

Transforming Nepal Through Structural Reforms

Edited Volume



नीति अनुसन्धान प्रतिष्ठान
Policy Research Institute



Kathmandu, Nepal

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Editors

Dr. Kalpana Khanal & Dipendra Prasad Pant



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MINISTRY OF FINANCE



Rameshore Prasad Khanal
Finance Minister

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Message from the Minister

It gives me great pleasure to welcome the publication of “Transforming Nepal through Structural Reforms”, a significant volume published by the Policy Research Institute (PRI). This work provides a timely multi-sectoral analysis of the structural constraints faced by the country.

Nepal’s economy continues to face persistent challenges, including low productivity growth, limited private sector investment, structural fiscal pressures, and vulnerabilities arising from external shocks and climate risks. These challenges reflect long-standing institutional and policy constraints as well as short-term cyclical factors. The task before us, therefore, is not only to articulate reform priorities but to address the underlying political economy and implementation gaps that have historically constrained the effectiveness, sequencing, and sustainability of economic reforms.

This volume rightly emphasizes the need to move beyond first-generation reforms that focused primarily on liberalization and deregulation. It also examines how to address the reform agenda and the second-order constraints, including policy coherence, regulatory quality, fiscal federalism, project governance, and climate resilience, among others.

Also, as the chairperson of the High-Level Economic Reform Advisory Commission—a body constituted before the formation of the current Government to provide independent advice on economic and sectoral reforms—I view the analyses presented in this volume as valuable complements to the Government’s ongoing reform efforts. The wide thematic scope of this volume underscores the interconnected nature of structural reforms. Importantly, the contribution from academicians, policy practitioners, and senior-level policymakers across various sectors of the country has rightly tracked Nepal’s governance, economic, and transformational issues, providing a comprehensive perspective on both challenges and opportunities. In a small open economy such as Nepal, progress in one domain depends critically on advances in others. This integrative perspective, is therefore both timely and necessary.

I commend the thematic scholars and contributors for their rigorous and collaborative efforts, and the PRI for its leadership in advancing informed policy discourse.

Rameshore Prasad Khanal
Minister
Finance, Federal Affairs and General Administration
Government of Nepal

PREFACE

Nepal stands at a defining moment in its economic journey. Anchored in the Constitution, the nation aspires to build a self-reliant, inclusive, and prosperous economy, harnessing the full potential of public, private, and cooperative sectors. The transition to a federal system, coupled with Nepal's imminent graduation from Least Developed Country status, presents both unprecedented opportunities and complex challenges. Addressing these challenges and unlocking the country's economic potential requires bold, strategic, and forward-looking structural reforms.

Structural reforms in underdeveloped countries like Nepal are essential to eliminate persistent economic bottlenecks, enhance efficiency, and foster long-term, inclusive development. They focus on transforming regulatory and institutional frameworks to increase productivity, encourage private sector investment, improve market competition, and address structural gaps such as financial constraints, inadequate infrastructure, and governance inefficiencies. For Nepal, such reforms are critical to maximizing domestic and foreign investment, modernizing key economic sectors, and ensuring that growth is broad-based, sustainable, and resilient.

This edited volume, prepared by the Policy Research Institute, presents a comprehensive and critical review of Nepal's economic reforms historically. It examines institutional, legal, policy, and operational gaps across key sectors, including agriculture, industry, infrastructure, taxation, cooperatives, remittances, hydropower, governance, fiscal federalism, and economic diplomacy. Cross-cutting issues such as climate change, digital transformation, sustainable finance, and human capital development are also analyzed, providing a holistic view of Nepal's evolving economic landscape. The study underscores the importance of strategic planning, effective implementation, and coordinated action across all levels of government and stakeholders. It provides actionable recommendations to enhance productivity, foster private and foreign investment, strengthen governance, and ensure inclusive and sustainable development. The insights contained herein aim to support policymakers, development partners, and all stakeholders in designing and implementing reforms that are constitutionally grounded, internationally informed, and socially transformative.

I express my deepest gratitude to the chapter contributors, whose in-depth analyses and expertise formed the foundation of this publication. My sincere appreciation also goes to the editors of this volume, Dr. Kalpana Khanal and Dipendra Prasad Pant, for their meticulous efforts in refining, coordinating, and shaping the chapters into a cohesive volume.

I hope that this publication will also serve as a blueprint for policy reform as well as a catalyst for dialogue, collaboration, and action toward this end.

Prof. Dr. Lekhnath Sharma
Executive Chairperson
February 2026

ACKNOWLEDGEMENT

This volume presents a comprehensive review of Nepal's first generation of economic reforms, examining key sectors and thematic areas that are critical to the country's development. By doing so, it highlights the reforms needed to enhance productivity, attract investment, strengthen governance, and ensure inclusive and resilient economic growth.

The chapters included in this volume are the outcome of rigorous research, expert analysis, and close collaboration among contributors and thematic specialists. PRI extends its sincere appreciation to all chapter authors and thematic experts whose insights and scholarship constitute the core of this publication.

PRI highly appreciates the efforts of the chapter contributors – Dr. Kalpana Khanal, Prof. Achyut Prasad Wagle, Gopi Nath Mainali, Dr. Chandra Mani Adhikari, Nara Bahadur Thapa, Dr. Babu Ram Dawadi, Sharada Prasad Trital, Dr. Gopi K. Khanal, Dr. Teertha Raj Dhakal, Dr. Hari Sharma Neupane, Soniya Bashyal, Dr. Sanjaya Acharya, Dr. Govind Raj Pokharel and Madhu Raman Acharya. Their expertise, insights, and diligent work have been invaluable in shaping the quality and comprehensiveness of this publication.

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Special acknowledgment is due to the members of the PRI's Publication Review and Recommendations Committees (PRRCs), established for the review of the chapters in this volume. As the Committee members, Mr. Ashok Pandey, Dr. Deepak Kumar Khadka, Dr. Dejina Thapa, Dr. Giri Raj Sharma, Mr. Gopal Acharya, Dr. Hari Prakash Chand, Dr. Hari Sharma Neupane, Dr. Jham Kumar Bishwakarma, Dr. Khaga Nath Adhikari, Dr. Maheshwar Giri, Dr. Manita Kusi, Dr. Mohan Kumar Sharma, Dr. Mukti Ram Rijal, Dr. Niranjana Devkota, Dr. Pradeep Panthi, Ms. Rija Manandhar, Ms. Soniya Bashyal, and Dr. Subash Adhikari reviewed the Chapters. Their professional scrutiny, guidance, and recommendations were instrumental in refining the manuscripts and finalizing them for publication.

We also sincerely thank all others who directly or indirectly supported the process of editing and production of this book. In particular, we acknowledge Subin Ulak for beautifully designing the graphics of the volume, enhancing both its clarity and visual appeal.

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ABBREVIATIONS

ADB	:	Asian Development Bank
AEPC	:	Alternative Energy Promotion Center
AI	:	Artificial Intelligence
ASEAN	:	Association of Southeast Asian Nations
ATM	:	Automated Teller Machine
BoP	:	Balance of Payment
BRI	:	Belt and Road Initiative
CAB	:	Current Account Balance
CAO	:	Chief Administrative Officer
CBET	:	Cross-Border Electricity Trade
CGGC	:	China Gezhouba Group Corporation
CIAA	:	Commission for the Investigation of Abuse of Authority
COPAC	:	Committee for the Promotion and Advancement of Cooperatives
CPI	:	Corruption Perception Index
CTEVT	:	Council for Technical Education and Vocational Training
DAM	:	Day-Ahead-Market
DAO	:	District Administration Office
DCC	:	District Coordination Committee
DFID	:	Department for International Development
DNF	:	Digital Nepal Framework
DoFE	:	Department of Foreign Employment
DoI	:	Department of Industries
DRI	:	Department of Revenue Investigation

DWDM	: Desne Wavelength Division Multiplexing
ECLAC	: Economic Commission for Latin America and the Caribbean
ERC	: Electricity Regulatory Commission
FCGO	: Financial Comptroller General Office
FDI	: Foreign Direct Investment
FIEA	: Federal Industrial Enterprise Act
FITTA	: Foreign Investment and Technology Transfer Act
FY	: Fiscal Year
GBPS	: Gigabits Per Second
GCC	: Gulf Cooperation Council
GCM	: Global Compact for Safe, Orderly and Regular Migration
GDP	: Gross Domestic Product
GEA	: Government Enterprise Architecture
GoI	: Government of India
GoN	: Government of Nepal
GRB	: Gender Responsive Budgeting
GST	: Goods and Services Tax
GW	: Gigawatt
IBN	: Investment Board Nepal
ICA	: International Cooperatives Alliance
ICAO	: International Civil Aviation Organization
ICT	: Information and Communication Technology
IDML	: Industrial District Management Limited
IEA	: Industrial Enterprises Act
IFAD	: International Fund for Agricultural Development

IGFM	: Intergovernmental Fiscal Management
IIP	: International Investment Position
ILO	: International Labour Organization
IMF	: International Monetary Fund
IOT	: Internet of Things
IPPs	: Independent Power Producers
IPS	: Indo-Pacific Strategy
IRD	: Inland Revenue Department
kV	: Kilovolt
kWh	: Kilowatt-hour
LDC	: Least Developed Country
LMBIS	: Line Ministry Budget Information System
M&E	: Monitoring and Evaluation
MCA	: Millennium Challenge Account
MCC	: Millennium Challenge Corporation
MDAC	: Ministerial Development Action Committee
MfDR	: Managing for Development Results
MFN	: Most Favoured Nation
MIS	: Management Information System
MoEWRI	: Ministry of Energy, Water Resources and Irrigation
MoF	: Ministry of Finance
MoFA	: Ministry of Foreign Affairs
MoFAGA	: Ministry of Federal Affairs and General Administration
MoHA	: Ministry of Home Affairs
MoICS	: Ministry of Industry, Commerce and Supplies

