Loan	Total	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan	Total
2429.8	3462.4	345.2	3054.4	3399.6	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	3242.0	3774.8	725.0	2560.8	3285.8
810.0	1302.4	83.8	1013.5	1097.3	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
1569.4	1883.1	109.8	1992.7	2102.5	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	2436.8	2783.9	183.5	1895.9	2079.4
50.4	180.9	32.6	48.2	80.8	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
0.0	96.0	119.0	0.0	119.0	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
3103.6	4574.7	3591.3	4461.4	8052.7	3373.0	5131.5	8504.5	3176.6	5813.0	8989.6	1712.5	6179.7	7892.2	2119.8	6039.5	8159.3	3222.5	6012.6	9235.1	2312.4	3593.3	5905.7
1120.0	1799.8	2561.8	1475.6	4037.4	1618.5	1995.9	3614.4	1641.0	2115.9	3756.9	1231.0	1945.6	3176.6	1757.0	847.2	2604.2	2068.8	1292.5	3361.3	1687.4	801.3	2488.7
1201.8	1253.3	817.4	2084.7	2902.1	1303.0	2565.5	3868.5	828.8	3289.8	4118.6	437.0	4234.1	4671.1	325.1	5192.3	5517.4	1120.4	4626.8	5747.2	578.3	2763.1	3341.4
781.8	1521.8	212.1	901.1	1113.2	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
359.3	480.3	12.4	3.5	15.9	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
1419.6	2680.1	851.9	1784.3	2636.2	1972.0	1693.0	3665.0	1887.2	2530.1	4417.3	2134.1	2312.3	4446.4	2998.9	2795.1	5794.0	2970.1	2789.4	5759.5	3190.8	1495.0	4685.8
866.8	1318.8	464.6	853.0	1317.6	851.8	933.9	1785.7	477.0	923.6	1400.6	405.7	535.8	941.5	1250.3	709.8	1960.1	1367.7	562.0	1929.7	1601.3	278.5	1879.8
30.1	416.3	193.5	39.6	233.1	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
191.9	374.2	126.9	586.7	713.6	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	1305.7	398.2	575.4	973.6
330.8	570.8	66.9	305.0	371.9	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	1299.8	1888.1	812.0	641.1	1453.1
0.0	51.7	24.3	160.3	184.6	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
7312.3	11249.4	4825.1	9463.9	14289.0	5988.3	9043.6	15031.9	5402.6	11054.5	16457.1	4336.6	11852.4	16189.0	5711.7	11812.2	17523.9	6753.4	12044.0	18797.4	6686.2	7698.6	14384.8

id other Social Services, Tourism, Labour, Hydrology and meteorology and others only.
 orm, Planning and contingencies.
 ral Office.

Table 2.10 : Foreign Loan and Debt Servicing

Rs. in Million

	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	2001/02*	2002/03**
Direct																	
Outstanding Upto Last Year	16990.6	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	214821.8	221708.6
Borrowing	4069.9	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	6699.7	3358.1
Repayments	296.5	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	3166.7	3077.7
Interest Payments	293.0	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	1210.7	1129.7
Net Outstanding	20764.0	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	218354.7	221989.0
Indirect																	
Outstanding Upto Last Year	63.0	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	5.7	4.1
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	0.0
Repayments	1.0	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	0.9	1.2
Interest Payments	0.5	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	62.0	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	4.8	2.9
Total Foreign Loan																	
Outstanding Upto Last Year	17053.6	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	214827.5	221712.7
Borrowing	4069.9	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	6699.7	3358.1
Repayments	297.5	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	3167.6	3078.9
Interest Payments	293.5	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	1210.7	1129.8
Net Outstanding	20826.0	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	218359.6	221991.9

* First Eight Months (Actual)

** First Eight Months (Estimate)

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	
	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2001	2002	2003
1 Treasury Bills																
a Nepal Rastra Bank	3245.1	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	16494.5
b Commercial Banks	89.5	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	28421.1
c Others	105.4	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	2089.2
Sub-Total	3440.0	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	47004.8
2 Development Bonds																
a Nepal Rastra Bank	615.5	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	2703.2
b Commercial Banks	2210.8	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	6993.6
c Financial Institutions	80.9	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	1737.0
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	0.0	500.0	500.0
e Govt. Business Enterprise	19.6	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	75.0
f Private Business Enterprise	40.8	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	10.0
g Individuals	7.7	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	869.1
h Non-profit Organizations	14.7	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	202.8
Sub-Total	2990.0	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	13090.7
3 National Savings Certificate																
a Nepal Rastra Bank	341.9	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	0.4
b Commercial Banks	26.5	41.7	41.7	41.7	41.7	167.8	167.9	167.9	167.8	167.8	154.5	154.5	154.5	154.5	117.8	110.0
c Financial Institutions	80.2	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	610.5
d National Insurance Company	319.5	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	735.7
e Provident Fund	647.1	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	1285.6
f Govt. Business Enterprise	0.0	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	705.9
g Private Business Enterprise	103.4	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	316.4
h Individuals	112.6	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	1060.2
i Non-profit Organizations	308.8	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	6435.1
Sub-Total	1940.0	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	11259.8
4 Public Saving Card															3.1	1.3
a Personal area															625.0	929.8
Sub-Total															628.1	931.1
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	137.5	111.2	80.2	80.2	32.8	-	0.0	0.0
b IMF Promisory Note (N.R.BK)	489.9	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
c. CB PASS 20 years Special Bond and others	0.0	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	5245.2
1 Nepal Rastra Bank	0.0	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	2396.7
2 Commercial Banks.	0.0	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
3 Employee's Provident Fund	0.0	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
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	0.0	430.4	430.4
Sub-Total	627.4	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	9416.9
6 Total																
a Nepal Rastra Bank	4829.9	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	25767.8
b Commercial Banks	2326.8	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	36469.3
c. Others	1840.7	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	19466.2
Grand Total	8997.4	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	81703.3

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		
	2000/01	2001/02	2002/03*	2000/01	2001/02	2002/03*	2000/01	2001/02	2002/03*	2000/01	2001/02	2002/03*
July /August	137.5	141.5	147.5	132.4	135.4	141.5	139.9	146.4	150.6	139.7	143.3	150.0
August/September	138.5	143.7	148.4	133.8	137.9	142.0	141.7	148.0	151.1	140.2	145.7	151.3
September/October	141.6	144.4	148.7	136.6	139.2	141.9	145.3	148.4	151.0	143.3	146.1	152.0
October/November	141.3	144.8	148.0	137.4	138.6	140.9	145.2	148.2	150.0	142.3	147.4	151.7
November/December	139.3	143.1	147.0	135.9	137.2	140.0	142.9	146.6	149.3	140.0	145.4	150.3
December/January	136.7	140.7	145.3	134.2	136.4	138.4	141.4	144.4	148.4	136.6	142.0	148.4
January/February	135.1	139.4	145.8	132.1	134.6	138.9	140.8	143.4	149.0	134.8	140.9	148.8
February/March	134.9	139.4	146.7	130.7	134.0	139.1	140.6	143.3	149.7	135.4	141.2	150.3
March/April	136.8	140.1		131.6	134.2		142.0	144.5		138.1	142.0	
April/May	137.7	141.2		132.9	135.8		143.2	145.7		138.5	142.8	
May/June	138.6	142.8		133.6	136.8		143.6	147.2		139.9	144.8	
June/July	139.6	144.5		134.3	138.3		144.2	148.3		141.2	146.9	
Annual Average	138.1	142.1		133.8	136.5		142.6	146.2		139.2	144.0	
Changes in Price Index (%) (Mid July-March)	-0.1	-0.1	1.5	0.4	-0.2	0.6	3.3	-0.6	0.9	-1.6	0.0	2.3
Average Inflation Rate (%) First Eight Months	2.1	2.9	3.6	3.2	1.9	2.6	4.4	2.7	2.6	0.6	3.6	4.4
Annual Inflation Rate %	2.4	2.9		3.2	2.0		5.2	2.5		1.1	3.4	

* 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	First Eight Months		% Change
							2001/02	2002/03*	
Overall Index	108.1	117.1	130.4	134.9	138.1	142.1	142.1	147.2	3.6
Food and Beverages	108.2	116.6	135.5	136.1	133.0	137.9	138.4	142.9	3.3
Grains and Cereal Products	109.1	112.5	133.5	145.0	125.1	127.7	127.1	136.7	7.6
Rice	106.5	110.1	132.9	145.8	124.4	125.8	125.6	135.3	7.7
Pulses	106.1	103.6	123.6	118.7	121.6	123.9	124.0	125.8	1.5
Vegetable	103.7	121.0	145.1	120.6	125.6	135.0	140.8	138.1	-1.9
Spices	105.7	113.8	139.3	141.2	153.0	156.1	162.4	141.5	-12.9
Meat, Fish and Eggs	111.1	120.6	128.5	134.0	137.8	143.5	141.6	146.1	3.2
Milk and Milk Products	112.0	120.6	132.1	136.9	144.7	146.4	146.2	147.2	0.7
Oil and Clarified Butter	102.5	111.0	143.2	110.9	105.7	114.5	113.4	130.3	14.9
Sugar and Related Product	104.2	112.8	118.0	113.4	126.4	133.8	134.8	127.8	-5.2
Beverage	109.2	125.3	136.2	141.2	144.0	151.2	150.2	161.4	7.5
Sncks	111.0	124.0	139.8	150.8	162.9	168.2	168.0	171.3	2.0
Non-Food Items & Services	108.0	117.8	124.6	133.4	144.2	147.2	146.6	152.2	3.8
Cloths & Readymade Garments	107.8	115.2	122.1	127.8	130.6	133.8	133.7	135.4	1.3
Cloths	104.9	107.6	112.5	120.2	123.4	125.5	125.8	124.4	-1.1
Readymade Garments	108.6	116.7	123.4	127.7	130.3	133.5	133.2	136.3	2.3
Footware	108.3	119.3	124.9	127.1	129.1	131.2	130.9	132.6	1.3
Housing Materials	107.8	114.5	119.1	127.5	142.5	144.5	143.6	148.1	3.1
Fuel,Light and Water	111.2	119.6	122.9	139.2	170.2	168.6	167.9	172.2	2.6
Transport & Communications	111.8	125.7	130.2	146.5	158.4	162.4	162.3	164.8	1.5
Medical and Personal Care	107.5	119.9	131.0	139.4	147.4	156.5	155.1	162.5	4.8
Education, Educational Materials and Recreation	107.6	120.4	128.9	141.6	161.4	159.3	159.1	173.9	9.3
Cigarettes	106.8	124.6	130.2	137.4	139.9	146.3	145.5	150.3	3.3

* 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
	1999/00	2000/01		2000/01	2001/02		2001/02	2002/03*	
Overall Index	135.0	134.9	-0.1	139.6	139.4	-0.1	144.5	146.7	1.5
Food & Beverage	134.0	126.6	-5.8	134.9	131.9	-2.2	141.0	140.9	-0.1
Grains and Cereal Products	136.5	116.6	-14.7	121.9	123.7	1.5	132.6	136.8	3.2
Rice	137.2	113.1	-17.6	120.3	119.8	-0.4	131.7	131.3	-0.3
Pluses	121.1	119.0	-1.7	122.8	121.8	-0.8	128.2	121.9	-4.9
Vegitable & Fruits	126.3	103.0		133.9	107.3	-19.9	138.8	119.6	-13.8
Spices	146.3	147.3	0.7	160.1	155.5	-2.9	143.2	141.0	-1.5
Meat, Fish & Eggs	135.2	137.7		141.4	143.1	1.2	146.6	148.7	1.4
Milk & Milk Products	137.5	146.2	6.3	146.5	144.9	-1.1	147.1	147.9	0.5
Oil & Ghee	104.3	102.8	-1.4	108.7	111.8	2.9	123.5	136.4	10.4
Sugar & related products	111.7	120.2	7.6	133.1	128.3	-3.6	131.3	119.2	-9.2
Beverage	141.0	144.1	2.2	146.4	153.2	4.6	153.3	161.9	5.6
Snacks	154.7	166.3	7.5	167.8	168.1	0.2	169.1	173.8	2.8
Non-Food Items & Services	135.8	144.6	6.5	145.2	148.1	2.0	148.7	153.5	3.2
Cloths & Readymade Garments	128.0	131.5	2.7	131.7	134.0	1.7	134.0	136.4	1.8
Cloths	120.3	124.7	3.7	125.8	124.5	-1.0	124.7	125.1	0.3
Readymade Garments	127.8	130.7	2.3	130.5	134.1	2.8	134.0	137.6	2.7
Footware	128.0	129.0	0.8	129.5	130.8	1.0	132.1	132.8	0.5
Housing Materials	131.6	141.6	7.6	142.4	145.9	2.5	146.5	150.7	2.9
Fuel, light & water	146.7	165.4	12.7	167.0	169.9	1.7	170.0	174.2	2.5
Transport & Communication	151.5	161.9	6.9	161.9	162.1	0.1	163.7	165.1	0.9
Medical & Personal Care	142.7	148.8	4.3	149.6	158.5	5.9	159.8	163.7	2.4
Education, Educational Materials and Recreation	141.5	161.7	14.3	161.7	159.5	-1.4	159.6	174.3	9.2
Cigarettes	138.2	139.3	0.8	141.4	147.4	4.2	148.2	150.8	1.8

Contd.