MoLESS	: Ministry of Labour, Employment and Social Security
MSME	: Micro, Small and Medium Enterprise
MTEF	: Medium-Term Expenditure Framework
NCFN	: National Cooperative Federation of Nepal
NCHL	: Nepal Clearing House Limited
NDAC	: National Development Action Committee
NEA	: Nepal Electricity Authority
NLSS	: Nepal Living Standard Survey
NNRFC	: National Natural Resources and Fiscal Commission
NPB	: National Project Bank
NPC	: National Planning Commission
NPP	: National Pride Project
NPR	: Nepalese Rupee
NRB	: Nepal Rastra Bank
NRN	: Non-Resident Nepalis
NSO	: National Statistics Office
NTA	: Nepal Telecommunications Authority
NTB	: Nepal Tourism Board
NTIS	: Nepal Trade Integration Strategy
NTPC	: National Thermal Power Corporation
OAG	: Office of the Attorney General
ODA	: Official Development Assistance
OECD	: Organization for Economic Cooperation and Development
OGI	: Open General License
OSSC	: One Stop Service Centre

OTT	: Over-the-Top
PAN	: Permanent Account Number
PDAC	: Provincial Development Action Committees
PE	: Public Enterprise
PFM	: Public Financial Management
PFMTC	: Public Finance Management Training Center
PIT	: Personal Income Tax
PMAS	: Poverty Monitoring and Analysis System
PPMO	: Public Procurement Monitoring Office
PPP	: Public-Private Partnership
PPPs	: Public-Private Projects
PSO	: Payment System Operator
QR	: Quick Response
RoW	: Rest of the World
RPGC	: Rastriya Prasaran Grid Company
RTDF	: Rural Telecommunications Development Fund
SAARC	: South Asian Association for Regional Cooperation
SAP	: Structural Adjustment Programme
SDGs	: Sustainable Development Goals
SEBON	: Securities Board of Nepal
SEZ	: Special Economic Zone
SME	: Small and Micro Enterprises
SMS	: Short Message Service
SOE	: State Owned Enterprise
ST	: Structural Transformation

STI	: Second Tier Institution
SuTRA	: Sub-National Treasury Regulatory Application
TEPC	: Trade and Export Promotion Center
TSO	: Transmission System Operator
TWH	: Tetrawatt – Hour
UNCTAD	: UN Trade and Development
UNDP	: United Nations Development Programme
UNFCCC	: United Nations Framework Convention on Climate Change
UPI	: Unified Payment Interface
VAS	: Value Added Services
VAT	: Value Added Tax
VRS	: Voluntary Retirement Scheme
VUCL	: Vidhyut Utpaadan Company Limited
WB	: World Bank
WCCU	: World Council of Credit Unions
WECS	: Water and Energy Commission Secretariat
WTO	: World Trade Organization

EDITORIAL

Reforming Structures to Unlock Nepal's Economic Potential

Structural Reforms and Nepal

Economic reform is understood as an institutionally grounded and socially embedded process of transforming an economy's structures, relationships, and capabilities to enhance societal well-being, equity, resilience, and sustainability. Beyond market liberalization and universal efficiency-driven prescriptions, it is important to see economic reform as a dynamic, evolutionary, and context-specific project shaped by a country's historical trajectory, power relations, institutional arrangements, ecological constraints, and social norms. Reform needs to be seen as an iterative and adaptive process focused on strengthening productive structures, improving distributive outcomes, democratizing economic decision making, and building institutions that support long-term development, structural transformation, and environmental stewardship.

Nepal's development trajectory should also be looked into with reference to governance structures and their reforms initiated by the country historically, because the country's political movements and reforms have to do with the governance structures adopted by the country. Also, the political movements and the subsequent socio-political changes in Nepal in the past are the consequences of the cumulative build-up of structural frustrations, among other factors. At the center of dissatisfaction of the youth, marginalized and disadvantaged communities, and conscious citizenry in the country lies the governance concerns. Since the political changes in the country in 1990, the country initiated structural reforms that resulted in a paradigm shift in governance to some extent. Nepal, since then, has expanded access to education, connectivity and international exposure. However, unable to convert these advantages into local economic opportunities and the failure to timely address the interests and expectations of youths and excluded groups frustrations over governance are on the rise, especially among the new generation. As the generation is better informed, digitally connected, and more aware of the world than any other generation in the past, their expectations from the government are on the rise, too.

Also, unprecedented global advancement in information and communication technologies and social media and their access to them, has eased the newer generation to question governance and urge governments to address their concerns that relate to their employability, livelihood and career paths. Moreover, they can easily compare their lived experiences with possibilities elsewhere in the region and beyond. Their economic ambitions are specifically around employment,

entrepreneurship, technological innovation, and merit-based systems. However, the domestic economy has been almost unable to channel this growing human resource into productive sector jobs with benefits. This reality has made reforms more urgent over the years.

Specifically, ongoing underemployment, lack of growth in the manufacturing sector, lagging in terms of commercializing the agriculture sector, poor innovation ecosystems, and inefficiencies in governance, together have eroded confidence in gradual reforms. People are compelled to live through years of chronic political uncertainty and unstable governments, whereas over the years, it sounds like the political class is disconnected from economic realities. The influence of informal institutions, patronage networks and rent-seeking behavior has also continued to overshadow governance performance, reinforcing the belief that economic mobility is tied more to connections than to competence. As a result, popular expectations have sought systemic reform of institutions, incentives, and accountability structures. People's demand for changes is for effective service delivery, transparency of state mechanisms and operation, and economic opportunity, rather than the partisan narratives of the past.

Put it more distinctly, people's demands for reforms are focused on i) creation of effective domestic jobs, ii) a credible investment climate that rewards innovation and risk taking, iii) open and efficient state apparatus, iv) modernization of education and alignment of skills with future economies, and v) a system of governance that encourages service delivery rather than procedural compliance. These expectations align closely with what can be called 'next-generation structural reforms', the reforms that move beyond opening of markets and focus on the effectiveness of institutions, coordination, and dynamic efficiency. In contrast to the first generation of reforms, which focused on liberalization and deregulation, the reform agenda today should focus on second-order constraints such as policy coherence, regulatory quality, fiscal federalism, project governance, climate resilience and the integration of digital and green transitions into economic planning.

Purpose of this Volume

This edited volume is envisioned as a response to the increased realization that Nepal's development challenge is more than identifying what reforms are necessary, but also understanding why reforms have repeatedly fallen short and how structural transformation can be pursued within the context of institutional and politico-economic realities of the country is equally important.

This volume is an integrative analysis of the structural constraints of the economic path taken by Nepal. It is an outcome of a systematic and collaborative effort by

thematic scholars to critically analyze Nepal's reform experience and the ways the country should follow for structural transformation. It intentionally moves beyond binary debates about the 'first' or 'second' generation of reforms to reflect forces that were not recognized or were under-recognized at previous stages of reforms, including federalism, climate change, digital economy, re-balancing geopolitics, and the youth-driven expectations regarding governance reforms.

In its essence, the volume aims to contextualize the situation of Nepal in the global historical context of economic development, recognizing that developmental trajectories are varied, contested, and conditioned by institutional arrangements. Instead of making Nepal an outlier or a special case, this volume puts Nepal in the position of a late-developing economy facing the challenges common to many countries: stagnation in industrial development, low productivity growth, poor governance, and vulnerability to exogenous shocks, on the one hand, and constraints arising from geography, federal transition and labor migration, on the other.

This volume, to some extent, provides answers to popular expectations on reform agendas as the volume goes beyond abstract reform recommendations and offers specific, evidence-based avenues for economic transformation. As it highlights institutional reform and structural bottlenecks in the key areas and sectors, the application of its recommendations is believed to contribute to addressing governance issues besides responding to the demands of various groups and stakeholders of the country, including the youth. The book recognizes that meaningful reform must be politically viable, socially inclusive and institutionally credible, focusing on consequences rather than intentions. Instead of quick fixes, it provides a realistic forward-looking structure, which enables policymakers, scholars, and most importantly, young citizens understand the failures of past reforms and design more effective, sequential, and sustainable reforms aligned with the evolving social context.

This volume aspires to assist policymakers, scholars, and informed citizens in understanding not only what needs to be changed, but also how and why meaningful reform has proven persistently difficult. Its relevance is heightened in the post-Gen Z politico-social context, where evolving political consciousness, economic aspirations, and governance expectations demand deeper and more nuanced analysis.

Also, Nepal constituted the High-Level Economic Sector Reform Recommendation Commission (HLERAC) in October 2024 which submitted its report in April 2025. The Commission was mandated to undertake a comprehensive review of the economy, examine existing policies and economic laws, and propose recommendations, for example, aimed at promoting private sector investment while

advancing a sustainable production and distribution system. The HLERAC recommendations are currently under implementation phase. The analytical insights and empirical findings presented in this volume also closely complement the work of the Commission as it further analyzes the sectors and the institutions in the most critical areas of the economy, including the development of the private sector, taxes, federal fiscal policy, governance, digital and energy markets, climate finance, and agriculture.

Hence, this volume hopes to support a more mature reform discourse, one that recognizes limitations, addresses structural realities, and remains committed to the long-term project of transformation. It aspires to help policymakers, scholars, and citizens understand not only what needs to be changed, but also how and why change has proven to be so hard.

Philosophical Approach

This volume departs from the assumption that any single theoretical lens is sufficient to explain or guide economic transformation, especially in countries with deep institutional, social, and structural diversity such as Nepal. Instead, it is anchored in an ontological view of the economy as an open, evolving, and socially embedded system shaped by history, institutions, power relations, and ecological constraints. Philosophically, pluralistic economics embraces epistemic humility, recognizing that economic reality cannot be captured by universal, equilibrium-bound models and therefore draws on multiple traditions, including institutional, evolutionary, post-Keynesian, feminist, ecological, and political economy perspectives. This orientation prioritizes methodological diversity and the use of mixed forms of evidence, from quantitative indicators to historical narratives, field realities, and institutional diagnostics. At its core, the pluralistic lens foregrounds normative commitments to equity, sustainability, democratic participation, and human capabilities, viewing economic policy not merely as a mechanism for efficiency but as a tool for enhancing societal well-being.