* 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
	1999/00	2000/01		2000/01	2001/02		2001/02	2002/03*	
Overall Index	130.2	130.7	0.4	134.3	134.0	-0.2	138.3	139.1	0.6
Food & Beverage	130.0	124.0	-4.6	130.7	127.3	-2.6	135.6	133.2	-1.8
Grains and Cereal Products	139.2	120.9	-13.1	126.4	126.8	0.3	132.7	134.3	1.2
Rice	142.5	120.1	-15.7	127.1	126.5	-0.5	134.1	134.0	-0.1
Wheat and Flour	138.0	122.6	-11.2	119.7	141.3	18.0	137.8	181.8	31.9
Pluses	122.5	115.4	-5.8	120.8	113.4	-6.1	121.8	111.5	-8.5
Vegitable & Fruits	117.0	97.4	-16.8	117.7	96.2	-18.3	129.4	110.4	-14.7
Spices	139.0	143.5	3.2	160.0	151.5	-5.3	139.0	133.6	-3.9
Meat, Fish & Eggs	126.0	134.0	6.3	134.6	137.1	1.9	140.0	141.5	1.1
Milk & Milk Products	122.1	133.2	9.1	133.2	133.4	0.2	133.5	133.6	0.1
Oil & Ghee	101.6	99.9	-1.7	104.4	109.2	4.6	118.2	132.1	11.8
Sugar & related products	113.6	121.6	7.0	135.5	130.9	-3.4	135.2	126.4	-6.5
Beverage	136.3	134.8	-1.1	134.8	136.3	1.1	134.9	135.9	0.7
Snacks	143.0	152.2	6.4	154.2	155.1	0.6	156.6	157.4	0.5
Non-Food Items & Services	130.5	137.7	5.5	138.1	141.1	2.2	141.3	145.4	2.9
Cloths & Readymade Garments	132.9	133.7	0.6	133.7	133.8	0.1	133.5	134.7	0.9
Cloths	125.2	126.7	1.2	127.8	124.9	-2.3	125.6	127.0	1.1
Readymade Garments	133.1	132.8	-0.2	132.5	133.6	0.8	132.8	133.7	0.7
Footware	129.1	128.0	-0.9	129.9	132.7	2.2	132.6	132.5	-0.1
Housing Materials	127.1	137.2	7.9	137.4	141.2	2.8	141.3	146.1	3.4
Fuel, light & water	149.1	169.1	13.4	169.3	174.0	2.8	174.0	178.8	2.8
Transport & Communication	137.4	149.2	8.6	149.1	151.2	1.4	153.0	155.7	1.8
Medical & Personal Care	137.1	143.7	4.8	144.2	164.3	13.9	164.8	167.0	1.3
Education, Educational									
Materials and Recreation	127.3	138.0	8.4	138.1	126.2	-8.6	126.1	136.3	8.1
Cigarettes	118.3	121.2	2.5	125.1	131.4	5.0	131.1	133.6	1.9

Contd.

* 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
	1999/00	2000/01		2000/01	2001/02		2001/02	2002/03*	
Overall Index	137.6	135.4	-1.6	141.2	141.2	0.0	146.9	150.3	2.3
Food & Beverage	135.7	125.0	-7.9	135.0	132.4	-1.9	142.0	143.9	1.3
Grains and Cereal Products	136.3	111.9	-17.9	118.3	121.6	2.8	134.0	140.6	4.9
Rice	136.2	107.6	-21.0	115.9	116.0	0.1	132.8	132.1	-0.5
Wheat and Flour	138.3	123.9	-10.4	123.1	142.4	15.7	138.0	179.9	30.4
Pluses	117.2	115.8	-1.2	119.4	124.3	4.1	130.1	127.1	-2.3
Vegetable & Fruits	129.1	102.2	-20.8	142.6	111.5	-21.8	140.8	122.9	-12.7
Spices	146.2	140.7	-3.8	154.6	155.0	0.3	141.8	143.9	1.5
Meat, Fish & Eggs	140.1	140.3	0.1	144.5	146.2	1.2	149.1	151.3	1.5
Milk & Milk Products	143.9	151.8	5.5	152.3	148.6	-2.4	149.8	150.8	0.7
Oil & Ghee	103.4	103.4	0.0	109.4	112.4	2.7	125.9	137.9	9.5
Sugar & related products	110.3	118.2	7.2	131.7	126.0	-4.3	128.1	115.1	-10.1
Beverage	136.8	139.5	2.0	143.9	153.7	6.8	154.7	169.0	9.2
Snacks	157.9	168.1	6.5	169.2	168.5	-0.4	168.3	175.3	4.2
Non-Food Items & Services	139.9	148.1	5.9	148.8	151.9	2.1	152.9	158.1	3.4
Cloths & Readymade Garments	128.7	133.8	4.0	134.5	138.4	2.9	138.7	141.6	2.1
Cloths	123.5	131.8	6.7	133.2	131.8	-1.1	131.8	131.2	-0.5
Readymade Garments	127.5	131.3	3.0	131.8	137.9	4.6	138.3	143.6	3.8
Footware	129.0	131.1	1.6	130.8	131.5	0.5	134.2	134.7	0.4
Housing Materials	135.8	144.0	6.0	145.0	148.2	2.2	148.8	153.2	3.0
Fuel, light & water	148.9	163.9	10.1	165.8	167.8	1.2	168.0	172.4	2.6
Transport & Communication	154.2	163.3	5.9	163.3	162.1	-0.7	163.4	164.2	0.5
Medical & Personal Care	146.4	151.5	3.5	152.7	156.0	2.2	157.9	162.6	3.0
Education, Educational Materials and Recreation	149.7	171.3	14.4	171.1	176.0	2.9	176.3	194.6	10.4
Cigarettes	151.8	150.3	-1.0	152.4	157.0	3.0	158.6	160.6	1.3

Contd.

* 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
	1999/00	2000/01		2000/01	2001/02		2001/02	2002/03*	
Overall Index	136.1	140.6	3.3	144.2	143.3	-0.6	148.3	149.7	0.9
Food & Beverage	138.1	135.3	-2.0	141.6	138.3	-2.3	147.1	145.7	-1.0
Grains and Cereal Products	132.6	120.8	-8.9	124.2	124.3	0.1	128.5	130.8	1.8
Rice	131.1	116.5	-11.1	121.1	119.3	-1.5	125.0	125.0	0.0
Wheat and Flour	141.1	126.0	-10.7	121.4	139.6	15.0	136.5	172.3	26.2
Pluses	129.1	133.4	3.3	135.4	128.8	-4.9	133.9	125.1	-6.6
Vegetable & Fruits	134.1	114.5	-14.6	137.3	114.3	-16.8	148.8	125.4	-15.7
Spices	158.6	171.0	7.8	174.9	163.5	-6.5	153.6	145.1	-5.5
Meat, Fish & Eggs	137.0	136.7	-0.2	143.9	144.4	0.3	150.5	153.6	2.1
Milk & Milk Products	145.4	152.4	4.8	152.9	153.9	0.7	162.2	163.6	0.9
Oil & Ghee	110.8	106.2	-4.2	113.7	114.6	0.8	125.7	139.6	11.1
Sugar & related products	112.4	123.3	9.7	133.0	130.4	-2.0	133.6	118.5	-11.3
Beverage	160.2	171.8	7.2	172.3	179.6	4.2	180.0	185.7	3.2
Snacks	165.4	185.0	11.9	186.2	188.1	1.0	191.9	197.0	2.7
Non-Food Items & Services	133.7	146.7	9.7	147.0	149.0	1.4	149.6	154.2	3.1
Cloths & Readymade Garments	118.1	121.7	3.0	120.8	122.4	1.3	122.2	125.2	2.5
Cloths	103.3	102.6	-0.7	102.9	104.4	1.5	103.8	105.5	1.6
Readymade Garments	120.0	125.5	4.6	123.9	124.7	0.6	124.5	127.7	2.6
Footware	123.4	124.9	1.2	125.3	125.8	0.4	125.9	128.1	1.7
Housing Materials	128.0	142.4	11.3	143.8	147.7	2.7	148.9	151.4	1.7
Fuel, light & water	137.0	163.1	19.1	166.4	168.7	1.4	168.7	171.5	1.7
Transport & Communication	167.4	179.2	7.0	179.2	180.1	0.5	182.2	182.9	0.4
Medical & Personal Care	141.8	150.0	5.8	150.2	155.8	3.7	156.4	161.0	2.9
Education, Educational									
Materials and Recreation	142.7	174.8	22.5	175.1	169.6	-3.1	169.6	182.2	7.4
Cigarettes	133.9	139.1	3.9	138.6	147.7	6.6	148.0	152.7	3.2

* Provisional

Source : Nepal Rastra Bank

Table 3.4 :National Wholesale Price Index

(1999/00=100)

Groups and sub-groups	weight %	2000/01	2001/02	% Change	2001/02	2002/03	% Change
		Mid-July	Mid-Mar		Mid-July	Mid-Mar	
		1	2	2/1=3	4	5	5/4=6
Overall Index	100.0	104.6	103.5	-1.1	106.3	109.6	3.1
Agricultural Commodities	49.6	103.8	99.4	-4.2	105.0	108.7	3.5
Fodgrains	16.6	83.6	91.1	9.0	87.5	100.1	14.4
Cash Crops	6.1	153.4	105.9	-31.0	132.0	101.8	-22.9
Pulses	3.8	109.3	105.5	-3.5	108.8	112.3	3.2
Fruits and Vegetables	11.2	101.5	96.6	-4.8	110.4	114.1	3.4
Spices	1.9	103.7	96.2	-7.2	86.0	99.3	15.5
Livestock Production	10.0	107.6	110.4	2.6	113.8	121.6	6.9
Domestic Manufactured Commodities	20.4	102.2	106.6	4.3	105.7	108.9	3.0
Food Related Products	6.1	98.9	102.4	3.5	103.6	108.7	4.9
Beverages and Tobacco	5.7	102.4	111.1	8.5	111.8	111.6	-0.2
Construction Materials	4.5	107.4	110.0	2.4	106.1	108.6	2.4
Others	4.1	101.1	102.7	1.6	100.0	105.7	5.7
Imported Commodities	30.0	107.7	108.2	0.5	108.8	111.6	2.6
Petroleum Products and Coal	5.4	125.8	125.7	-0.1	125.8	131.8	4.8
Chemical Fertilizers and Chemical Goods	2.5	117.3	120.9	3.1	121.0	123.3	1.9
Transport Vehicles and Machinery Goods	7.0	102.0	101.7	-0.3	101.0	103.0	2.0
Electric and electronic Goods	1.9	99.5	99.4	-0.1	99.3	97.4	-1.9
Drugs and Medicine	2.7	102.4	101.1	-1.3	101.7	103.1	1.4
Textile related Products	3.1	100.1	99.8	-0.3	103.6	106.3	2.6
Others	7.5	103.9	105.6	1.6	106.8	110.1	3.1

P=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	2001/02						2002/03*					
		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	22.66	19.07	14.63	12.97	17.59	16.63	21.42	17.15	14.71	14.75	18.06	15.95
Wheat Flour	Per.Kg	19.96	18.70	14.88	13.75	16.17	16.72	19.19	18.15	16.03	16.50	17.61	17.33
Black Gram	Per.Kg	54.14	52.34	46.00	45.89	52.14	49.76	49.53	50.34	37.61	42.97	43.57	46.65
Rahar	Per.Kg	48.97	52.48	47.50	43.28	49.62	48.80	55.38	53.22	46.50	47.67	50.94	50.45
Mustard Oil	Per.Kg	88.59	76.99	75.50	65.33	74.22	72.33	87.27	86.97	63.31	82.29	75.29	84.63
Ghee (Purified)	Per. Lt.	205.14	215.59	235.00	228.57	217.35	220.64	186.45	233.22	190.38	237.14	188.41	235.18
Mutton	Per. Kg	171.43	181.98	183.33	126.88	177.17	180.88	183.00	186.89	163.75	190.00	173.38	188.44
Potato	Per.Kg	15.79	13.04	13.41	7.56	13.60	10.09	16.03	11.48	13.22	6.67	14.62	9.08
Dried Onion	Per.Kg	16.01	25.10	11.00	12.39	16.14	18.74	21.78	16.61	13.81	12.00	17.80	14.31
Ginger	Per.Kg	32.15	29.87	37.00	20.54	32.07	25.20	30.49	18.71	19.63	16.97	25.06	17.84