Scope and Limitations

The range of issues this volume deals with is deliberately wide yet selective. It concentrates on reforms that bear structural consequences to Nepal's transformation in the domains of the private sector, taxation and fiscal federalism, external financial flows, digital economy, development of public investment and project governance, climate finance, energy markets, economic diplomacy, cooperatives, governance reform, and agricultural transformation. These themes have been studied as interrelated factors, as part of a broader reform ecosystem, in which progress in one area often depends on reforms in others.

Methodologically, the volume follows a plural and problem-driven approach of analysis. The chapters included in this volume follow both the historical and comparative approaches, policy and institutional analyses and empirical evidence from national level and sectoral data. Several contributors incorporate political-economic insights by recognizing that reform outcomes are shaped by incentives, power relations, and institutional capacity as much as by technical aspects. In common, the Chapter contributors have focused on some shared questions like: What constrains transformation? Why reforms stall? And, what institutional circumstances enable lasting change?

The Chapters follow diverse methodologies, including policy analysis, empirical data, institutional reviews, and comparative perspectives. To ensure analytical rigor, every chapter underwent a peer review followed by revisions based on expert feedback and additional examination by the Publication Review and Recommendation Committee (PRRC) at the Policy Research Institute. The volume offers a carefully curated collection of themes, which together bring to light the fundamental structural challenges Nepal is facing.

One of the major strengths of this volume is its integrative approach. Instead of considering reforms as sectoral practices, it emphasizes interdependencies, such as between taxation and investment, governance and project performance, climate risks and fiscal policy, energy surplus and regional diplomacy, and digitalization and productivity. This integrative strategy is especially applicable to a small and open economy that has limited resources, such as Nepal.

This volume has some limitations. Since the structural transformation is a broad and long-term process, the themes covered by this volume are not exhaustive. It has not been able to cover many other themes and areas of reform. Data constraints, especially during the post-federalization phase, have also limited the level of empirical analysis in some of the chapters, forcing them to resort to only qualitative and institutional assessment. Also, the policy recommendations outlined in the chapters are thus indicative rather than exhaustive.

Overview of the Chapters

In the first Chapter, Nepal's experience is placed in the global historical context of economic development and structural change. Instead of considering development as a linear or universal process, it discusses comparative international experience to emphasize the way late-developing economies navigate structural change amidst the geopolitical constraints, domestic institutional capacity, and political-economic realities. In this Chapter, the conceptual basis of the whole volume is set by emphasizing the fact that structural transformation is not a simple sectoral

reallocation but rather the process influenced by productivity, institutions, and policy coherence.

The second Chapter discusses the private sector orientation of Nepal's economic reforms, tracing the evolution of liberalization policies and assessing why private investment and industrial sector development have remained below potential. The Chapter critically reflects on the political economy of reforms and reveals how policy uncertainty, regulatory fragmentation and governance failures have prevented the development of an active and dynamic private sector. It argues that future reforms must move beyond open markets towards creating credible, predictable, and competitive business environments.

In the third Chapter, the author examines issues of reform in the cooperative sector in Nepal, which has been consistently established to be among the backbones of the economy. Although cooperatives were meant to encourage financial inclusion and collective enterprise, the chapter documents how weak regulation, ineffective internal governance, and political interference have undermined their credibility and stability. The analysis pinpoints regulatory loopholes, supervisory failures, and deviations from cooperative principles that have enabled systemic risks to be concentrated. The chapter argues that cooperative reform is necessary to safeguard both members and depositors as well as to rebuild trust in alternative financial institutions and strengthen the wider financial ecosystem.

The fourth Chapter focuses on taxation reform in Nepal based on past experiences in terms of revenue mobilization and structural flaws in the tax system, especially in the federal context. It sheds some light on the issues related to tax compliance, administrative capability, intergovernmental fiscal coordination and the tension that exists between revenue generation and growth incentives. The chapter emphasizes that the contemporary tax system plays a leading role not only in fiscal sustainability but also in rebuilding state legitimacy.

The fifth Chapter analyzes external financial flows to Nepal with special focus on foreign direct investment and remittances. Although the Chapter acknowledges the impact of remittance inflows on the macroeconomic stability of the recipient country, it highlights their shortcomings as a source of structural change. It identifies policy and institutional obstacles that have limited FDI and argues that a strategic flow of external finance should be directed to productive sectors, technology transfers and diversification of exports.

The sixth Chapter explores the digital economy of Nepal, focusing on the existing state of digital infrastructure, payments, e-governance and digital entrepreneurship, among others. It brings out the promising features of digitalization in relation to

productivity, inclusion, and transparency, and points out regulatory gaps, digital divides, and institutional fragmentation. The Chapter identifies digital reform as a cross-cutting enabler of structural transformation rather than a standalone sectoral intervention.

The seventh Chapter focuses on governance and political reform, placing the experience of Nepal within the context of the global evolution of governance discourse since the 1990s. The chapter examines how institutional fragmentation, weak accountability, and politicization of the public institutions have constrained reform implementation despite constitutional advances and repeated administrative reforms. Drawing on the experience of development planning and project execution in Nepal, the chapter highlights that the lack of governance continues to be a binding constraint on productivity, service delivery, and public trust. It emphasizes that meaningful economic reform requires politically feasible, institutionally grounded and outcome-oriented governance reforms.

Chapter Eight focuses explicitly on governance and public sector performance. The Chapter on fiduciary risks under fiscal federalism analyzes the change in fiscal incentives and accountability structures at the local level due to the decentralization process. It documents emerging risks related to procurement, financial reporting, and oversight, highlighting the need for stronger institutions as opposed to recentralization. Complementing this, the ninth Chapter on result-based development and project governance examines the historical underperformance of public sector investment in Nepal due to weaknesses in project preparation, co-ordination and monitoring.

Chapter Ten goes back to agricultural development as a central pillar of the economy of Nepal, which is underperforming. Examining past policies and interventions, the chapter identifies some persistent structural constraints, namely, low productivity, lack of value chain integration, fragmented landholdings, and limited commercialization. It places agriculture within broader structural transformational dynamics with the argument that the sector must transition from its subsistence-orientation to productivity and market-orientation. The chapter outlines directions for reform that focus on institutional strengthening, technology adoption, climate resilience, and enhanced connection with industry and markets.

Chapter Eleven focuses on climate change and climate finance, considering the increased role of environmental sustainability, with emphasis on the initiatives of the private sector. It analyzes climate vulnerabilities in Nepal as well as the opportunities that are becoming available in mobilizing green finance. The Chapter asserts that climate action should be integrated into economic planning and investment decisions rather than being treated as a sideline agenda.

The twelfth Chapter addresses reforms in the electricity sector of Nepal, particularly in relation to cross-border electricity trade. It also highlights the structural and institutional barriers that have prevented Nepal from fully leveraging its hydropower potential and examines how regulatory reform, regional cooperation, and credible market mechanisms can transform excess energy into a driver of growth and diplomacy.

Chapter thirteen describes economic diplomacy amidst the shifting geopolitical environment and emphasizes how the external relations of Nepal are increasingly shaped by regional competition, shifting global supply chain changes, and climate and infrastructure finance. It argues that economic diplomacy can only be effective when it is aligned with the domestic reform priorities.

The third, seventh and tenth Chapters look at structurally significant yet relatively understudied areas that shape the institutional foundations of economic change in Nepal. These chapters focus on governance systems, cooperative institutions, and agriculture, where reform failures have had systemic economy-wide effects.

The last Chapter is the synthesis of the key findings of the volume, and it also offers policy recommendations, drawing together insights from various sectors to outline a coherent and coordinated roadmap of reforms. It focuses on the idea that Nepal's structural transformation will depend not on isolated policy reforms, but on coordinated, credible, and institutionally grounded reforms that can bring long-lasting economic results.

CHAPTER 1

NEPAL'S STRUCTURAL TRANSFORMATION IN THE CONTEXT OF ECONOMIC DEVELOPMENT AND THE GEO-POLITICAL ORDER

Dr. Kalpana Khanal

Abstract

This chapter situates Nepal's structural reforms within the global historical context of economic development. Divergent schools of thought have contributed to the debate on economic growth. The diversity in analytical paradigms has offered contrasting policy prescriptions, where the triumph of liberal economics is the dominant rule. After an era of strong State intervention and protectionism, it was expected that less interventionist, open economies would provide the basis for rapid growth in the developing world. However, liberalization as prescribed by the Washington Consensus hasn't proved to be a panacea. In this context, this chapter goes beyond the aggregate global notion of liberalization and delves into the analysis of dynamics of specific production structure in Nepal, which involves analysing the historical and geo-political-economic context, internal geography, climate change and its impact on infrastructure development and public spending, domestic human resource capacity and labour relations, access to capital, among others.

Based on the secondary data, descriptive analysis is done to justify the study. Further, in the analysis process, the chapter draws from recent contributions as well as old ideas that have received little attention in contemporary debates. This study finds that despite liberalization as a process under the Washington Consensus being supposed to boost economic growth, in Nepal, the effect has been mixed, with early deindustrialization and excessive dependence on remittances. This study also identifies the need for productivity-based growth using strong infrastructure and industrial policies, agricultural transformation with the help of financial intermediation and land reforms to shore up development.

Hence, it is important to refocus credit to the productive sectors, especially to agro-processing. There must be green job development in hydropower, the tourism industry and the information technology sector, and economic diplomacy needs to be strengthened to encourage Foreign Direct Investment (FDI) flow and divert remittances to productive use. Climate resilience and governance reforms would support the task of finding a balance between global integration and sustainable and inclusive development in Nepal.

1.1 Introduction

There is no universally accepted definition of what a developing country is; neither is there one of what constitutes the process of economic development. For example,

Rostow's 'modernization theory' sees development as modernity to be achieved by following Western models of 'success' (Rostow, 1960), but development is understood as 'progress' too. Since people have different conceptions of 'progress', we need to specify which standard of progress we are trying to reach – is it the Western one or the other? The aim of development is progress, but since progress is often an ethnocentric concept, development itself becomes ethnocentric (Singer, 1949; Bodley, 1998).