* Provisional

+ As the retail transaction of maize is minimal, maize has been omitted from the list of price collection from Fiscal Year 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	2001/02	17.59	17.42	18.04	17.77	16.91	16.89	15.04	16.63	17.04
		2002/03*	18.06	18.56	17.49	18.50	15.94	15.20	16.24	15.95	16.99
2	Wheat Flour	2001/02	16.17	16.68	16.88	16.71	16.62	20.00	15.12	16.72	16.86
		2002/03*	17.61	17.59	15.82	17.58	16.77	16.33	16.84	17.33	16.98
3	Black Gram	2001/02	52.14	52.50	53.06	51.41	50.60	48.17	48.14	49.76	50.72
		2002/03*	43.57	49.88	46.71	51.50	43.26	46.20	46.36	46.65	46.77
4	Rahar	2001/02	49.62	48.94	49.20	49.54	49.29	49.83	47.82	48.8	49.13
		2002/03*	50.94	52.59	49.57	51.41	51.07	48.81	50.11	50.45	50.62
5	Mustard Oil	2001/02	74.22	75.68	74.40	75.20	73.16	105.74	70.58	72.33	77.66
		2002/03*	75.29	79.98	79.93	83.37	77.24	84.97	85.82	84.63	81.40
6	Ghee (Purified)	2001/02	217.35	201.83	198.59	202.49	223.85	215.86	217.11	220.64	212.22
		2002/03*	188.41	228.33	234.87	237.25	199.64	232.46	235.66	235.18	223.98
7	Mutton	2001/02	177.17	180.24	176.10	174.89	174.39	178.07	180.21	180.88	177.74
		2002/03*	173.38	184.00	172.46	186.38	174.35	190.22	175.13	188.44	180.55
8	Potato	2001/02	13.60	14.06	14.96	15.71	14.9	13.63	11.03	10.09	13.50
		2002/03*	14.62	15.02	15.89	16.31	16.17	11.01	9.73	9.08	13.48
9	Dried Onion	2001/02	16.14	19.44	21.52	23.19	26.23	21.75	16.00	18.74	20.38
		2002/03*	17.8	21.10	17.87	21.69	19.41	16.34	14.10	14.31	17.83
10	Ginger	2001/02	32.07	36.03	38.34	30.20	28.71	28.40	22.46	25.20	30.18
		2002/03*	25.06	28.65	23.83	27.92	17.77	19.17	18.84	17.84	22.39

* Preliminary

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

Source : Department of Agriculture , Marketing Development Division.

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

Price in Rs.

Items	Unit	1987/88	1988/89	1989/90	1991/92	1992/93	1990/91	1993/94	1994/95+	1995/96	1996/97*	1997/98#	1998/99	1999/00	2000/01	2001/02	2002/03**
Petrol	Per Lt.	12.90	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	46.00	52.00
Diesel	Per Lt.	7.50	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	26.50
Kerosene	Per Lt.	5.75	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	17.00
Aircraft Turbine Oil	Per Lt.	9.71	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	28.80
Light Diesel Oil	Per K.L	5855.89	5855.89	-	8915.56	8915.56	10689.08	10689.08	10981.69	12211.54	15622.81	15622.81	12237.76	13505.24	20666.68	22906.78	23365.51
Furnace Oil	Per K.L	5142.61	5142.61	6024.70	7896.82	7896.82	7896.82	7896.82	8980.58	10922.33	11582.52	11938.22	10567.22	12760.72	15863.36	17359.62	23615.62
L. P. Gas	Per M.T.	7130.00	-	-	7160.00	8530.00	11622.93	16024.00	16024.00	16024.00	15674.00	19858.11	19858.11	17816.26	22241.45	22241.45	30346.80

[@] Prices of Kathmandu Valley only

+Price in Mid - April 1995

** First Eight Months

*Mid - April 1996

Since Mid-Jan. 1998

Source: Nepal Oil Corporation

Table 3.8 : Supply Position of Some Petroleum Products

Main Item of Petroleum	Unit	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*
Petrol	In K.L.	15609	17340	14708	17241	26780	29910	31056	34942	41191	44889	46939	49994	55589	59245	63578	46824
Diesel	In K.L.	73321	75356	103273	106438	166552	179900	196047	227226	250504	257235	300604	315780	310561	326060	287657	188499
Kerosene	In K.L.	51835	63246	92672	75939	122458	149237	162077	180536	208720	243005	282026	294982	331120	316381	390113	244446
Light Diesel Oil	In K.L.	-	-	9327	16541	2542	1530	-	4191	4375	2017	967	547	4005	3418	2413	208
Furnace Oil	In K.L.	-	-	-	-	11062	20222	27319	31567	18449	16858	27776	33860	26876	20999	18255	10400
Air Fuel	In K.L.	-	-	-	-	24836	29210	30250	37536	40621	47688	51412	55549	56849	63130	47274	34194
L.P. Gas	In M.ton	-	-	-	-	-	-	-	-	18400	21824	22961	25019	30627	40102	48757	37012

* First Eight Months

Source: Nepal Oil Corporation

Table 4.1 : Monetary Survey

Rs. in million

S. N.	Description	Mid-July															Mid-March		
		1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002*	2002*	2003**
1	Net Foreign Assets	3059.9	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	88419.1	89658.4	92388.9
2	Net Domestic Assets	14438.3	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	135569.2	130384.3	144910.1
3	Domestic Credit	17803.1	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	204482.3	192706.2	218268.2
4	Net Claims on Government	8712.3	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	59692.0	50187.2	61330.2
5	Claims on Govt. Enterprises	2958.3	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	11475.1	11471.4	10461.9
	(a) Financial	1102.3	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	8399.1	9187.9	7248.6
	(b) Non-Financial	1856.0	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	3076.0	2283.5	3213.3
6	Claims on Private Sector	6132.5	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	133315.3	131047.7	146476.1
7	Net Capital & Other Items	3364.8	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	68913.1	62322.0	73367.2
8	Money Supply, M2 (9+10)	17498.2	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	223988.3	220042.7	237290.0
9	Money Supply, M1	8120.2	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	77156.2	76424.5	79569.3
	(a) Currency	5746.1	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	55658.3	55766.1	58897.1
	(b) Demand Deposits	2374.1	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	21497.9	20658.4	20672.2
10	Fixed & Savings Deposits ++	9378.0	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	146832.1	143618.2	157720.7
11	Change in Money Supply (%)																		
	M1	15.5	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	9.3	8.3	3.1
	M2	15.4	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	4.4	2.6	5.9

* 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		
		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*	2001/02*	2002/03**
1	Net Foreign Assets @	2513.7	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	1860.4	3969.8
2	Net Domestic Assets	1410.7	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	3728.2	9340.9
3	Domestic Credit	2666.2	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	16626.9	4850.8	13785.9
4	Net Claims on Government	546.7	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	10500.9	996.1	1638.2
5	Claims on Govt. Enterprises	304.9	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	-431.3	-435.0	-1013.2
	Financial	194.7	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	-1284.3	-495.5	-1150.5
	Non-financial	110.2	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	60.5	137.3
6	Claims on Private Sector	1814.6	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	4289.8	13160.8
7	Net Capital & Other Items @	1255.5	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	7713.8	1122.7	4454.1
8	Money Supply, M2 (9+10)	3924.4	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	5588.6	13301.7
9	Money Supply, M1	1476.4	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	5847.6	2413.1
	(a) Currency	628.5	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	7471.0	3238.8
	(b) Demand Deposits	847.9	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	-1623.4	-825.7
10	Fixed and Savings Deposits +	2448.0	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	-259.0	10888.6

* 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*	2002*	2003**
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	179133.5	194749.3
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	22679.2	23231.3
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	79395.0	91149.7
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	75128.0	77647.8
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	1931.3	2720.5
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	5.5	213.7
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	179.5	63.7
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	30430.6	29606.1	36516.3
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	215430.8	208924.6	231543.0
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	43409.5	40751.3
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	3911.5	3376.7
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	14833.3	12212.1
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	689.0	868.5
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	23975.7	24294.0
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	170494.6	167573.7	191324.7
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	29259.2	26565.9	36469.3
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	9820.5	9814.1	8968.1
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	128867.9	144337.8
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	2325.8	1549.5
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	76.9	78.7	79.5

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

Rs. in Million

S. N.	Purpose	Mid-July															Mid-March		
		1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002*	2002*	2003 **
1	Agriculture	153.2	553.2	1157.8	1531.6	1850.3	2432.1	3144.2	3395.6	4923.8	3972.8	5102.9	6095.9	7868.5	8863.7	9999.4	10156.0	10060.7	11268.5
2	Industry	2042.0	2575.2	3134.7	3817.6	4545.6	5389.3	6621.1	11046.9	15877.6	24212.6	26393.8	31775.2	38062.1	44885.3	51008.9	53595.3	53092.5	59466.0
3	Commerce	2476.8	2512.0	2829.8	3371.7	4150.0	6801.8	7235.2	9508.1	13305.7	17010.3	20401.0	23963.9	27654.9	32753.3	36200.2	36928.6	36582.2	40973.7
4	General Use & Social Purpose	1698.5	2190.1	2733.2	2785.3	3132.7	3629.3	3741.0	4116.7	4785.5	4749.7	5651.9	5970.1	6256.1	7237.9	8049.0	8238.2	8160.9	9140.5
5	Service Sector	571.0	333.8	501.2	292.5	330.4	545.1	735.5	1271.8	1697.7	2674.4	2927.0	3439.1	4240.9	5713.6	7603.2	9110.3	9024.8	10108.2
Total		6941.5	8164.3	10356.7	11798.7	14009.0	18797.6	21477.0	29339.1	40590.3	52619.8	60476.6	71244.2	84082.5	99453.8	112860.7	118028.4	116921.1	130956.9

* Provisional

** Estimates

Source: Nepal Rastra Bank.

Table 4.5 : Distribution of Loans by Some Financial Institutions

Rs. in Million

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	First Eight Months *	
																2001/02	2002/03
1. Agricultural Development Bank.																	
(a) Loan Disbursement	854.0	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	5227.2	6030.4
(b) Realisation	593.2	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	3909.6	4712.8
(c) Loan Disbursement ,Net	260.8	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	1317.6	1317.6
(d) Outstanding Loan	2242.1	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	16100.0	17991.4
2. Nepal Industrial Development Corp.																	
(a) Loan Disbursement	157.2	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	63.9	21.9
(b) Realisation	57.0	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	113.5	23.6
(c) Loan Disbursement, Net	100.2	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	-49.6	-1.7
(d) Outstanding Loan	689.9	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	2034.7	1994.6
3. Employee's Provident Fund																	
(a) Loan Disbursement	335.5	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	2132.7	3240.3
(b) Realisation	198.1	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	391.0	533.9
(c) Loan Disbursement ,Net	137.4	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	1741.7	2706.4
(d) Outstanding Loan	1236.8	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	8259.7	12276.4
4. Total																	
(a) Loan Disbursement	1340.7	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	7423.8	9292.6
(b) Realisation	838.1	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	4414.1	5270.3
(c) Loan Disbursement ,Net	502.6	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	3009.7	4022.3
(d) Outstanding Loan	4169.4	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	26394.4	32262.4

* Estimate

** Adjusted as per change in accounting system of EPF

+ Provisional Cash Only

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

Table 6.1 : Direction of Foreign Trade

Rs. in Million

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	1999/2000	2000/01	2001/02*	First Eight Months *	
																2001/02	2002/03
Export F.O.B.	4114.6	4195.3	5156.2	7387.5	13706.5	17266.5	19293.4	17639.2	19881.1	22636.5	27513.5	35676.3	49822.7	55654.1	47540.4	34933.8	33550.3
India	1567.8	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	28865.2	22057.8	18827.2
Other countries	2546.8	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	18675.2	12876.0	14723.1
Import C.I.F.	13869.6	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	106731.3	69841.2	80163.8
India	4595.8	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	45364.3	28787.6	35022.2
Other countries	9273.8	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	61367.0	41053.6	45141.6
Trade Balance	-9755.0	-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	-59190.9	-34907.4	-46613.5
India	-3028.0	-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	-16499.1	-6729.8	-16195.0
Other countries	-6727.0	-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	-42691.8	-28177.6	-30418.5
Total volume of Trade	17991.2	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	154271.7	104775.0	113714.1
India	6163.6	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	74229.5	50845.4	53849.4
Other countries	11827.6	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	80042.2	53929.6	59864.7
% 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	34.3	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	48.1	48.5	47.4
Other countries	65.7	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	51.9	51.5	52.6

* Provisional

Source : Nepal Rastra Bank .

Table 6.2 : Commodity Trade by SITC Group

Rs. in Million

SITC Group	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02*	First Eight Months *	
																2001/02	2002/03
Export	4114.6	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	47540.4	34933.8	33550.3
Food & live Animals	804.4	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	5411.0	3877.0	4099.8
Tobacco & Beverage	10.1	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	160.5	84.2	86.8
Crude Materials & Inedibles	513.7	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	944.3	677.3	531.6
Mineral Fuels & Lubricants	0.8	-	-	-	-	0.3	-	-	1.3	1.4	20.9	0.5	2.2	1.3	0.9	0.3	6.6
Animals & Vegetable Oil & Fats	171.5	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	7477.8	6707.8	3962.2
Chemicals & Drugs	12.6	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	3228.6	2219.5	2039.3
Classified by Materials	1601.6	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	17336.6	12302.2	11121.5
Machinery & Transport Equipment	0.5	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	364.4	287.8	147.6
Miscellaneous Manufactured Articles	996.9	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	12616.3	8777.7	11514.3
Not Classified	2.5	-	-	-	-	1.4	0.2	0.1	-	0.5	0.0	0.0	0.0	0.0	0.0	0.0	40.6
Import	13869.6	16253.7	18324.9	23226.3	31940.0	39205.6	51570.8	63679.5	74454.5	93553.4	89002.0	87525.3	108504.9	115687.2	106731.3	69841.2	80163.8
Food & live Animals	1523.7	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	7054.0	4615.2	6164.0
Tobacco & Beverage	172.2	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	848.4	557.2	608.9
Crude Materials & Inedibles	1036.8	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	6890.6	4305.7	4401.5
Mineral Fuels & Lubricants	1049.9	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	15231.3	8940.3	12958.7
Animals & Vegetable Oil & Fats	352.6	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	5889.3	5179.4
Chemical & Drugs	1495.4	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	12505.0	8339.4	9466.6
Classified by Materials	3359.2	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	32618.5	21328.7	23664.9
Machinery & Transport Equipment	4143.7	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	18835.2	12724.2	13145.4
Miscellaneous Manufactured Articles	729.1	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	4798.7	3082.9	3881.5
Not Classified	7.0	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	58.3	692.9

* Provisional

Source: Nepal Rastra Bank

Table 6.3 : Export of Major Commodities to India

Rs. in Million

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*	First Eight Months *	
																2001/02	2002/03
Timber	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rice (Husked)	-	-	-	-	-	-	-	-	-	-	8.0	74.1	0.0	16.6	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
Mustard & Linseeds	141.3	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	10.2	43.9
Herbs	16.4	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	72.3	63.2	53.7
Ghee	46.7	49.9	7.8	27.6	22.6	43.6	46.5	49.6	35.4	90.0	167.0	39.2	37.6	470.7	12.7	9.4	12.4
Dried Ginger	37.3	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	68.2	43.8	73.8
Pulses	123.1	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	999.1	790.3	783.6
Kutch	105.4	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	6.5	6.6
Live Animals	162.5	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	32.3	19.7	27.4
Flour	0.2	0.1	0.2	4.5	1.7	-	-	-	0.3	3.9	8.3	13.4	0.0	60.8	36.5	34.8	1.0
Ginger	34.1	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	174.0	146.0	242.5
Oil Cake	57.5	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	279.3	178.8	183.9
Catechu	9.0	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	175.8	133.9	77.6
Rice bran Oil	79.0	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	59.4	144.4
Salseed Oil	56.9	35.8	-	33.9	-	2.5	-	47.5	0.1	0.4	-	3.7	51.9	0.0	1.6	0.0	1.9
Raw Jute	44.1	36.5	117.5	5.7	-	44.2	40.0	86.0	33.0	3.2	5.0	0.1	0.0	113.6	7.9	7.9	0.0
Jute Cutting	8.6	10.5	-	-	0.5	-	0.5	0.1	2.8	3.3	1.4	-	0.1	1.1	0.0	0.0	0.0
Jute Goods	188.7	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	1031.6	1329.2
Hessian	84.9	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	19.0	26.6
Sacking	68.4	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	407.8	511.7
Twins	35.4	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	604.8	790.9
Total	1110.8	720.4	291.9	1048.2	863.5	976.2	1120.6	1508.8	1552.8	1906.9	1842.3	1981.3	3023.6	3548.6	3599.4	2535.5	2981.9
Other	457.0	314.5	310.6	504.0	586.5	645.5	1288.3	1615.5	2129.8	3319.3	6952.1	10549.4	18197.1	22481.6	25265.8	19522.3	15845.3
Grand Total	1567.8	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	28865.2	22057.8	18827.2

* Provisional

Source: Nepal Rastra Bank

Table 6.4 : Export of Major Commodities to Other Countries

Rs. in Million

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	1999/2000	2000/01	2001/02*	First Eight Months *	
																2001/02	2002/03
Pulses	4.0	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	215.9	67.8	125.2
Cardamon (Large)	20.0	14.9	5.6	-	-	-	-	0.2	-	-	-	5.4	-	21.8	71.5	64.1	80.9
Medicinal Herbs	0.2	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	22.8	13.6	11.8
Catechu	1.4	1.6	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	0.0	0.0
Wollen Goods	9.0	16.8	23.2	21.9	46.8	-	-	-	-	-	-	-	-	0.0	0.0	0.0	0.0
Nepalese Paper & Paper Products	1.1	1.8	-	-	-	19.9	25.4	50.2	47.3	66.4	82.7	121.5	168.4	196.7	200.5	137.1	158.3
Hides & Skins	165.4	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	459.5	322.6	163.2
Carpets (Hand Knotted Wollen)	1223.7	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	6210.0	4332.6	3297.9
Readymade Garments	916.6	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	7825.3	5416.4	8072.4
Handicrafts	53.8	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	217.2	129.4	186.2
Total	2395.2	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	15222.7	10483.6	12095.9
Other	151.6	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	3452.5	2392.4	2627.2
Grand Total	2546.8	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	18675.2	12876.0	14723.1

* Provisional

Source: Nepal Rastra Bank.

Table 6.5 : Income and Expenditures of Convertible Foreign Exchange

Rs. in million

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*	First Six Months*	
																2001/02	2002/03
Income	9207.0	11150.8	13362.7	16465.8	25056.0	27323.4	36160.8	39103.4	37459.8	38280.4	44983.9	57939.8	64250.0	89823.2	76153.4	41402.0	45357.3
- Services	2253.1	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	7406.4	7997.2
Gorkha Remittances	589.8	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	2082.0	1937.0
Tourist's Expenditure	1415.1	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	4312.0	5343.5
Intrest on Investment Abroad	248.2	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	1012.4	716.7
- Merchandise Export	2348.5	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	9772.9	11213.2
- Diplomatic Mission	1223.5	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	5684.8	1869.1
- Foreign Aid	2753.9	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	10037.9	3999.8
- Miscellaneous	628.0	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	8500.0	20278.0
Expenditures	7345.4	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	40990.6	39123.6
- Services	1114.8	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	6828.3	8822.6
Amortization	644.2	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	3172.1	3595.5
Others	470.6	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	3656.2	5227.1
- Merchandise Import	5871.9	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	30641.0	30047.8
- Diplomatic Missions	109.1	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	349.6	200.8
- Miscellaneous	249.6	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	3171.7	52.4
Surplus or Deficit (-)	1861.6	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	411.4	6233.7

* 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
1987 July	2795.8	139.2	159.2	2.6	2494.8	1936.8	558.0	1681.4	1171.4	510.0	4477.2
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 March	81495.4	498.7	552.6	3.8	80440.3	54471.7	25968.6	26990.5	24179.9	2810.6	108485.9
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 March**	85035.9	501.6	606.7	0.4	83927.2	67254.6	16672.6	26712.0	23227.7	3484.3	111747.9

* Provisional

** Estimate

Source : Nepal Rastra Bank

Table 6.7 : Balance of Payments Summary

Rs. in million

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*	First Six Months *	
																2001/02	2002/03
Export F.O.B.	4127.3	4211.1	5169.9	7403.3	13725.6	17286.4	19316.0	17680.3	19912.7	22663.1	27540.2	35692.7	49844.7	55676.5	47559.8	26371.8	23532.0
Import C.I.F.	13892.8	16296.8	18356.5	23255.7	31987.0	39259.9	51628.7	63740.4	74570.8	93661.9	89153.8	87695.0	108624.4	115797.0	106873.4	52513.0	57751.7
Trade Balance	-9765.5	-12085.7	-13186.6	-15852.4	-18361.4	-21973.5	-32312.7	-46060.1	-54658.1	-70998.8	-61613.6	-52002.3	-58779.7	-60120.5	-59313.6	-26141.2	-34219.7
Services, Net	2211.7	2989.5	2752.9	2691.5	3893.1	5064.4	17476.5	23565.2	20922.7	39360.7	29127.5	30201.3	26445.7	22239.0	9257.3	4518.5	3659.0
Receipts	4785.4	6189.7	6336.5	7679.0	11756.7	14942.7	30000.1	37478.5	37178.5	53180.5	43495.8	45967.2	43084.9	41614.9	28817.4	14182.9	13478.8
Travel	1675.7	2787.5	3129.4	3587.6	5016.9	5966.0	8251.7	8973.2	9521.2	8523.0	9881.6	12167.8	12073.9	11717.0	8654.3	4354.6	3756.1
Investment Income	196.0	503.8	655.3	856.5	1123.3	1518.9	1768.6	2075.1	1685.8	1990.3	2377.2	3510.4	4569.3	5470.5	4297.0	2053.0	2189.5
Others	2913.7	2898.4	2551.8	3234.9	5616.5	7457.8	19979.8	26430.2	25971.5	42667.2	31237.0	30289.0	26441.7	24427.4	15866.1	7775.3	7533.2
Payments	2573.7	3200.2	3583.6	4987.5	7863.6	9878.3	12523.6	13913.3	16255.8	13819.8	14368.3	15765.9	16639.2	19375.9	19560.1	9664.4	9819.8
Transfers, Net	2931.0	2761.4	2790.1	3661.2	4294.3	6937.3	6809.0	10708.8	12193.2	15130.1	17297.9	22036.1	23368.2	26927.7	30519.8	13891.9	15464.8
Receipts	3043.2	3020.3	3005.5	4040.5	4489.9	7075.5	7003.9	11227.2	12766.3	16347.3	19065.3	23167.5	25267.3	28360.4	32491.0	14889.4	17078.9
Private Remittances	1608.4	1628.6	1747.9	2128.3	2316.5	2994.3	3469.1	5063.6	4283.6	5595.0	6987.8	10314.6	12662.3	15903.2	20951.2	9397.6	12525.4
Official Grants	1278.7	1272.7	1085.8	1694.0	1689.5	3498.5	3039.9	5339.1	7582.8	9743.2	10919.7	11648.3	11286.1	11001.1	9838.9	4896.9	3757.3
Indian Excise Refund	112.8	87.2	0.2	188.0	422.0	561.8	494.2	819.0	899.9	1009.1	1157.8	1204.6	1318.9	1456.1	1700.9	594.9	796.2
Others	43.3	31.8	171.6	30.2	61.9	20.9	0.7	5.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payments	112.2	258.9	215.4	379.3	195.6	138.2	194.9	518.4	573.1	1217.2	1767.4	1131.4	1899.1	1432.7	1971.2	997.5	1614.1
Current Account Balance	-4622.8	-6334.8	-7643.6	-9499.7	-10074.0	-9971.8	-8027.2	-11786.1	-21542.2	-16508.0	-15188.2	235.1	-8965.8	-10953.8	-19536.5	-7730.8	-15095.9
Official Capital Net	4368.0	6045.1	5888.8	6300.0	7326.0	5474.2	10723.3	8804.7	7401.0	8390.2	10369.6	9100.7	8878.4	6976.5	2963.5	2262.2	953.8
Foreign Loans	4675.4	6425.2	6617.6	7154.0	8710.3	6960.1	12974.7	11395.9	10284.7	11232.9	14236.1	13264.2	13453.5	11715.1	8040.3	4571.3	3750.1
Amortization	-307.4	-380.1	-728.8	-854.0	-1384.3	-1485.9	-2251.4	-2591.2	-2883.7	-2842.7	-3866.5	-4163.5	-4575.1	-4738.6	-5076.8	-2309.1	-2796.3
Foreign Direct Investment	-	-	-	-	-	-	-	-	387.8	1620.7	684.6	577.7	0.0	0.0	0.0	0.0	0.0
Miscellaneous Capital	2527.8	365.6	4404.4	7331.9	6142.4	12237.8	3587.2	2667.5	12672.9	9699.2	15099.9	-74.0	14535.8	9198.6	13217.9	8091.4	14616.4
Change in Reserves Net	2273.0	75.9	2649.6	4132.2	3394.4	7740.2	6283.3	-313.9	-1080.5	3202.1	10965.9	9840.0	14448.4	5221.3	-3355.1	2622.8	474.3

* Provisional

Source: Nepal Rastra Bank

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

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

Food Crops		1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01*	2001/02**	2002/03**
Paddy	Area	1421	1497	1505	1506	1514	1551	1560	1517	1545
	Production	2928	3579	3699	3641	3710	4030	4216	4165	4132
	Yield	2.06	2.39	2.46	2.42	2.45	2.59	2.70	2.73	2.67
Maize	Area	771	792	793	799	802	819	825	826	836
	Production	1273	1331	1312	1367	1346	1445	1484	1511	1569
	Yield	1.65	1.68	1.65	1.71	1.68	1.76	1.80	1.83	1.88
Wheat	Area	634	654	665	647	641	660	641	667	669
	Production	914	1013	1056	1001	1086	1184	1158	1258	1344
	Yield	1.44	1.55	1.59	1.55	1.69	1.79	1.81	1.89	2.01
Barley	Area	31	39	39	37	32	28	28	28	28
	Production	30	41	39	37	32	31	31	31	32
	Yield	0.96	0.95	1.00	1.00	1.00	1.10	1.08	1.11	1.15
Millet	Area	250	260	260	262	264	263	260	258	259
	Production	268	282	289	285	291	295	283	283	283
	Yield	1.07	1.09	1.11	1.09	1.10	1.12	1.09	1.09	1.09
Total Area		3107	3242	3262	3251	3253	3321	3314	3296	3337
Total Production		5413	6246	6395	6331	6465	6985	7172	7248	7360

Index of Food Crops
(1994/95=100)

Area	100.00	104.35	104.99	104.63	104.70	106.89	106.66	106.08	107.40
Production	100.00	115.39	118.14	116.96	119.43	129.04	132.50	133.88	135.97
Yield	100.00	110.58	112.53	111.78	114.07	120.73	124.22	126.2	126.60

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

Index of Cash Crops.