The Western notion of development centers around giving developing countries the opportunities available in Western countries (developed countries/global North). This means that some features of Western society are desirable and that will make people's lives better. That's admirable and there's no ethnocentrism in that. However, the fact is that in doing so, the traditions and cultures of the developing country are seen as obstacles to progress, something to be changed so that people will get the progressive Western mentality and become a better country; this is ethnocentrism (Bodley, 1998).

It is not only the definition of development that is contested; the way development is measured is also problematic. A proxy is required to measure development. Mainstream economic theories usually categorize developing countries by the per capita income criterion, and economic development is usually thought to occur as per capita incomes rise.¹ Therefore, there have been extensive empirical analyses to look into the impacts of factors such as institutions, policy, and geographical factors in explaining varying income levels and growth experiences in various economies around the world (Easterly, 2001; Rodrik et al., 2002).

In contrast to mainstream approaches to economic development, the complex reality of economic development can be seen as an inherently uneven process. The unevenness manifests itself in a wide array of issues influencing wealth and poverty, technological innovation, ecology and sustainability, financialization, migration, gender, and geography, among others. The dynamics of cumulative causation created by the interplay between these factors can magnify the extent of unevenness (Hirschman, 1958). Myrdal (1957) also pointed out his dissatisfaction with the spatial inequalities inherent in free market economic development in his book

1. Any assessment of development should extend beyond income and its distribution to include broader measures of well-being including education and health. Using economic growth as an indicator of economic development is a narrow perspective because it does not reflect inequalities between gender, ethnic and regional groups. These differences are not only emblematic of social injustice but they also affect investment climate and growth prospects. Therefore, there is close interconnection between economic and non-economic dimensions. It requires a re-crafted form of fiscal policy to facilitate equitable sharing of growth benefits by effective taxation of income, profits and capital gains and at the same time to guarantee social safety nets of the poor, vulnerable and marginalized groups.

Economic Theory and Underdeveloped Regions. While he criticized leaving ‘development’ to the free market, he remained within a development approach that focused on economic growth and believed that the only way exacerbation of spatial inequalities could be reduced was through state intervention (Myrdal, 1970).

In this context, the main objective of this chapter is to understand Nepal’s structural transformation in the context of economic development. However, the specific objectives are:

- i) To review economic development and structural transformation,
- ii) To analyze structural transformation in contemporary economic development,
- iii) To analyze the current development status of Nepal,
- iv) To analyze the impact of the global geopolitical order on the Nepali economy,
- v) To offer policy recommendations for economic reform in Nepal.

1.1.1 Methods of the Study

This chapter is based mainly on a thorough literature review of journal articles, books, white papers, policy reports of multilateral and bilateral organizations, and other relevant grey literature. Covering classical development theories as well as the current debate about structural transformation, the reviewed works will provide a historical and comparative viewpoint. Another significant source of literature is the official publications, national economic surveys, periodic plans and statistical reports of government institutions.

The secondary data also includes the publications of the Central Bureau of Statistics (now National Statistics Office), Nepal Rastra Bank, the Ministry of Finance of Nepal, and the open databases of the World Bank and the International Labor Organization (ILO). As needed, comparative regional and global data are also used to place the development experience of Nepal in a wider context. Data is presented graphically to emphasize long-term patterns of structural change. Further, comparisons are based on the cross-cutting policy experience of other developing economies to provide a contextual analysis.

1.2 Economic Development in the Historical Context

During the post-war period, the relatively poorer countries of the world were regarded as lagging on the path of economic development because of their dependence on agriculture and lack of capacity to invest, which was considered crucial for economic

growth. Hence, during the period, as part of a policy response to modernization theory, international aid was transferred from countries in the global North to the global South with the pursuit of catching up in the development process.² Aid flows in the 1950s and 1960s focused on industrial development and improving agricultural efficiency through the use of technology. Large-scale infrastructure projects, such as dam construction and road building, were also emphasized.³

To achieve ‘development’, multiple variations of Keynesian approaches were used in the post-war period by most governments in the global North, as well as multilateral agencies such as the World Bank and the International Monetary Fund. The approach was based on government intervention at a national level and foreign assistance in the form of aid on an international scale. This form of ‘top-down development’ was advocated because policymakers believed that this development path had worked in the North and could work elsewhere (Willis, 2005). This perspective changed in the 1970s when the role of the state was increasingly questioned by theorists such as Deepak Lal (1983) and Bela Balassa (1971, 1981). These theorists relied on the theories of Adam Smith and others regarding the ‘invisible hand of the market’ and argued that the widespread involvement of the state in economic activities caused inefficiency and slower rates of economic growth than would be achieved if the market were left to set its prices and wages. Concerning aid, Bauer (1972) pointed out that foreign aid was also counterproductive for the development process and that it should be greatly reduced. Toye (1993) describes this shift in development discourse as a ‘counter-revolution’.⁴

The 1983 World Development Report made it clear that the World Bank had embraced the market-oriented approach to development. The report investigated the relationship between economic growth rates and the degree of state intervention and pointed out that higher rates of growth were associated with the countries that

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2. Aid refers to transfer of resources on concessional terms, or on terms that are more generous or “softer” than loans obtainable in the global capital market (Cassen et al., 1994, p.2). These resources are transferred from one government to another directly as bilateral aid, or from one government through a multilateral agency or an NGO to governments or groups in the developing countries (Lancaster, 1999).
 3. It did, however, have serious social and environmental impacts. The externally derived nature of this development approach is summed up by General Olusegun Obasanjo, President of Nigeria between 1976 to 1979 and later from 1999 to 2007. He stated, “In education and in industrialization, we have used borrowed ideas, utilized borrowed experiences and funds and engaged borrowed hands. In our development programmes and strategies, not much, if anything, is Ours” (1987 in Lancaster 1999).
 4. Toye (1993) argues that this counter-revolution wanted to challenge i) the over-extension of the public sector; ii) the over-emphasis of economic policies on investment in physical capital such as infrastructure, rather than human capital such as education and health, iii) the widespread use of economic controls, such as tariffs, subsidies and quotas, which distorted prices.

pursued export-oriented policies and were least involved in ‘distorting the market’. Since the 1980s, the trends in policy design have been heavily influenced by liberal economics, which is in contrast with the richness and diversity of analytical paradigms in development economics that existed during the pre-war and post-war periods. After the era of strong state intervention and protectionism, more liberalized policies were introduced, and it was expected that liberalization would fuel rapid economic growth in the developing world (Ocampo, 2005). However, these expectations were largely frustrated. For example, in Latin America, the results of economic liberalization have been disappointing but were poorer than State-led (or import substitution) industrialization (The Economic Commission for Latin America and the Caribbean [ECLA], 2003; Ocampo, 2004; Stallings & Peres, 2000).

With liberalization, development is no longer the sole responsibility of the state, as organizations of civil society were increasingly seen as the most appropriate instruments to achieve economic development, and the market is the main driver (Peet & Watts, 1996). The role of the state is to set a wider framework and regulatory mechanisms (Rist, 1997). The transformations of development discourses and practices were a part of the wider process of globalization based on which the functions held by the nation-state are transferred upwards to supranational institutions (Stiglitz, 2002; Rodrick, 2018; Rogoff, 1999) and common markets through economic and political integration, downwards to regions and communities through political and administrative decentralization, and sideways to NGOs and the private sector through ‘democratization’ and privatization (Blaser et al., 2004). That is, the state is increasingly ‘de-governmentalized’ and the practices of government ‘de-statized’ (Rose, 1996). These changes implied that the role of the state was diluted, or the balance of power was shifted between the state, market and civil society, thereby the boundaries of the roles of these domains were increasingly blurred (Wood, 1997; Pearce, 1997; Barry et al., 1996). This discourse of development based on neoliberal economics and liberal political theory is interpreted as democratization because of the expansion of civil society and has become dominant in governmental and multilateral institutions (Edwards & Hulme, 1996). This view limits the role of the state as a legislator and guarantor of the rules that allow the market to operate unhindered on a transnational and global scale. The role of the market is to generate wealth with which development can be carried out. The role of making development humane has been assigned to civil society organizations and NGOs (Hudock 1999; Eade 2000; Hulme & Edwards 1997).

1.2.1 Debt Crisis of the 1980s

The world debt crisis of the 1980s and the crises that followed can be taken as the consequences of the deleterious impact that the economic policies of industrial countries had on the welfare of developing countries.⁵ Many countries in the global South adopted import-substitution policies with some success. For example, Brazil adopted the structuralist policy of import substitution industrialization (ISI) from the 1940s onwards to increase levels of economic growth by protecting domestic industry and promoting production for export (Prebisch, 1950, 1959; Singer, 1950; Gwynne, 1996).⁶ Despite some successes, the influence of the structuralists on policy implementation declined. This was largely a result of the perceived limits to ISI, agrarian reform and other forms of state intervention policies at a national level. These limits became increasingly apparent with the oil crisis of the 1970s. The national limits, combined with falling commodity prices and a slowdown in the world economy, led to what has been termed the 'debt crisis' of the 1980s.

The balance of payments (BoP) is the method countries use to monitor all international monetary transactions (income) coming into a country and going out in a specific period (Table 1.1). BoP consists of the current account and the capital account. If there is a deficit in one of these accounts, this is not necessarily a problem, as a surplus in the other account may cover the amount. However, if it does not, or if there is a deficit on both accounts, then money must be found to deal with the deficit. This may be found in the financial account, which includes three forms of reserves: foreign 'hard' currencies, such as US dollars, gold and Special Drawing Rights (SDRs) at the

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5. As Furtado (2007, p.12) pointed out, the 'counter-revolution transformed the world into a single economy' by replacing the traditional and structuralist models of economic development with a model, which confined the economy to the market.
 6. The Economic Commission for Latin America and the Caribbean (ECLAC) Executive Secretary, Raúl Prebisch, along with many others working in the organization argued that the development strategy pursued by Latin American countries must be based on their own development experiences. Prebisch pointed out that the free trade arguments of modernization theorists were not helpful to achieve higher economic growth and standards of living. Specifically, because the global economic structure was very different from that which existed when the European countries went through their processes of industrialization. Prebisch added that the global trading system based on the notions of free trade hindered the process of Latin American development because for the ECLAC structuralists 'development' as a goal was not represented by industry, urbanization and other symbols of modernity. Rather, development, as a process they envisioned, was different from the path advocated by Eurocentric theorists. Based on the ECLAC interpretation, national development strategies involved greater state intervention to protect national industries without competition from foreign firms. This approach built on the ideas of 'infant industry' argument developed by a nineteenth-century German economist, Friedrich List (1856). What was termed 'import-substitution industrialization' (ISI) was adopted in a number of countries throughout the region with some initial success (Gwynne, 1996).