(1994/95=100)

Area	100.00	108.62	109.85	110.15	116.31	120	120.62	122.46	124
Production	100.00	105.85	110.61	113.09	130.16	139.35	149.51	157.6	163.41
Yield	100.00	97.46	100.70	102.66	111.91	116.12	123.96	128.69	131.79

* 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	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**	Changed in % between 2000/01 to 2001/02
Pulses	139.90	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	2.60
Fruits	397.50	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	517.89	9.35
Vegetables	874.52	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	1767.36	1.68
Total Production	1411.92	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	2542.15	3.25

* Revised Estimate

** Preliminary Estimate

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

Table 8.4 : Livestock Production

In Thousand Metric Ton

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**	% Change in 2002/03 Over 2001/02
Meat	137.73	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	2.64
Milk & Milk Products	808.60	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	3.21
Egg (in Million)	278.34	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	3.52
Fish	12.10	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	36.53	4.37

* 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*	% Change
1.	Foodgrains	33.68	100.00	116.08	116.93	117.69	120.04	129.58	133.23	134.12	135.72	1.2
	a) Paddy	19.75	100.00	122.23	126.33	124.35	126.70	137.64	144.00	142.24	141.14	-0.8
	b) Maize	6.87	100.00	104.54	103.06	107.39	105.71	113.53	116.56	118.66	123.24	3.9
	c) Wheat	4.59	100.00	110.86	115.57	109.53	118.91	129.53	126.72	137.69	147.11	6.8
	d) Millet	2.23	100.00	105.58	108.00	106.58	108.92	110.41	105.73	105.63	105.73	0.1
	e) Barley	0.23	100.00	140.04	130.96	125.17	107.72	104.39	103.28	104.30	107.42	3.0
2.	Cash Crops	6.87	100.00	107.71	112.79	110.25	125.54	133.71	145.85	157.04	159.78	1.7
	a) Sugarcane	1.37	100.00	104.54	108.06	114.46	131.39	140.18	147.40	149.81	156.14	4.2
	b) Oilseeds	1.50	100.00	113.63	116.71	107.03	117.29	120.25	129.63	132.20	122.39	-7.4
	c) Tobacco	0.19	100.00	82.86	76.99	68.57	58.81	57.28	59.74	56.59	52.03	-8.1
	d) Jute	0.13	100.00	131.72	123.35	135.24	133.88	133.70	144.42	149.37	150.10	0.5
	e) Potato	3.68	100.00	106.93	114.45	111.28	129.89	140.76	156.37	175.31	182.28	4.0
3.	Other Crops	21.57	100.00	86.12	92.36	93.59	95.46	98.56	106.45	107.88	112.89	4.6
	a) Pulses	2.72	100.00	106.48	111.00	106.88	113.41	117.62	120.55	124.10	127.32	2.6
	b) Fruits	10.07	100.00	65.04	75.79	75.33	80.71	79.17	86.25	83.83	91.66	9.3
	c) Vegetables	5.73	100.00	105.58	107.41	112.36	106.82	118.52	131.52	138.29	140.62	1.7
	d) Others	3.05	100.00	101.00	102.20	106.82	106.82	108.05	113.46	115.70	118.01	2.0
4.	Livestocks	27.66	100.00	103.13	109.55	113.56	116.44	119.20	122.45	126.19	129.90	2.9
	a) Milk	15.84	100.00	106.41	112.01	115.98	118.74	121.40	124.40	128.24	132.35	3.2
	b) Buffalo meat	4.51	100.00	105.97	114.72	118.63	120.87	123.10	126.21	128.89	132.22	2.6
	c) Mutton	3.99	100.00	92.70	99.47	102.37	103.87	105.68	107.90	109.98	112.85	2.6
	d) Pig meat	0.75	100.00	96.17	100.85	106.68	113.48	119.36	124.20	127.09	127.35	0.2
	e) Poultry meat	1.01	100.00	96.06	105.40	112.42	119.62	124.57	130.25	138.45	142.07	2.6
	f) Eggs	1.55	100.00	96.19	102.27	106.99	111.77	116.67	123.10	130.65	135.24	3.5
5.	Fishery	0.99	100.00	124.47	131.98	141.46	146.49	180.47	189.27	199.11	207.81	4.4
6.	Forestry	9.24	100.00	101.00	100.77	100.62	100.90	100.47	104.22	105.80	102.63	-3.0
	Overall Index	100.00	100.00	104.15	108.63	109.50	112.61	118.12	123.22	125.88	128.50	2.1

* Preliminary estimate

Source : Nepal Rastra Bank

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

In Metric Ton

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	First Eight Months	
																2001/02	2002/03
1. Chemical Fertilizer (Nutrients)	54181	56839	67286	72719	84391	83331	73812	90263	70154	64150	47010	45669	37250	23623	19713	9731	17543
a) Nitrogen	38112	39801	49206	51929	59956	60447	55385	64385	46448	43231	32629	32314	25034	16397	10610	4897	7996
b) Phosphorus	15211	15268	16742	19257	22833	21595	17149	24300	21306	19284	13124	12097	12031	7191	8562	4536	8735
c) Potash	858	1770	1338	1533	1602	1289	1278	1578	2400	1635	1257	1258	185	35	541	298	812
2. Improved Seed	2551	2048	2394	2275	2153	1862	3576	3684	3343	3926	2229	1794	2585	1894	2654	2574	-
a) Paddy	212	213	146	156	177	211	242	324	250	372	178	308	326	231	89	9	-
b) Maize	96	121	126	44	66	77	105	81	144	124	116	43	25	7	41	41	-
c) Wheat	2243	1714	2122	2075	1910	1574	3229	3279	2949	3430	1935	1443	2234	1656	2524	2524	-
3. Insecticides																	
a) Powder*(in MT)	720	733	971	429	391	422	303	147	83	34	39	7	-	-	-	-	-
b) Liquid (in litres)	8008	7527	4886	3945	3236	2513	1688	744	470	445	235	55	-	-	-	-	-

* Includes Agri-Lime

Source: Agriculture Inputs Corporation

Table 8.7 : Extension of Additional Irrigation Facilities

In Hectare

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+	First Eight Months	
																2001/02	2002/03
1. Topography	34602	53304	25666	22288	33833	30405	33542	25372	48530	32018	21447	49015	35702	29661	17587	3017	2000
a) Hill	2085	17502	2373	6418	6977	8601	5078	4215	10603	9209	8378	10815	7899	7266	6296	129	800
b) Terai	5135	32527	11070	15839	9705	21804	16576	21157	36084	21717	13069	38200	26960	22395	11291	2888	1200
c) Not classified	27382	3275	12223	31	17151	29518*	11888	-	1843	1092	-	-	843	-	-	-	-
2. Types	34602	53304	25666	22288	33833	30405	33542	25372	48530	32028	21447	49015	35702	29661	17587	3017	2000
a) Canals	7385	27974	3968	11807	17522	29508	7850	7304	33898	23636	19027	27528	26509	26091	14882	129	2000
b) Ground Water	2285	25330	8468	9840	16311	897	18594	18068	12231	6878	2420	21487	9030	3570	2705	2888	-
c) Not Classified	24932	-	13230	641	-	29518*	7098	-	2401	1514	-	-	163	-	-	-	-

* 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	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	First Eight Months	
																	2001/02	2002/03*
1	Disbursement	854.00	1049.50	1170.70	1095.30	1469.00	1985.30	2887.90	3433.70	3896.80	4023.40	4430.10	5562.40	7084.70	8089.80	8888.90	5227.20	6030.40
	a Food Grains & Cash crops Production	273.10	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	952.90	1054.90
	b Agri. Tools & Irrigation	117.30	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	521.70	425.80
	c Agricultural Business	214.70	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	1049.50	1117.80
	d Agri Industries Marketing and Godowns	212.30	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	4150.10	2539.90	3071.40
	e Horticulture	32.40	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	14.60	85.10
	f Tea/Coffee Cultivation	4.20	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	97.00	29.00
	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	51.60	246.40
2	Collection	593.20	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	6997.50	3909.60	4712.80
	a Food Grains & Cash crops Production	207.20	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	1627.00	786.50	924.10
	b Agri. Tools & Irrigation	100.80	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	426.30	444.60
	c Agricultural Business	128.60	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	685.90	864.70
	d Agri Industries Marketing and Godowns	146.80	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	3229.80	1910.20	2283.10
	e Horticulture	8.00	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	20.50	66.80
	f Tea/Coffee Cultivation	1.80	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	6.20	10.80
	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	74.00	118.70
3	Total Loans Outstanding	2242.10	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	16100.00	17991.40

* Provisional

Source: Agriculture Development Bank

Table 8.9 Price of Fertilizer

Rs. Pe																
Description	1987/88	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
Fertilizer																
a) Sulphate	2850.0	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	3920.0	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
c) Complex	3990.0	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	3990.0	-	-	-	-	-	-	-	-	-	-
e) D.A.P.	5339.0	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
f) Potash	1995.0	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
g) T.S.P.	3371.5	3700.0	3963.0	3963.0	5150.0	4640.0	8000.0	8000.0	8000.0	8000.0	8000.0	-	8000.0	-	-	-