International Monetary Fund (IMF). SDRs give the holders the ability to claim currencies from IMF members in the form of loans (IMF, 2004).

Table 1.1: Balance of Payments Accounts

SN	Description	In	Out	
1	Exports of goods and services	A		
2	Imports of goods and services		B	
3	Net investment income ^a	C		
4	Debt-service payments		D	
5	Net remittances and transfers ^b	E		
6	Total current account balance ($A - B + C - D + E$)			F
7	Direct private investment ^c	G		
8	Foreign loans (public and private), minus amortization ^d	H		
9	Increase in foreign assets of the domestic banking system		I	
10	Resident capital outflow (capital flight) ^e		J	
11	Total capital account balance ($G + H - I - J$)			K
12	Increase (or decrease) in cash reserve account			L
13	Errors and omissions ($L - F - K$)			M

Source: Adapted from Todaro (2000, pp. 542-543)

Where,

- a = The balance between the earnings on overseas investments (such as bank deposits and bonds), which are brought into the country and investment income and profits, which are taken out of the country.
- b = The balance between private transfers into and out of the country, e.g., money sent back home by nationals working overseas.
- c = This is made up largely of investment by multinational corporations.
- d = Foreign governments, international banks, governments and multilateral agencies minus the payments made to pay back part of the sum.
- e = Movement of money out of the country to foreign bank accounts, property, stocks and shares purchases; triggered by loss of confidence in the domestic economy.

Starting in the 1960s and particularly during the 1970s, many countries in the global South borrowed large amounts of money to fund large infrastructure and development

projects. However, the countries were not able to cover their debt repayments and consequently, the debt crisis arose. Most of this borrowing, before the 1970s, was from the countries in the global North or from multilateral agencies, but in the 1970s, increasing levels of borrowing were from private banks. This is part of what was known as the recycling of petrodollars (Kregel, 2008a).⁷

The rise to dominance of private international capital flows provided a substitute for the IMF's conditional lending and allowed countries to maintain exchange rates without undertaking the IMF conditions of structural adjustment to eliminate international imbalances.⁸ With the dominance of private international capital flows, instead of being limited by the size of international reserves, accumulated deficits were limited by the willingness of international financial markets to provide deficit financing (Kregel, 2008a). The second phase of international private flows was generated by the Brady Plan, which sought to resolve the 1980s debt crisis by allowing countries to return to international capital markets to borrow the funds required to meet their outstanding indebtedness. The Brady Plan aimed to achieve the goal through open trade by eliminating internal development institutions to allow comparative advantage trade financed by external resources to act as an engine of growth. These policies were characterized as 'neoliberal' and were codified in the Washington Consensus, enunciated by Williamson (1989) as the solution to the problems of the lost decade. In general, 'free trade' or 'market fundamentalism' are current catchwords in the discipline, and the Washington Consensus, regardless

7. The first seeds of the world debt crisis were sown after the first oil shock in 1973. The Organization of the Petroleum Exporting Countries (OPEC) faced huge surpluses because its consumption did not match the high incomes generated by the rise in the oil price. Hence, the surpluses were placed as bank deposits and lent by the commercial banks in the United Kingdom and the US to other borrowers. The result of this sharp increase in private market intermediation caused a lapse in risk assessment on private loans and deficiency in national supervision. Kregel (2008a, p.7) argues that the US banks shifted from "asset management" to "liability management" practices, including funding through foreign branches operating in the Eurodollar market in London in order to gain flexibility. This led to the beginning of the return of private international capital flows and became the primary vehicle for the recycling of petrodollars in the mid-1970s.

8. IMF was established for eliminating short-run disequilibria in a country's balance of payments. Financial flows to developing countries were available from the lending activities of the IMF with a pre-condition attached to it that the borrowing country would take the measures necessary to enable it to repay the loan within the specified period. In 1980, the World Bank introduced 'structural adjustment lending' (or SAL) as a new form of aid. SAL was aimed at dealing with medium term balance of payments adjustment. SAL requires policy changes such as the avoidance of overvalued exchange rates; rates of interest which reflect the market forces of supply and demand; shrinkage of the public sector; deregulation of the markets; the dismantling of direct controls over trade and investment, among others. In short, "the entire policy programme of the counter-revolution appears to be requiring achieving structural adjustment in developing countries and aid is being used as the *quid pro quo* for adopting the counter-revolutionary programme" (Toye, 1993, p.196). In addition to the structural adjustment lendings, other World Bank loans such as 'sector adjustment loans,' 'economic recovery loans' and 'trade adjustment loans' also had policy conditions attached to them.

of its observable dismal record, remains a standard by which proper policy is to be judged (Henry, 2008, p. 211).

The revival of the outward-oriented, export-led development strategy, however has not provided growth rates similar to the postwar period of domestic industrialization from within the developing countries. One of the reasons is that the indebted economies were opened to trade and finance at a time when the United States and Japan were both fighting recession with extremely low interest rates. This attracted portfolio investments in these countries (Kregel, 2008b).

The announcement of the government of Mexico to suspend servicing its external debt in 1982 provoked fear among major international financial institutions that other debtor countries might follow suit. Facing the threat of widespread default or partial payment of debts, international financial interests sought a strategy by which their assets would be preserved following the so-called “Washington Consensus” strategies.⁹ Most of the heavily indebted countries subject to this strategy were in Latin America, with the largest debts being those of Brazil and Mexico (Cramer et al., 2006, pp. 676-680). The Washington Consensus was a work-in-progress, evolving through a series of conferences and meetings during the mid-1980s, with the major roles played by the creditor banks, the governments of the countries in which those banks were based, and the major multilateral financial institutions, the IMF and, later, in a supporting role, the World Bank. Sympathetic academic economists provided the analytical justification for the consensus.¹⁰ The Washington Consensus was the consequence of the counter-revolution of Keynesian policies, and it called for the removal of the state from active participation in economic decision-making (Kregel, 2008b, p.4).

The Washington Consensus-era policies are also known as structural adjustment programmes (SAPs) and they encompass a series of government-led policies that

9. Since the adjustments in 1990s was not in the form of domestic policy adjustment or IMF lending programmes and policy conditionality, it resulted into capital flow reversals and financial crisis, first in Mexico in 1994, then in Asia in 1997, in Russia in 1998, in Brazil in 1999, and in Argentina in 2001. Because of IMF's inability to provide sufficient funding and appropriate policies to prevent financial and economic collapse, a number of countries sought alternative means through the buildup of substantial foreign exchange reserves resulting from sustained current account surpluses. Nascent developing countries also experienced large current account surplus balances and stocks of international reserves either because of their decisions to develop based on export strategies or because of the associated improvement of primary commodity prices (Kregel, 2008a, p.9).
10. John Williamson (1989) is commonly said to be the term's originator, though, by one account, its first use was by Hans Singer, who said that its policy package represented a consensus “Only in Washington”. The consensus reigned hegemonic in international development policy from the early 1980s to the mid-1990s, when it came under sustained attack (Cramer et al., 2006, p.676).

aim at reducing the role of the state in the running of the national economy. This does not mean that the state is no longer involved, but rather that the market is given much greater power (Willis, 2005).¹¹ SAPs usually include two categories of policies, which can be classified as stabilization measures and adjustment measures (Simon, 2002). Once the economy has been ‘stabilized’, the adjustment measures are introduced to make longer-term changes which are expected to contribute to a more economically prosperous future (Table 1.2).

Table 1.2: Major Characteristics of Structural Adjustment Policies (SAPs) or Washington Consensus-Era Policies

Internal Policy Reforms to Increase the Role of the Market in the Domestic Economy
• Restrictive monetary and fiscal policy (fiscal discipline and interest rate liberalization), • Redirection of public expenditure consistent with a narrow definition of public goods, • The rapid sale of public assets (privatization of state firms) to allow greater competition, and reduce the drain on the domestic economy if firms are doing badly, • Removing government interventions in domestic markets, including financial and labor markets (deregulation) ✓ Removal of state subsidies to increase competition and reduce state expenditure ✓ Removal of wage controls, eg, minimum wages to allow the market to set wages ✓ Reduce government workforce to cut back on bureaucracy and inefficiency and reduce state expenditure. • Improvements in the tax system to increase state revenue
External Policy Reform to Encourage Foreign Investment and Increase Exports

11. Williamson (2002) points out “the three big ideas” underlying his policy prescriptions are macroeconomic discipline, a market economy, and openness to the world (with respect to trade and FDI). He was correct in pointing out that there was nothing new about these policies as long as the Organisation for Economic Co-operation and Development (OECD) countries were concerned and these policies were to counter traditional development theories.

- Elimination of controls on capital movements, implying severe curtailment of government management of national currencies (a competitive exchange rate)
- Currency devaluation makes imports more expensive and exports cheaper
- Removal or reduction in tariffs encourages international trade elimination of export taxes and import quotas, and dramatic reduction of tariffs (trade liberalization) encourages foreign investment and exports,
- End state control of exports, e.g., for agricultural commodities, improves efficiency and encourages private investment.

Source: Author's compilation based on Williamson (2002), Milward (2000), and Cramer et al. (2006).

The Washington Consensus implied a radical shift in the policy regime in almost all developing countries and became a focal point of debate over appropriate economic policies for development. The SAPs had two main objectives: the first was to introduce increased efficiency and profitability into the previously state-dominated systems by expanding the role of the market in economic decision-making. This was achieved by introducing policies that restricted the growth of the money supply, privatized state-owned industries, and forced government spending reductions to reduce or eliminate government budget deficits. The second objective was to create conditions to allow countries to return to international capital markets to refinance the remaining external debt and provide additional savings to finance growth (Williamson, 2002, p.9).¹² While there was widespread agreement that the new policies were more efficient than expected in eliminating inflation, they were criticized by many for other disappointing results. However, there is less agreement on the reasons behind it. Williamson (2002, p.2) admits that the results were disappointing ... particularly in terms of growth, employment, and poverty reduction. As Kregel (2008b, p.9) points out, unfortunately, “these are the same failings of import substitution that the new policies were supposed to resolve”. Based on the fifteen years of evidence, Davidson (2004) also agrees that the attempt to implement the reforms of the Washington Consensus has proved to be a disaster for developing nations.

12. This was achieved by liberalizing capital inflows, allowing the sale of privatized government activities to foreigners, deregulation of domestic financial systems, and the creation and support of domestic financial markets. It was assumed that if these objectives were satisfied, the high expected rates of return offered by investments in the region would be sufficient to generate higher investment, employment, and growth.

Williamson (2002) repeatedly noted that the original Consensus reforms he compiled were different from what was implemented. He blames the governments for failing to apply the Consensus policies appropriately. Among others, the inappropriate use of nominal exchange rate anchors, premature capital account opening and the negligence of some of the 'first generation' reforms such as a quicker labor market liberalization and a more active countercyclical fiscal policy, were responsible for causing the series of financial crises in the 1990s as these were in contradiction to the Consensus' recommendation of keeping a competitive exchange rate. Further, it was necessary to introduce 'second-generation' reforms to strengthen market institutions.

In brief, one of the prominent aspects of liberal development discourse has been the implementation of SAPs based on the Washington Consensus since the late 1970s. The Consensus relied on high levels of capital inflows that produced unintended consequences such as overvalued exchange rates, open capital markets, and high levels of capital flows, among others. In reality, these were not part of the original Consensus and created domestic incentives that interfered with domestic restructuring required to provide improved growth and employment. After a brief period of initial success in taming inflation, the Latin American countries faced disappointing performance due to the failure to provide a transition from inflation-fighting adjustment policies to employment and growth-creating adjustment policies because of the difficulty in producing competitive exchange rates (Kregel, 2008b, pp. 14-15).

Therefore, the main takeaway for Nepal is that it is important to go beyond the aggregate dynamics surrounding liberalization, which has been the focus of recent economic policy literature and delve into the analysis of the dynamics of heterogeneous production structures. That is, the recent literature on economic policy should be complemented by old ideas that have received little attention in contemporary debates. Some of these include growth-productivity connections after Kaldor (1957, 1967, 1978); linkages between firms and sectors as emphasized by Hirschman (1958); and contributions of Lewis (1954, 1969, 1972, 1976, 1979); Chenery (1960, 1975, 1979), Myrdal (1957a, 1957b, 1968), and Thirlwall (1982, 2011). These thinkers view economic development as structural transformation and see economic growth as dependent on capital accumulation effects of manufacturing and issues such as technology, externalities, balance of payment sustainability, and convergence with advanced countries are a function of the size, strength, and depth of manufacturing.

One way the benefits of economic growth can be distributed to reduce global poverty is by employment generation. However, emerging economies face several

challenges to their traditional pathways to employment generation, for example, automation, digitization and technological displacements (International Labor Organization [ILO], 2017; International Monetary Fund [IMF], 2017; United Nations Conference on Trade and Development [UNCTAD], 2017; United Nations Development Programme [UNDP], 2015; United Nations Industrial Development Organization [UNIDO], 2016; World Bank, 2016; McKinsey Global Institute, 2017; World Economic Forum, 2017; Asian Development Bank [ADB], 2018). “Premature deindustrialization” and weakening employment elasticities of growth faced by various countries have also been one of the reasons to be concerned about employment opportunities in some countries (Palma, 2005; Rodrik, 2016).

1.2.2 Economic Development and Structural Transformation

One of the central concepts underlying development economics is the notion of structural change (ST), which can be defined as the reallocation of labor across sectors with varying productivity levels.

Theories in economic development can be outlined into three schools of thought, including the roles of various sectors of the economy. Neoclassical and neo-Schumpeterian schools rely on the assumption that an equilibrating process based on marginal returns leads to an optimal allocation of factors of production in the medium to long term. Neither schools see much importance in the sectors. The neoclassical school, in which sectors and the specificity of economic activity are not paid attention to, is represented by the one-sector model of economic growth of Solow (1956), where there is no account of the process of inter-sectoral reallocation of economic activity or structural transformation. In this model, productivity growth, measured as an increase in output per worker, results from increases in the amount of capital per worker, or capital accumulation is driven by the incentive to save, accumulation of physical and human capital, and innovation (Fagerberg, 1994).¹³

To sum up, based on the neoclassical school, technological change takes place at the industry level and this induces differential patterns of sector productivity growth.

13. Capital deepening continues until the economy reaches its steady state, a point at which net investments grow at the same rate as the labour force and the capital-labour ratio remains constant. The further the economy is below its steady state, the faster it should (Jones, 1998). Hence one of the tenants of the school of thought is that poor countries will grow faster than rich countries and countries with the same technology will converge at a similar income level (Sutirtha et al., 2016). In the steady state, all per capita income growth is due to exogenous technological change which is assumed to be constant and not impacted by economic incentives. Several authors in this tradition found that capital and labor could only explain a fraction of output growth and that allowing for the quality of the labour force only partially reduced the unexplained growth, that is, Solow residual. Theories proposed by economists such as Romer (1986, 1990) and Lucas (1988) in trying to explain the Solow residual are known as endogenous growth theory.

Similarly, changes in demand and international trade also drive a process of structural transformation, which involves the reallocation of capital, labor and input across economic activities that may be taking place in various locations (Kuznets & Murphy, 1966; Chenery, 1986; Harberger, 1998; Hsieh & Klenow, 2009; Herrendorf et al., 2014). The neo-Schumpeterian school is concerned with economic activity specifically. Whereas, the third school of thought, that is the classical political economy school or the Lewis-Kaldor school, given its historical roots, concerns with both sectors and specific matter.

1.2.2.1 Economic Development with Structural Transformation in Classical Economy

Kaldor's notion of the virtuous cycle, which aligns with Myrdal's circular and cumulative causation, is based on the idea that demand and output growth fuel productivity growth due to increasing returns to scale, which in turn leads to capital accumulation.

Kaldor: The work of Kaldor (1967, 1978) points out the special characteristics of manufacturing.

- i) Economic development requires industrialization because increasing returns in the manufacturing sector imply faster growth of manufacturing output, which is associated with faster economic growth. Kaldor has posited strong backward and forward input-output linkages in manufacturing, a bigger scope for capital accumulation, technological progress, economies of scale, and strong knowledge spillover in manufacturing. Similarly, his work focused on the strong causal relationship between manufacturing output growth and labor productivity because of the deepening division of labor, labor specialization, and productivity gains largely due to economies of scale.¹⁴
- ii) Industrialization has its base in agricultural modernization to ensure food supply will help transfer labor from other sectors to manufacturing. With the growth in manufacturing, productivity across the economy will rise in agriculture and services through positive spillovers-including technological know-how and complementary markets in services. One of the arguments Kaldor put forward was the autonomous demand created by agriculture for

14. For example, Kaldor (1978) outlined some empirical regularities which came to be known as 'Kaldor's growth laws' which are framed around structural transformation. Also see Targetti (2005). Targetti (1988) highlights Kaldor's contribution to cumulative causation rather than timeless 'equilibrium'. Kaldor's notion is in contrast to the proposition of neoclassical models such as that of Solow where productivity growth is due to technological progress.

the manufacturing sector and hence, land reform is required if agriculture is not to be hindered.¹⁵

- iii) Aggregate demand needs to be managed through policies on public investment, taxation, and directed credit, to ensure economic growth, and
- iv) As the economy grows, exports are important to drive demand for the manufacturing sector. At the initial stage, the industrialization process requires domestic industry protection, followed by export-led growth policies as the economy advances.¹⁶

Arthur Lewis: Arthur Lewis' (1954, 1979) is one of the best models of economic development in developing countries. Lewis bundles together theories of growth, structural transformation, inequality and distribution, wage discrimination and population. The focus of Lewis's analysis was the set of 'underdeveloped' countries that were also 'overpopulated'. The term 'overpopulated' seems to have been used as effectively equivalent to his notion of 'unlimited supplies of labour'.

In Lewis's arguments, overpopulation was used to reflect the ideas of underemployment and low labor force participation. Lewis (1954) tried to theorize a distinctive process of development in overpopulated countries and his idea was built on the idea of a dual economy. For the countries with surplus labor, Lewis argued that the central process of development consists of moving a large mass of underemployed workers with marginal/low productivity (p.141), out of a 'subsistence' sector with low living standards, into a modern 'capitalist' sector where per-worker productivity can be higher (p.147).¹⁷ In his framework, growth is possible by expanding the capitalist sector and expansion is possible by increasing savings, which can come from the capital sector or external sources. Afterwards,

15. This is different from Lewis's (1958, 1972) notion of 'labor transition', which posits that agriculture and industrial sectors are connected by the elastic supply of labor which exists due to industry wages exceeding agriculture wages.

16. Kaldor applied the two-sector model to analyze the trade between developing and developed countries through the export of agriculture products from the former and import of manufactured goods from the latter. He concluded that international trade could make developing countries poorer because liberalization would increase agriculture exports which are produced at decreasing returns that are not sufficient to compensate for the loss of manufacturing exports sector that produces increasing returns (Kaldor, 1968, 1971; Targetti, 1985).