Source: Agriculture Inputs Corporation

r Metric Ton

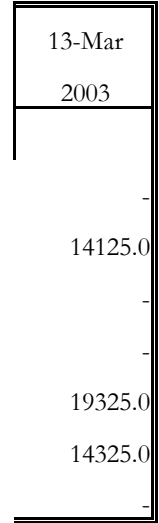


Table 9.1 : Production of Manufacturing Commodities*

/1/

S.No.	Code No.	Major Industry Group	Unit	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**
1	311-312	Food Manufacturing																	
	42.30	I Noodles	M.T.	1532	1620	1647	1774	2176	2304	2775	4043	4947	4908	4458	6079	6021	6473	7200	8640
	48.42	II Biscuits	M.T.	4674	4458	4430	5538	5534	6497	6278	6789	6057	6868	9113	11810	9129	9585	9440	9638
	54.50	III Squash	Th. Litre	773	421	565	908	848	1651	1816	1934	2200	2300	2400	2534	2379	2308	2250	2327
	61.20	IV Sugar	M.T.	30040	24197	31927	44548	55365	64416	34044	49227	67051	21	67206	68512	77156	78313	82200	92064
	74.11	V Tea	M.T.	1290	1184	1393	1249	1476	1636	1993	2351	2457	2561	2275	2339	7395	8282	8770	9349
	81.98	VI Animal Feeds	M.T.	12328	11972	11543	10574	21682	15141	18000	19500	21999	24000	22452	22893	22755	21617	22266	24159
	91.40	VII Vegetable Ghee	M.T.	5365	4483	7862	12638	12242	11790	20233	20800	19583	20663	67218	86975	88715	95368	99000	68508
2	313	Beverage industries																	
	111.02	I Soft Drinks	Th. Litre	15996	12270	11520	12042	13410	12953	14507	20592	23954	25783	25626	25636	26211	27522	27100	28265
	112.30	II Beer	Th. Litre	5276	6281	6838	10386	12329	14382	14900	16776	18315	21497	13933	18753	21725	23354	22800	23096
	112.40	III Liquor	Th. Litre	2118	2092	2460	2626	3022	3477	2100	2500	2608	2800	3100	3345	3847	3885	3700	4003
3	314	Tobacco Manufacturing																	
	122.20	I Cigarette	Mil. Sticks	6046	5665	6317	6691	6963	7846	6894	7430	8067	7944	8127	7315	6584	6979	6900	7487
	122.30	II Bidi	Mil. Sticks	635	581	368	224	245	247	165	150	120	100	160	548	234	229	150	164
4	321	Manufacture of Textiles																	
	652.10	I Cotton Clothes	Th. Metre	9914	7057	5286	5421	7207	7139	5619	5060	5160	4000	3329	2678	2630	2485	1700	1496
	653.50	II Synthetic Clothes	Th. Metre	13363	11848	13631	16484	11445	12795	16657	14700	18123	18183	18685	17811	24248	25582	26100	30276
		III Jute Goods	M.T.	17198	16950	7473	11170	17639	18199	19315	20187	29908	39585	51432	49328	33130	32037	31400	35168
5	323	Leather & Leather Products																	
	611.20	I Processed Leather	Th. Sq. Ft.	6274	7117	12035	14174	6892	8424	7950	10306	10977	10754	11372	9841	3010	3236	3184	3477
6	324	Footwear manufacturing																	
	851	I Shoes	Th. Pairs	214	332	744	1009	1530	823	700	685	649	550	550	605	650	709	744	758
7	331	Wood & Wood Products																	
	634.20	I Plywood	Th. Sq. Ft.	1314	1315	0	268	645	411	570	450	383	476	70	102	590	608	632	351
		II Straw Board	M.T.	781	334	494	402	336	574	714	831	936	958	825	840	1048	1195	1195	894
8	341	Paper & Paper Products																	
	641.90	I Paper	M. T.	4819	5904	5321	6341	6417	6775	8177	8863	11564	13575	15848	19459	40065	41267	41000	43009
9	352	Manufacture of Other Chemical Product																	
	554.10	I Soap	M. T.	12303	14856	11943	20057	20903	22970	20648	23477	25111	29014	39086	47704	49631	55090	55900	63726
	554.30	II Detergent Powder	M. T.	184	250	489	490	723	756	681	2400	6378	7000	4337	3422	4814	4958	5008	5183
	99.32	III Matches	Th. Gross	1215	1272	1223	1091	942	1081	1113	1176	1316	1246	1951	1930	2241	2297	2320	2561

Table 9.1 : Production of Manufacturing Commodities

/2/

S.No.	Code No.	Major Industry Group	Unit	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/01*	2001/02*	2002/03*
10	355	Manufacture of Rubber Products																	
	851.01	I Slipper	Th. Pairs	5769	7247	7689	9752	9353	6267	4332	4100	4351	4400	5321	5794	5006	4906	5100	4519
11	356	Manufacture of Plastic Products																	
	581	I Plastic Goods	M. T.	1579	2070	2829	5604	4885	2850	2808	2700	2900	3000	2532	2670	1552	1583	1615	1899
12	369	Other Non Metallic Mineral Products																	
	661.2	I Cement	M. T.	215010	217666	101179	135897	237327	247891	315514	326839	309466	226681	139080	190588	205835	215098	233000	310589
	662.41	II Bricks & Tiles (Govt. Sector)	Th. Piece	34629	33440	16291	32625	34915	27290	23545	23449	25911	32414	28250	22866	25153	25781	25500	30753
13	371	Iron and Steel based Industries																	
	673	I Iron Rod. Angles etc.	M. T.	25625	34834	36339	45631	59661	60316	71023	95118	91583	107346	91291	106646	131354	135951	140000	163940
14	381	Manufacture of Cutlery, Hand Tools Except Machinery Equipment																	
	697.21	I Steel Utensils	M. T.	389	237	189	265	159	275	347	300	240	250	100	83	55	56	58	65
		II Agricultural Tools	M. T.	297	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	12765	9640	7702	6217	15522	6574	5023	12000	13574	19904	18228	21449	21395	22893	24000	22800
		b. ACSR Conductor/PVC Cable	KM	11773	9617	13766	20842	20469	11930	7514	8000	9723	11496	10319	8812	11088	12751	12369	13940
	729.11	II Dry Cell Battery	Th. Nos.	10808	10095	10754	10350	12789	12373	17102	17603	25597	28674	28965	22728	43374	46844	48000	54096

* Based on production data of selected industries of 42 districts.

** Actual data based on Eight months and rest four months data based on production data of selected industries of 36 districts.

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 %	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**
1	311-312	Food Manufacturing	19.25	111.73	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	777.59
	42.30	I Noodles	0.97	131.16	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	739.73
	48.42	II Biscuits	1.97	103.04	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	212.48
	54.50	III Squash	0.29	77.07	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	231.95
	61.20	IV Sugar	6.13	122.29	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	374.78
	74.11	V Tea	0.93	116.01	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	840.74
	81.98	VI Animal Feeds	0.92	133.28	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	261.17
	91.40	VII Vegetable Ghee	8.04	101.74	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	1299.22
2	313	Beverage industries	3.92	148.31	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	322.08
	111.02	I Soft Drinks	1.18	119.07	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	210.40
	112.30	II Beer	0.51	142.63	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	624.40
	112.40	III Liquor	2.23	165.08	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	312.03
3	314	Tobacco Manufacturing	20.11	106.71	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	126.16
	122.20	I Cigarette	18.74	107.96	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	133.69
	122.30	II Bidi	1.37	89.56	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	23.12
4	321	Manufacture of Textiles	18.14	96.81	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	188.77
	652.10	I Cotton Clothes	3.78	55.63	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	8.39
	653.50	II Synthetic Clothes	9.07	115.59	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	261.88
		III Jute Goods	5.29	94.03	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	192.29
5	323	Leather & Leather Products	2.34	51.28	57.26	96.83	114.04	55.45	67.78	63.96	82.92	88.32	81.70	77.20	21.90				27.97
	611.20	I Processed Leather	2.34	51.28	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	27.97
6	324	Footwear manufacturing	0.41	176.86	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	624.77
	851	I Shoes	0.41	176.86	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	624.77
7	331	Wood & Wood Products	2.02	62.98	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	29.87
	634.20	I Plywood	1.84	52.81	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	14.11
		II Straw Board	0.18	166.88	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	191.03
8	341	Paper & Paper Products	0.85	176.97	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	1579.47
	641.90	I Paper	0.89	176.97	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	1579.47
9	352	Manufacture of Other Chemical Product	6.05	99.18	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	379.71
	554.10	I Soap	2.11	107.36	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	556.07
	554.30	II Detergent Powder	0.04	322.81	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	9093.47
	99.32	III Matches	3.90	92.47	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	194.92

Contd.

Table 9.2: Production Index of Manufacturing Commodities
(Base : 1986/87=100)

/2/

S.No.	Code No.	Major Industry Group	Weight (in %)	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**
10	355	Manufacture of Rubber Products	0.65	130.99	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	102.61
	851.01	I Slipper	0.65	130.99	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	102.61
11	356	Manufacture of Plastic Products	1.27	119.26	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	143.45
	581	I Plastic Goods	1.27	119.26	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	143.45
12	369	Other Non Metallic Mineral Products	16.85	121.51	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	146.35
	661.2	I Cement	8.21	141.80	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	204.83
	662.41	II Bricks & Tiles (Govt. Sector)	8.64	102.22	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	90.76
13	371	Iron and Steel based Industries	3.07	74.17	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	474.53
	673	I Iron Rod, Angles etc.	3.07	74.17	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	474.53
14	381	Manufacture of Cutlery, Hand Tools Except Machinery Equipment	3.17	91.66	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	14.45
	697.21	I Steel Utensils	2.95	92.40	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	15.53
		II Agricultural Tools	0.22	81.82	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
15	383	Manufacture of Electricals, Industrial Machinery apparatus, Appliances	1.90	122.19	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	317.63
	723.1	I Wires/Cables	1.41	119.82	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	203.57
		a. GI/HB Wires	1.03	140.29	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	250.58
		b. ACSR Conductor/PVC Cable	0.38	64.33	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	76.17
	729.11	II Dry Cell Battery	0.49	129.04	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	645.85
		Overall Index	100.00	107.39	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	310.35

* Based on production data of selected industries of 42 districts.

** Actual data based on Eight months and rest four months data based on production data of selected industries of 36 districts.

Source: Department of Industry and Nepal Rastra Bank.

Table 9.3 : Capacity Utilization of Some Selected Industries

In Percentage

S.N.	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
1	Sugar	73	58	52	72	69	69	65	98	70	61	57	55	54	44	40
2	Cigarettes	67	60	63	65	66	63	68	79	86	84	83	85	77	80	86
3	Beer	81	96	76	72	57	77	90	53	58	55	45	48	57	59	64
4	Matches	70	53	19	13	25	44	37	42	55	54	59	53	60	58	59
5	Shoes	11	13	31	39	48	24	48	21	21	20	21	-	21	23	24
6	Cement	67	68	26	34	48	44	52	51	62	37	48	47	43	41	45
7	Jute Products	73	54	24	35	47	38	37	20	36	49	45	46	70	72	74

Source : Department of Industry

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

In Percentage

Type of Industries	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*
Hotels and Tourism	13.68	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
Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Power	5.34	1.74	-	1.14	0.40	1.73	0.02	-	-	-	-	-	-	-	-	-
Manufacturing	64.57	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
Cement	0.83	4.43	9.51	7.72	16.72	0.78	-	-	-	-	2.52	-	-	21.00	-	14.02
Food++	24.43	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
of Which, Sugar	5.15	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	8.84	6.50	-	2.60	1.45	11.35	5.68	6.02	10.03	4.86	-	-	9.28	-	-	-
Textiles (including Jute)	8.84	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	1.02	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	3.05	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	1.21	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)	7.13	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	0.89	0.59	-	0.96	1.44	-	1.04	1.05	1.74	0.56	0.23	0.03	-	-	-	-
Ice Making and Cold Storage	3.18	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	16.41	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
Total	100.0	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
Loan Distribution +++																
Total (In million Rs)	157.2	101.6	206.2	247.5	371.3	292.9	394.2	36.18	78.34	71.14	39.62	29.21	10.77	81.70	77.20	21.90

* 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 1999/00

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
1987/88	758	39	228	1025	246.3	26.6	104.8	377.7
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
1999/2000	8889	689	549	10127	6650.0	3240.0	450.0	10340.0
2000/2001	8368	542	407	9317	4550.0	2380.0	390.0	7320.0
2001/2002	8851	513	526	9890	4110.0	2910.0	700.0	7720.0
2002/2003+	4575	252	289	5116	2380.0	395.0	225.0	3000.0

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

+ First Eight months

Note : Including the description of registered industries of 27 districts under the department in first eight month of FY 2002/2003.

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
1987/88	356	13789	362	17958	435	21972	120	3927	65	1539	1338	59185
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*	269	19918	123	21331	139	8907	19	1934	20	1289	570	53379
Total	8193	605478	8785	1343677	7482	555186	3063	168190	2045	91876	29568	2764407

* First Six Months

Source : Nepal Rastra Bank.

Table 9.7 : Capacity Utilization of Selected Public Enterprises

S. No	Name of Industries	Annual Production Capacity	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*	Remarks
1	Birgunj Sugar Factory	13500 M. Ton	98.68	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.	87.02	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	116.60	
		Alcohol 108000 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	74	
3	Janakpur Cigarattes Factory	5.25 Billion Sticks	98.29	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	78.66	
4	Bhaktapur Brick Factory	20 Million	65.50	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	59.07	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	108400 M. Ton	44.50	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	52.05	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	38.46	
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	45.07	

* Estimates

Source : Ministry of Finance.

Table 9.8 : Flow of Fund Between HMG and Public Enterprises

Rs. in million

Particular	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	2001/02*	2002/03*
A. Fund from HMG to PEs	1235.5	1499.1	1745.6	3448.6	4787.7	3595.1	2100.7	2780.0	6298.0	7065.1	7562.7	6213.7	2026.5	8275.1	5988.8	1078.1	171.5
Share Capital	152.8	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	554.1	4.6
Loan Capital	374.7	812.4	1061.8	2502.9	4020.0	2102.8	1655.2	1272.4	3822.0	5303.3	4658.8	4090.0	21.0	6898.0	4663.3	239.0	166.9
Operating/ Transport Subsidy	90.5	36.2	18.1	43.2	170.0	-	-	571.4	726.0	713.6	988.0	698.7	577.5	288.3	289.5	285.0	0.0
Capital Subsidy	617.5	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	1796.3	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	3278.1	2428.8
Indirect Taxes	1080.9	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	198.2	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	1102.1	561.2
Dividend	117.2	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	1038.4	1109.4
Interest	223.2	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	135.4	193.6
Principal	176.8	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	1002.2	564.6
C. Cash Flow from Govt. to Corporation	-560.8	-215.3	-184.5	1215.3	2639.4	-473.3	-2901.6	-1186.7	967.6	2479.6	2649.4	-616.3	-6496.7	-509.2	-3171.0	-2200.0	-2257.3

* 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															
	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*
Manufacturing	-96.0	-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	-310.3
Trading	-79.0	-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	-2414.7
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	-23.7
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	21.0	-18.1	-4.3
Public Utilities & Others	78.0	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	1313.6
Financial	156.0	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	-784.0
Total	59.0	-38.8	-244.6	-1871.7	-1145.5	146.4	1073.7	1965.6	1377.6	475.9	1317.6	2903.3	2404.4	-1311.1	-5475.3	-2223.4

	Capital Employed															
	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*
Manufacturing	2433.0	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	3786.7
Trading	-206.0	-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	2335.1
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	-638.9
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	1214.6
Public Utilities & Others	4068.0	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	89231.3
Financial	7233.0	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	61076.1
Total	13528.0	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	157004.9

	Gross Profit as % of Capital Employed													81.7	77.2	21.9
	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*
Manufacturing	-3.94	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	-8.19
Trading	-	-	-	-144.41	-217.44	Negative	-97.70	-	-55.73	-103.60	-112.69	23.95	72.39	4.89	-21.06	-103.41
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	3.71
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	-0.35
Public Utilities & Others	1.91	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	1.47
Financial	2.15	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	-1.28
Total	0.44	-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	-1.42

* 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)	Total Investment on the fixed Assets of ID (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	-	-	-	-	-	-	5.6	-	-	-	43	-	43	-	-	-
2	Balaju Industrial Estate	2016	696	696	525	13.2	1963.80	31.00	59	17	14	40	2999	3039	73	49	49
3	Hetauda Industrial Estate	2020	2829	2367	1495	25.5	3205.40	28.00	40	7	6	43	4801	4844	378	15	15
4	Patan Industrial Estate	2020	293	293	214	14.3	408.10	22.20	84	20	1	24	1455	1479	154	49	49
5	Nepalgunj Industrial Estate	2030	233	233	164	9.6	125.00	11.20	19	5	4	16	619	635	30	20	20
6	Dharan Industrial Estate	2029	202	202	115	7.7	162.90	7.20	17	3	5	18	548	566	38	16	16
7	Pokhara Industrial Estate	2031	501	501	374	14.7	330.00	14.30	49	14	8	20	1343	1363	148	13	13
8	Butwal Industrial Estate	2032	434	434	340	11	906.00	11.70	40	11	5	17	1483	1500	87	8	8
9	Bhaktapur Industrial Estate	2035	71	71	54	13.5	246.20	17.80	26	3	1	15	702	717	44	12	12
10	Birendra Nagar Industrial Estate	2038	90	90	53	7.4	4.70	7.10	8	1	9	6	42	48	-	6	6
11	Dhankuta Industrial Estate	2041	63	-	-	5.6	-	1.10	-	-	-	1	-	1	-	-	-
12	Rajbiraj Industrial Estate	2044	294	196	42	35.5	30.00	37.20	3	5	1	13	25	38	-	10	10
	Total		5706	5083	3376	158.0	7382.1	194.4	345	86	54	256	14017	14273	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 (%)
1987 Dec.	248,080	205,611	12.00	11.10
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	463,646	376,914	11.88	-5.70
2001 Dec	361,237	299,514	11.93	-22.10
2002 Dec*	270,690	216,714	11.90	-25.10

+ 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
1987	184979 74.6	36164 14.6	11781 4.7	8882 3.6	- -	- -	6274 2.5	248080 100.0
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 51.8	100828 27.9	18528 5.1	18727 5.2	13816 3.8	- 0.0	22316 6.2	361237 100.0
2002*	140217 51.8	75525 27.9	13805 5.1	14075 5.2	10286 3.8	- 0.0	16782 6.2	270690 100.0

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+			
1987	31495 12.7	1849 0.7	92008 37.1	2495 1.1	549 0.2	- -	- -	101563 40.9	13783 5.6	4338 1.7	248080 100
1988	30365 11.4	1888 0.7	99742 37.5	2563 1.0	604 0.2	- -	- -	114074 42.9	13592 5.1	3115 1.2	265943 100
1989	28045 11.7	1968 0.8	104695 43.6	3271 1.4	605 0.3	- -	- -	86372 36	13966 5.8	1023 0.4	239945 100
1990	26343 10.3	1872 0.7	110750 43.5	3275 1.3	611 0.2	- -	- -	98320 38.6	13108 5.2	606 0.2	254885 100
1991	24027 8.2	2202 0.7	110425 37.7	3126 1.1	956 0.3	- -	- -	140025 47.8	10476 3.6	1758 0.6	292995 100
1992	27356 8.2	2727 0.8	132555 39.6	2553 0.8	1263 0.4	106574 31.9	49738 14.9	156312 46.8	10893 3.2	694 0.2	334353 100
1993	25283 8.6	2612 0.9	122064 41.6	3016 1.0	985 0.3	83362 28.4	45450 15.5	128812 43.9	9806 3.4	989 0.3	293567 100
1994	26078 8.0	3083 1.0	132518 40.6	2664 0.8	915 0.3	102540 31.4	48442 14.8	150982 46.2	9905 3.0	386 0.1	326531 100.0
1995	29702 8.2	3049 0.8	133809 36.8	3860 1.1	1073 0.3	117260 32.3	63117 17.4	180377 49.6	11499 3.2	26 0.0	363395 100.0
1996	30635 7.8	4230 1.1	132787 33.7	6114 1.5	1775 0.5	122512 31.1	83297 21.2	205809 52.3	12233 3.1	30 0.0	393613 100.0
1997	36301 8.6	4554 1.1	137028 32.5	6416 1.5	1645 0.4	133438 31.6	89411 21.2	222849 52.8	13047 3.1	17 0.0	421857 100.0
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 0.0	463684 100.0
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 0.0	491504 100.0
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 0.0	463646 100.0
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>	- 0.0	361237 100.0
2002*	29234.0 <i>10.8</i>	3518.0 <i>1.3</i>	98531 <i>36.4</i>	4601 <i>1.7</i>	1082.0 <i>0.4</i>	65826.0 <i>24.3</i>	58154.0 <i>21.5</i>	123980.0 <i>45.8</i>	9744.0 <i>3.6</i>	- 0.0	270690.0 100.0

* 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
1987/88	1675.7	40.6	18.8	18.2	2.3
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	50.0	21.6	17.2	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	11.4	3.2
2000/01	11717.0	21.0	12.0	10.4	2.9
2001/02	7798.5	16.4	10.2	8.0	1.9
2002/03*	5343.4	22.7	14.4	11.2	1.2

* 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
1987	43	4381	61	2671	104	7052
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

* 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)
1988	Spring	30	372	4446	1440	16997
	Autumn	50	469	5569	2993	19170
	Winter	12	95	824	646	6415
	Total	92	936	10839	5079	42583
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

* 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	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*	Gross Total
1	Food Preparation and Control	19	16	36	42	50	50	68	52	45	101	74	94	48	32	-	33	760
2	Food & Beverage Services	57	51	32	47	64	139	82	70	79	114	102	71	49	32	-	32	1021
3	House Keeping	41	35	35	45	46	44	69	49	41	72	48	39	30	31	28	21	674
4	Front Office	29	42	25	42	53	48	72	47	58	179	57	31	33	31	24	-	771
5	Bakery	-	17	20	-	-	-	-	-	-	-	-	17	17	-	-	-	71
6	Indian Sweets	-	11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11
7	Hotel Maintenance Training	-	-	13	139	-	25	18	-	-	10	13	12	13	-	-	-	243
8	Hotel Accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
9	Tourist Guide	84	44	74	62	31	74	35	70	91	93	371	67	106	76	70	69	1417
10	Local Guide for Various area	22	-	-	-	-	-	-	-	-	83	29	-	-	75	-	-	209
11	Accommodation Operation	-	-	-	-	-	-	-	-	-	-	18	13	-	-	-	-	31
12	Travel Agency and Ticketing	67	63	49	-	-	16	29	-	66	59	50	35	33	22	34	-	523
13	Cook and waiter for Trekkers	33	68	40	19	21	30	24	12	-	-	44	16	-	-	30	-	337
14	Trekking Guide	45	62	61	51	67	343	55	117	234	189	210	219	239	370	390	297	2949
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	19	-	-	-	-	-	-	42	-	-	-	-	-	-	-	-	61
18	High Level Training	-	-	-	-	-	-	-	-	-	-	23	-	-	-	-	-	23
19	Public Relation Training	21	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21
20	Spirit of Hospitality Courses	13	14	-	-	14	-	22	14	-	41	-	-	-	-	-	-	118
21	Tourism Service Training for First and Second class non gazetted officer	-	12	-	-	-	-	-	-	75	240	-	126	93	-	-	-	546
22	Mobile Team training	347	583	40	207	199	231	170	208	414	237	258	183	476	401	392	19	4365
23	International Fret Forwarding (Cargo)	-	-	-	-	-	-	-	-	-	36	-	27	30	-	-	-	93
24	Tourist Guide Reference Course	-	-	-	-	-	-	-	-	35	41	-	-	-	-	-	-	76
25	Skill Test Program	-	-	-	-	-	-	-	-	-	-	274	84	-	-	-	-	358
26	Bachelor in Hotel Management	-	-	-	-	-	-	-	-	-	-	-	-	30	36	35	35	136
	Total	797	1018	425	684	569	1024	667	716	1204	1495	1605	1071	1197	1127	1003	557	15159

* First Eight Months.

Source: Nepal Academy of Tourism and Hotel Management.

Table 10.1 : Structure of Energy Consumption

Thousand Tonne of Oil Equivalent

Energy Sources	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*
Traditional	5238	5347	5460	5576	5691	5811	5933	6059	6185	6268	6403	6540	6681	6824	6996	7130
Fuelwood	4679	4777	4877	4980	5084	5191	5300	5412	5525	5574	5694	5816	5941	6068	6217	6337
Agri. Waste	210	214	219	224	228	233	238	243	248	273	279	285	292	299	308	314
Animal Dung	349	356	364	372	379	387	395	404	412	421	430	439	448	457	471	479
Commercial	286	282	236	349	419	430	483	582	651	691	769	811	1044	1095	1208	1286
Coal	57	43	7	42	58	26	32	67	72	60	61	61	236	253	290	314
Petroleum	191	199	185	257	306	348	391	449	507	554	625	661	709	734	758	800
Electricity	38	40	44	50	55	56	60	66	72	77	83	89	99	108	121	129
Others	2	3	4	4	5	6	6	8	11	15	21	25	29	34	39	43
Total	5526	5632	5700	5929	6115	6247	6422	6649	6847	6974	7193	7376	7754	7953	8204	8416

*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
1987/88	185.7	161.6	25.4	16.1	76.4	465.2	163.4	628.6	141	68.3	16.1
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
1999/2000	467.1	508.4	81.8	95.0	117.1	1269.4	380.8	1701.5	352	232.2	95.0
2000/2001	518.4	520.6	94.1	126.0	148.0	1407.1	461.3	1868.4	391	226.5	126.0
2001/2002*	576.5	597.0	95.5	142.9	162.6	1574.5	513.1	2087.6	426	237.8	142.9
2002/2003**	648.6	660.0	110.0	200.0	186.3	1804.9	939.3	2744.2	460.4	110.1	200.0

* Revised

** Estimate

Source: Nepal Electricity Authority

Table 10.3 : Consumption of Petroleum Products

Quantity in Kilolitre

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	1999/2000	2000/01	2001/02	First Eight Months	
																2001/02	2001/02*
Petrol	15609	17340	14708	17241	26780	29910	31056	34942	41191	44889	46939	49994	55589	59245	63271	41012	43731
High speed Diesel	73321	75356	103273	106438	166552	179900	196047	227226	250504	257235	300604	315780	310561	326060	286233	184402	186469
Kerosene Oil	51835	63246	95672	75939	122458	149237	162077	180536	208720	243005	282026	294982	331120	316381	386593	251788	245340
Light diesel Oil	5719	6074	-	2476	2542	1530	-	4191	4375	2017	967	547	4005	3418	2413	1607	208
Furnace Oil	7435	6836	-	6209	11062	20222	27319	31567	18449	16858	27776	33860	26876	20999	18255	12125	10400
Aircraft Turbine Oil	19698	16244	9327	16541	24836	29210	30250	37536	40621	47688	51412	55549	56849	63130	47453	31765	32916
Mineral Turpentine Oil	-	-	-	-	-	-	-	-	-	-	-	-	-	-	120	80	-
L.P. Gas	422	443	-	253	312	386	-	-	-	-	-	-	-	40102	48757	30983	37012
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	553,762	556,076
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	1207.83	1224.51
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
1987/88	2822	1348	2441	6611
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	3,878	7,490	15,985
2002/2003*	4,627	3,883	7,490	16,000

+ Data of Department of Road Only.