17. Lewis determinedly declines to identify the modern sector with industry or the traditional sector with agriculture, noting that commercial agriculture fits his definitions of 'modern'. He also recognized that the dualism did not correspond entirely to a rural-urban divide, noting that within rural areas (and within the agricultural sector) there are enterprises that seem fully capitalist, and within urban areas of the developing world, there are large numbers of workers in the non-tradable service sector earning little more than subsistence wages (Gollin 2014, p.74).

capital that flows into the economy can be used to create jobs in the modern sector, which can be made feasible by labor movement from the subsistence sector. This movement also helps to raise the savings rate of the economy, and this can lead to a virtuous circle that can help raise the level of income per worker in the economy (Gollin, 2014).

In brief, the surplus labor in the subsistence sector meant that the modern sector could grow without facing labor constraints. This condition would hold until the growing capitalist sector finally moves so many workers out of the subsistence sector that the labor supply could no longer be perfectly elastic.¹⁸

Lewis's idea of dualism still seems applicable today because a huge number of workers in developing countries work in subsistence agriculture and low-productivity informal services.¹⁹ This comprises a 'subsistence' sector, which is distinct from the high-productivity formal sector. Even though it is difficult to objectively measure the size of the two sectors, there are important differences between agriculture and non-agriculture in developing countries. Also, there are disparities in urban areas between informal and formal sectors in terms of average productivity and wages.²⁰ However, it is important to see the dichotomy between capitalist and subsistence sectors more as a continuum.²¹

18. Lewis's interpretation of development has been criticized by several theorists. For example, Lal (1985) claimed that his assumptions about non-changing wage rates in situations of surplus labour were untenable. However, Toye (1993) uses the Indian example to demonstrate that Indian wage rates have not gone up a great deal because the continued availability of cheap labour from the "traditional" sector has helped keep them low.

19. "Lewis's stylized description of a dualistic economy rings true with anyone who has spent time in a poor developing country, where modern glass buildings and shiny downtown areas coexist with huge populations of farmers scratching the soil with hand tools" (Gollin 2014; p.85).

20. Gollin et al., (2014), document differences in average labor productivity between agriculture and non-agriculture and show that these are particularly pronounced in poor countries. In many of the lowest income countries, the average productivity of labor in agriculture is less than half that of the level in the non-agricultural sectors of the economy. Similarly, large disparities between urban and rural areas are seen in several different measures of well-being (Young, 2013). Also, see further discussion in Fei & Ranis, 1964; Harris & Todaro, 1970; Minami, 1973; Rosenzweig, 1988; Todaro, 1969.

21. The retail food sector can be taken as an example. If we view this sector along a spectrum, at one end there are large formal retail establishments such as supermarkets in many developing countries. At the other end, there are people selling oranges and pineapples by the roadside. In between, there is a wide range of shops of different sizes, from roadside stands to market stalls to small shops (Woldu et al., 2013; Weatherspoon & Reardon, 2003).

Importance of capital investment as a source of growth: Arthur Lewis was concerned about how countries could begin to develop the ‘modern’ sector. Specifically, how countries with high levels of poverty and little savings could invest capital as a source of growth. He argued that development requires increasing the annual rate of net investment from five percent or less to 12 percent or more. He noted this kind of rate of investment as an ‘Industrial Revolution’ (1955, p. 208). As a way out of the low investment trap, he advocated foreign investment. Lewis’s view of capital as the key source of growth in labor surplus economies was based on a corollary that foreign assistance and other forms of foreign capital inflows could play a central role in driving development. Therefore, governments should encourage foreign companies to invest their capital into domestic industrial development through a process termed ‘industrialization by invitation’ (Lewis, 1955). Lewis’s model, heavily influenced by the Harrod-Domar Model, remained an important tool for many decades in the measurement of “financing gaps” and foreign aid (Easterly, 1999).

Lewis published two books on planning: *The Principles of Economic Planning*, (1949) and *Development Planning: The Essentials of Economic Policy* (1966). One of the major thrusts of these works is to achieve economic growth by mobilizing sufficient capital and allocating it across sectors to achieve some planning goals. One of the assumptions is that the values of the incremental capital-output ratio for varying sectors and economies differ. Briefly, based on the Classical approach, economic development is driven by changing structures of GDP and employment that lead to productivity growth. Since the rate of productivity between sectors differs substantially, the sectoral transfer of labor is a major source of productivity gains and, in turn, economic growth.

The evidence from the past seven decades indicates that while capital investment does matter for growth and development, development takes more than increasing the rate of investment to at least 12 percent. The world has been divided into three groups based on Gross National Income (GNI) per capita : (i) the club of rich nations, with income per capita above US\$14,005, according to the World Bank, using 2023 data; (ii) a very large group of poor countries with income per capita of US\$1,145 or less, known as least developed countries (LDCs); and (iii) a group of countries that falls in between these two. The countries in the third group seem to move forward, but slowly, with the consequence that very few graduate and make it to the club of rich countries. Some countries like Brazil, Mexico, Argentina, Malaysia, or Thailand are referred to as being in a “middle-income trap”. However,

others don't even reach the middle-income level (Felipe et al., 2010). This is not just because their investment level is below 12 percent, but rather, they have been facing complex sets of problems. Hence, the role of investment in development is neither well understood nor even agreed upon by economists.²²

1.2.2.2 Structural Transformation in Contemporary Economic Development

The Structural Transformation (ST) literature sees economic development as a process in which new activities emerge, old ones disappear and the weight of all economic activities and their patterns of interaction change. Historically, development was equated with industrialization and the importance of manufacturing was based on its potential for strong productivity growth and the high-income elasticity of demand for manufacturers (Felipe et al., 2009). However, in the contemporary context, economic development can be seen as a process of ST which involves the reallocation of productive factors from traditional agriculture to modern agriculture, industry and services, and the reallocation of those factors among industrial and service sector activities. Today, it is believed that some services based on new technologies and standardization of delivery enable substantial productivity gains in some activities, such as transport services, financial operations, wholesale trade, renting services, and business process outsourcing, among others (Felipe et al., 2009). Sustained economic growth is possible through successful ST, which is possible when the domestic economy can diversify and strengthen its production processes to generate new activities to create and strengthen economic linkages within the country and to create domestic technological capabilities (Ocampo, 2007).

Diversification of the production process of an economy is possible through the industrial and service sectors. The post-war era evidence from the developing world shows that rapid economic growth in some countries was associated with the diversification of production into manufacturing and modern services, and slow growth in others was associated with a rise in low-productivity services (Kniivila, 2007). In the post-war period, the industrial policies pursued by the countries that were successful in achieving high economic growth were based on the foundations

22. Investment is usually seen as the key to economic growth, but the the empirical evidence is not conclusive. There are economists who diminish the significance of capital (Easterly, 2001, pp. 39-42; Oulton & O'Mahony, 1994) and some who hold that the significance of capital has already been established independent of the issue of causality (Prichett, 2003, pp. 217-21). Causality tests performed by some economists have found that a faster rate of GDP growth causes a higher investment output ratio and not vice versa (Blomstrom et al., 1996). In this opinion, growth precedes investment as profits increase, which is Keynesian logic, in the example provided by Kaldor (1970) over Henry Ford reinvesting factory profits.

of innovations in the Schumpeterian sense, linkages in Hirschman's tradition, and surplus labor after Lewis.

Innovation in developing countries versus the developed ones incorporates different dimensions. Innovation in developing countries entails introducing existing technologies in various activities and sectors, or the adoption of new technologies or marketing and organizational strategies. Whereas, the developed countries are trying to innovate by moving the technological frontier, or by developing new non-technological practices (UNCTAD, 2023).

Establishing linkages is necessary to develop economy-wide competitiveness, that is, systemic competitiveness that goes beyond an economic entity such as a firm and becomes a feature of some sectors in specific regions or of whole regions and countries (Jenkins et al., 2007). Demand side effects of linkages help determine the magnitude of macroeconomic multipliers and the supply side effects are related to externalities generated by economic agents, such as cost reductions due to economies of scale, lower transport and transaction costs due to economies of agglomeration, economies of specialization, economies of geography, and knowledge spillovers (Barnes, 1987; Cohen, 2006; Sonis et al., 2014).

Hence, Ocampo (2007) posits that developing domestic linkages is crucial before taking steps to integrate into world markets. He also points out that not all patterns of integration into international markets have the same effect on economic growth. The countries that can benefit more from FDI are the countries whose domestic firms and institutions can build domestic technological capability through investment in research and development, human capital building by investing in education, training of their human resources, and through linkages created between domestic firms and foreign partners. Similarly, a successful export strategy is a function of how the export sectors are integrated with other domestic economic activities, at least in terms of employment generation (p.2).

One of the issues surrounding developing countries like Nepal is that a major portion of the workforce is underemployed in low-productivity activities and the country is facing a youth exodus for employment opportunities in foreign countries. The Ministry of Labour, Employment and Social Security issued a total of 7,71,327 permits for foreign employment in the year 2023 (MoLESS, 2023).²³ If employment could be generated in a higher productivity modern sector within the Nepali

23. This includes 4,03,641 institutional labor permits, 69,177 new labor work permits, 2,77,103 re-issued permits, 21,406 G2G permits (MoLESS, 2023, p.58).

economy, the exodus of Nepali youths could be prevented. Thus far, globalization/liberalization has had only a limited impact on surplus labour absorption or employment generation in higher productivity sectors. In fact, in some parts of the world, including Nepal, informal employment in low-productivity sectors has grown with the liberalization of trade and the implementation of efficiency-increasing domestic economic reforms.²⁴

Lukas Schlogl and Andy Sumner (2020) have tried to conceptualize Structural Transformation in three dimensions around the shifting of economies towards higher productivity activities, namely: sectoral, factorial, and integrative. The sectoral aspect of ST is about the inter and intra-reallocation of sectoral activities towards higher productivity. The factorial aspects of ST are about the composition or drivers of economic growth in terms of the shift of factors of production toward higher productivity activities. The integrative aspect of ST is about the integration in terms of the global economy and a shift from integrations such as trade deficits and capital inflows that involve liabilities such as profit repatriation or debt repayment, to trade surpluses.