** NRS 2000

* First Eight Months

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															
	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*
Bus/Minibus	165	1348	723	822	571	791	1245	933	513	756	1029	891	616	1453	1343	432
Truck/Tanker	525	449	240	772	1524	1491	1751	1629	3269	979	1324	1013	829	1271	1798	734
Jeep/Car	1538	1933	1831	2885	2115	2266	3049	3043	5278	2976	4139	2507	3647	5152	4374	1727

*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	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*
1. Airways																	
Fiscal Year	Th.	338	296	291	308	309	348	767	1182	1208	1318	1383	1328	1771	871	863	-
b) Passenger in External Flight	Th.	259	300	317	326	339	805	934	844	941	958	1331	1051	1254	1079	1016	-
c) Cargo in Domestic Flight	M. Ton	1348	791	853	743	887	455	1093	4006	11849	10539	10596	8500	10871	1629	2172	-
d) Cargo in External Flight	M. Ton	5204	6598	6308	4111	4585	15303	18553	14060	14592	15202	16683	14230	18621	16108	15140	-
2. Railways																	
a) Available Facilities	KM	51	51	51	51	51	51	51	51	51	51	51	51	51	-	-	-
b) Number of Passenger	Th	1365	1387.4	1760	1100	884	755	653	1118	1245	1416	1731	1533	981	-	-	-
c) Goods Transported	Th Ton.	18	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	42	-	-	-
b) Goods Transported	Th. Ton	11	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	13	-	-	-
b) Number of Passenger	Th.	4222	5434	5435	5300	5032	4094	4560	4353	4182	3700	3332	3558	2116	-	-	-
5. Roads																	
a) Available Facilities	KM	6611	6611	7036	8328	8851	9293	9664	10724	11237	11714	13223	13709	15308	15702	15985	16000

* 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.

Table 11.4 : Extension of Telephone Facilities

Table 11.1 : Extension of Road Facilities

	Title	Mid December						Mid July									Mid-March	
		1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
1	I. Number of Towns	29	30	34	38	38	41	42	43	47	51	58	58	58	58	58	58	58
	II. Telephone Line Distribution	28204	38295	45457	57320	65298	68886	72033	77317	82774	112645	153782	181302	221863	255777	288036	327673	356323
1	Automatic																	
	I. Number of Towns	3	2	2	2	2	2	2	2	2	1	1	-	-	-	-	-	-
	II. Telephone Line Distribution	8393	6590	5761	5209	6108	6188	7072	7143	6974	2930	1550	-	-	-	-	-	-
2	C.B.																	
	I. Number of Towns	9	9	9	6	7	4	4	4	4	2	-	-	-	-	-	-	-
	II. Telephone Line Distribution	1433	1550	1352	814	1135	559	645	653	666	374	-	-	-	-	-	-	-
3	Digital Automatic																	
	I. Number of Towns	15	17	23	30	32	37	42	45	43	49	58	58	58	58	58	58	58
	II. Telephone Line Distribution	18338	30115	38344	51297	63404	62139	64316	69521	75114	109341	152232	181302	221863	255777	288036	327673	356323
4	Magneto																	
	I. Number of Towns	2	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	II. Telephone Line Distribution	40	40	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Source : Nepal Telecommunication Corporation

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

Students Nos. in Thousand

Year	Primary		Lower Secondary		Secondary	
	School	Student	School	Student	School	Student
1987 Sept.	12491	1953	3824	290	1501	290
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	3461	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*	25911	3894	7404	1076	5442	456

* 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		Grand Total	
	Total	Trained	Total	Trained	Total	Trained	Total	Trained
1987 Sept	55207	19764	11744	4747	8918	4535	75869	29046
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*	97116	12091	35360	6175	19863	7901	152339	26167

* 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 1999/2000)***

	Primary (1-5)			Lower Secondary (6-8)			Secondary (9-10)		
	School	Student	Teacher	School	Student	Teacher	School	Student	Teacher
NEPAL	25912	3893902	97116	7404	1075711	35360	5443	455679	19863
PUBLIC	21777	3456206	78550	5921	942927	26941	4111	391191	13971
COMMUNITY	1874	164846	3724	161	22734	1695	173	11275	540
PRIVATE	2261	272850	14842	1322	110050	6724	1159	53213	5352
Eastern Region	5833	889184	21753	1674	267665	8456	1184	125080	5033
a. Public	4952	810296	18416	1419	246897	7054	947	113176	4042
b. community	438	32206	661	24	3777	371	30	1936	112
c. Private	443	46682	2676	231	16991	1031	207	9968	879
Central Region	7343	1182493	30663	2406	331431	11117	1927	147946	7338
a. Public	5882	1003256	22801	1594	254397	7268	1165	111837	3994
b. community	326	29233	855	44	5897	258	46	2725	117
c. Private	1135	150004	7007	768	71137	3591	716	33384	3227
Western Region	6361	911022	22675	1716	271116	8886	1322	111134	4562
a. Public	5422	812139	18458	1471	249149	7119	1108	100695	3596
b. community	534	50234	1144	47	7435	489	54	3418	151
c. Private	405	48649	3073	198	14532	1278	160	7021	815
Mid-Western Region	3778	560137	13108	883	121521	3907	554	42592	1692
a. Public	3409	525488	11943	808	115951	3313	498	40210	1436
b. community	276	24565	429	21	2221	257	20	1200	68
c. Private	93	10084	736	54	3349	337	36	1182	188
Far-Western Region	2597	351066	8917	725	83978	2994	456	28927	1238
a. Public	2112	305027	6932	629	76533	2187	393	25273	903
b. community	300	28608	635	25	3404	320	23	1996	92
c. Private	185	17431	1350	71	4041	487	40	1658	243

* Estimated

Source: Ministry of Education & Sports.

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

Educational Institute	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/2001	2001/2002	2002/2003*
A. Tribhuvan University																
a. Technical Education	13598	14568	15509	16939	18873	18472	19932	16936	15116	16230	14275	18767	17615	19058	19264	19087
1. Engineering	1837	1952	1831	2039	2268	2080	2029	+2112	++1974	++1998	++1784	++2645	++3150	++3612	++4077	4357
2. Agriculture & Animal Science	1151	1252	1318	684	721	674	675	565	520	602	598	696	742	745	720	712
3. Medicine	1458	1658	+1540	+1943	+1863	+1655	+1238	+1371	++1228	++1565	++1212	++1371	++1453	++1605	++1747	1771
4. Forestry	541	587	577	561	454	563	541	483	404	410	353	435	396	405	360	394
5. Science & Technology	+8611	+9119	+10243	+11712	+13567	13500	15449	+12405	++10990	++11655	++10328	++13620	++11874	++12691	++12360	11853
b. General Education	69369	80094	86621	106523	135853	128989	119120	113163	84243	88396	82905	104466	109740	128254	123660	98581
6. Law	+6703	+7006	+7109	+7539	+10268	9882+	7961	+8293	++4826	3877	4417	++4745	++4036	++3843	++2024	1177
7. Management	+25223	+28736	+28061	+36468	+46335	42327+	40816	+42353	++28979	++31534	++28133	++36037	++36167	++39374	++37490	31053
8. Education	4748	6032	6372	+8677	+10730	11396	16664	+15330	++11623	++10984	++10840	++14980	++17452	++21891	++22823	17781
9. Humanities & Social Science	+32695	+38320	+45149	+53839	+68520	65384	53679	+47187	++38815	++42001	++39515	++48704	++52085	++63156	++61322	48570
10. Sanskrit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	82967	94662	102130	123462	154726	147461	139052	130099	99359	104626	97180	123233	127355	147322	142924	117675
B. Mahendra Sanskrit University	-	-	-	-	923	913	864	851	833	1017	1100	2311	2952	3616	3252	3001
C. Kathmandu University																
1. School of Science	-	-	-	-	-	-	-	453	636	865	1372	665	828	711*	843*	715*
2. School of Engineering	-	-	-	-	-	-	-	76	180	252	388	442	428	515*	505*	4668*
3. School of Management	-	-	-	-	-	-	-	71	71	71	96	138	248	127*	177*	120*
4. School of Education	-	-	-	-	-	-	-	24	13	24	156	81	30	35*	63*	100*
5. School of Arts	-	-	-	-	-	-	-	-	-	32	67	87	110	16*	16*	42*
6. School of Medical Science	-	-	-	-	-	-	-	-	-	-	-	1222	1730	93*	179*	287*
Total	-	-	-	-	-	-	-	624	900	1244	2079	2635	3374	1497*	1783	1732
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
E. Pokhara University																
1. Science & Techonology	-	-	-	-	-	-	-	-	-	-	-	71	66	137	202	334
2. Management	-	-	-	-	-	-	-	-	-	-	-	-	220	733	1256	1751
3. Engineering	-	-	-	-	-	-	-	-	-	-	-	-	409	762	1438	1973
4. Humanities & Social Science	-	-	-	-	-	-	-	-	-	-	-	-	-	36	45	75
Total	-	-	-	-	-	-	-	-	-	-	-	71	695	1668	2941	4133
Grand Total (A+B+C+D+E)	82967	94662	102130	123462	155649	148374	139916	131574	101092	106887	100390	128320	134837	155432	152691	129785

* 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	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03*
1. Extension of Services	1075	1088	1096	1098	1312	1833	2441	3097	3722	4340	4377	4406	4421	4419	4429	4440
a. Hospitals	96	101	111	111	113	114	114	82	82	82	82	83	83	83	83	83
b. Health Centres	18	16	16	18	18	18	18	17	17	17	17	13	13	10	10	10
c. Health Posts	816	816	816	816	816	816	801	775	775	754	736	723	711	700	700	700
d. Ayurvedic Services Centre ++	145	155	153	153	165	165	168	167	172	200	230	260	275	275	286	297
e. Sub-Health Posts	-	-	-	-	200	700	1300	1997	2597	3187	3192	3187	3179	3171	3170	3170
f. Primary Health Centre	-	-	-	-	-	20	40	59	79	100	120	140	160	180	180	180
2. Hospital Beds	4153	4329	4572	4570	4798	4848	4848	3604	3604	3904	4189	4955	5190	5250	5250	5250
3. Skilled Manpower	20926	22771	27948	30195	32815	32798	33441	27960	30520	73572	77107	78371	81381	81351	84087	86162
a. Doctors	879	951	951	1196	1497	1497	917+	952+	872+	894+	894+	923+	1259+	1259	1259+	1295+
b. Nurses	2663	2980	2980	2986	2986	2999	2980	4606	4606	4706	3588	3925	4655	4655	7315	9146
c. Kaviraj (Ayurvedic Physician)+++	165	198	240	240	270	240	193	249	249	290	290	201	211	211	203	387
d. Vaidya (Ayurvedic Physician)	114	119	130	130	144	144	168	197	197	219	219	195	210	210	294	354
e. Health Assistants	1017	1186	1186	1186	3461	3461	1168	4492	5092	5152	5192	5295	5295	5295	5295	5295
f. Health Workers (M. C. H. W.)	13462	14337	19461	20442	20442	20442	24000	2400	2400	3187	3190	3190	3190	3190	3190	3190
g. Village Level Health Workers	2626	3000	3000	4015	4015	4015	4015	4015	4015	4015	4015	4015	4015	3985	3985	3985
h. Other Members (Trained Sudeni, Women Health Volunteers)	-	-	-	-	-	-	-	11049	13089	55109	59719	60627	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	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*
A. Additional Facilities Extended By Water Supply & Sewerage Department																	
a. Additional Population Benefited from New Projects	In Th.	846	579	882	454	680	685	691	811	800	756	707	374	525	466	64	177
b. Additional Population Benefited from Repaired Projects	In Th.	-	-	-	-	-	5	8	2	5	14	-	-	-	-	-	-
c. Total Available Water	Th. Lt/Day	32705	25305	39700	20430	48875	35820	46948	54471	54067	34650	31815	20011	28271	25164	2876	7948
Urban Areas																	
a. Population Benefited	In Th.	10	39	-	-	10	52	18	48	40	-	-	-	-	-	-	-
b. Available Water	Th. Lt/Day	852	3715	-	-	811	14096	1736	4608	3880	-	-	-	-	-	-	-
* B. Additional Facilities Extended By Nepal Water Supply Corporation																	
a. Available Water	Th. Lt/Day	42000	12200	10300	5000	8000	4260	16000	3300	5500	5500	300	7000	3000	1480	7000	3000
b. Population Benefited	Th. Lt/Day	48	57	57	27	150	40	81	34	69	55	45	43	19	15	50	20
c. Modern Sewerage Facilities	K.M.	4	21	4	6	9	7	5	2.84	4.31	12	0.46	10	7	5	10	2

* First Eight Months.

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