1.2.2.3 Industrial Development and Economic Growth

The main contributor to economic growth in countries like China, the Republic of Korea, Taiwan, and Indonesia is industrial development. Some of these countries have been successful in reducing poverty, along with accelerated growth. However, while some countries have managed to achieve growth with equity, in others, inequality has remained high (Kniivila, 2007).

By taking empirical evidence that places industrial development and non-traditional manufacturers in the driving seat of economic growth and development, Rodrik (2007) suggests that we need to broaden our view regarding industrialization. Many service activities are tradable and many non-traditional natural-resource-based products provide the potential for high growth. For example, India has benefited from exports of Information Technology (IT) and Business Processing Outsourcing (BPO) services, and Chile has diversified its industries from copper to advanced fisheries and fruit products. That is, the development of a sufficiently broad base of non-traditional tradables rather than of manufactures is necessary.

24. A study on *Size of Informal Economy in Nepal*, compares average estimates of the informal economy for the periods that overlap between the Fiscal years 2010/11 to 2020/21 using the national accounts and currency demand approaches. Based on the former approach, the informal economy for the periods between the FYs 2010/11 and 2020/21 was 42.66 percent and based on the latter approach the size of informal economy for the same period was 40.06 percent of GDP (Adhikari & Raut, 2024).

One of the stylized facts Rodrik (2007) discusses is that economic development requires diversification and not specialization.²⁵ An empirical study by Imbs and Wacziarg (2003) involving patterns of sectoral concentration in a large cross-section of countries, as well as within countries over time, discovered that as income increases, economies become less concentrated and more diversified. They found that increased specialization helped enhance growth only at a time with having relatively high level of income. The graph obtained was U-shaped while plotting sectoral concentration against income per capita. Imbs and Wacziarg (2003) also undertook several robustness tests and found that their results were very sound. The U-shaped pattern was observed while focusing on the manufacturing sector alone. This suggested not only the structural transformation from agriculture to industry but also a process of diversification and expansion of the range of activities within manufacturing. So, this implies that enhancing an economy's productive capabilities over an increasing range of manufactured goods is an integral part of economic development.

Industrial policies and the process of production sector restructuring generated by structural reforms should aim at reducing surplus labor in the economy and policy emphasis should be to achieve economic growth performance, while also reducing poverty and income inequality. Considering surplus labour in the design of industrial policies can lead to very different prescriptions from those emerging from a neo-classical paradigm, which assumes full employment. To achieve these broader goals, linkages are crucial because, from an employment perspective, job creation should be the focus of structural reform. Many of the new jobs are in a growing service sector and these are often stimulated by supporting industrial activity or producing food crops and other agricultural products which complement changing consumer preferences (Ocampo, 2007).

The links between industrial policies and growth could be understood by considering two factors. The first factor is the interconnection between domestic policies and politics to global and regional policies and politics (Haynes, 2003). Widening international inequality, wars, and pandemics, among others, may inversely affect the growth prospects of the less developed countries. This is because there is a

25. While this may sound obvious, it is in opposition to the principle of comparative advantage - one of the fundamental principles of trade theory states that the gains from trade arise from specialization. According to the theory, it is by specializing in those activities that they are relatively good at, or relatively less bad at, that poor nations reap the benefits from engaging with the world economy. There is a large literature including Little, Scitovsky & Scott (1970); Bhagwati & Ramaswami (1963); Krueger (1974); Balassa et al., (1971) that ascribe the underperformance of developing nations to their failure to let domestic resource flows be guided by the forces of comparative advantage.

tendency for developed countries to accumulate richer endowments and as capital follows success, this may exacerbate inequality. Those left behind remain more vulnerable to shocks in international financial and commodity markets (Chancel et al., 2022). Second, development is path-dependent; that is, long-run growth prospects depend on an economy's trajectory. That is the opportunities open to economic agents are largely determined by their production experiences (Prado & Trebilcock, 2009). For example, in the 1980s, Latin America and East Asia faced diverse experiences. While Latin America suffered adverse macroeconomic shocks, Asia did not.

Many countries have emerged from extended periods of relative stagnation or high economic volatility to embark on new development paths characterized by consistently high growth. Those experiences do, however, suggest the importance of government policy in helping create an environment that provides sufficient rewards to entrepreneurship and innovation, and in addressing the coordination failures and informational externalities that can inhibit a sustainable process of industrial development (Atolia et al., 2020).

1.2.3 Industrial Policy for Good Jobs

In recent years, as we slowly transition away from the paradigm of 'neoliberalism', we are still uncertain about what will replace it. On one hand, the new paradigm is expected not to offer cookie-cutter solutions and ready-made blueprints for nations and regions with very different circumstances and needs (Rodrik, 2021). On the other hand, economic policy needs to be guided by an overall animating vision. In his essay entitled *Productivism*, Rodrik (2023) discusses the new approach that is different from 'neoliberalism'. This approach prioritizes the dissemination of productive economic opportunities throughout all regions of the economy and segments of the labor force. It is different from neoliberalism in that it puts less faith in markets and is suspicious of large corporations and it emphasizes production and investment over finance and revitalizing local communities over globalization. It departs from the Keynesian welfare state in that its focus is less on redistribution, social transfers, and macroeconomic management and more on creating economic opportunities by working on the supply side of the economy to create good, productive jobs for everyone.

Industrial policy is back in fashion these days, mostly because of the general dissatisfaction with neoliberalism (Washington Consensus-era policies) and its primary assumption that squeezing the size of the government and letting the market

work on its own would produce broad prosperity for all (Rodrik, 2017). The rise of inequality, economic insecurity, and labor market polarization, as well as the disappearance of good jobs, has contributed to a sense that governments need to be more proactive in the productive sphere. Similarly, there is greater recognition, even among economists and policymakers, that dealing with cross-border issues such as climate change requires interventions in production and investment decisions beyond simply raising the market price of carbon: subsidizing green technologies is an indispensable component of a decarbonization strategy (Rodrik, 2022).

Moreover, in today's conversation, the focus should be on 'how' rather than the 'why' of the industrial policy. While engaging in industrial policy, the governments should act deliberately and self-consciously, rather than spontaneously and without an overall strategic frame.

The modern-day industrial policies must consider the transformation of why, what and how of industrial policy with time and creating quality jobs must be one of its main objectives. The traditional focus of the industrial policy on manufacturing and globally competitive industries needs to be expanded to service sectors and micro, small and medium-sized firms (MSMEs). Manufacturing is unlikely to generate much employment even if its value-added share in the national economy starts to climb; the bulk of good jobs will have to come from outside manufacturing. Industrial policy needs to reduce its reliance on top-down policy instruments such as subsidies and tax incentives for firms and focus more on collaborative iterative interaction between the private and public sectors (Rodrik, 2022).

A synergy needs to be created between the roles of the public and the private sectors in generating a vibrant job market in the economy. The public sector needs to incentivize the private sector by offering efficient and customized public services in exchange for the private sector undertaking soft commitments on the quantity and quality of employment. An appropriately structured governance system, facilitated by digitization and supplemented with one-window policies where feasible, can facilitate the information flow mechanism. This allows the government to understand what kind of policies and supports the private sector is achieving the desired results and what kind of intervention and incentives are not so effective. This will allow government agencies to abandon failing initiatives and focus on supporting those with the most potential (Rodrik, 2022).

Creating good jobs requires twofold interventions. On the supply side, workers must acquire the skills needed to become productive on the job. Whereas, on the

demand side of the labor market, firms and entrepreneurs must be provided with the right ecosystem to nurture their development and expansion so they can generate quality employment.

Table 1.3: Traditional vs. Modern Industrial Policy

Particular	Traditional Industrial Policy	Modern-Day Industrial Policy
Targeted Positive Outcomes	Research and development, innovation, learning externalities, and coordination failures in investment	Good jobs in local economic development and direction of innovation
Sectors	Manufacturing, tradable sectors	Large services (in addition to manufacturing)
Firms	Large, globally competitive firms	Small and medium-sized firms
Assumptions about the government	Governments can identify market failures ex-ante and are sufficiently insulated from capture	Widely dispersed knowledge about location and magnitude of market failures, governments face substantial uncertainty. Endogenous state capacity
Types of incentives	Tax, credit subsidies	A portfolio of business services, including marketing, Management and tech assistance, customized training, infrastructure, seed capital/loans for directed technologies
Application of incentives	Fixed schedule of incentives, except for incentive packages for large firms that may be negotiated	Customized to firms' needs and adapted to context

Particular	Traditional Industrial Policy	Modern-Day Industrial Policy
Selection criteria	Pre-specified	Voluntary buy-in and participation
Conditionality	Hard; rigid ex-ante criteria	Soft, provisional, open-ended and evolving
Relationship with recipients	Arms' length	Collaborative, iterative, active project management

Source: Adapted from Rodrik (2022)

1.2.4 Structural Transformation in the Case of Nepal

Nepal's restructuring reform agenda encompasses critical areas to drive sustainable development and economic transformation. In agriculture, the focus is on shifting from subsistence farming to commercialized, modern practices. This requires investment in mechanization, irrigation, value chains, and climate-resilient farming. Enhanced market access, subsidies, and farmer cooperatives are also essential for improving productivity and rural livelihoods. Complementing this is governance reform, emphasizing decentralization, e-governance, anti-corruption measures, and citizen engagement to enhance public service delivery and accountability.

Taxation and private sector reforms aim to boost economic resilience and growth. Simplifying tax systems, broadening the tax base, and leveraging digital taxation tools will improve revenue collection. On the private sector front, regulatory simplifications, public-private partnerships, and investment-friendly policies are needed to foster entrepreneurship, innovation, and infrastructure development. Skills development programmes will help align the workforce with market needs and bolster private sector contributions.

Tackling climate change and leveraging climate finance are key to Nepal's sustainable future. Policies must integrate climate adaptation and mitigation while enhancing access to international funds like the Green Climate Fund. Investments in renewable energy, disaster risk management, and community-based adaptation are crucial. Similarly, cross-border electricity trade offers significant opportunities. Building robust transmission infrastructure and finalizing agreements with neighboring countries can help Nepal harness its vast hydropower potential while fostering regional energy cooperation.

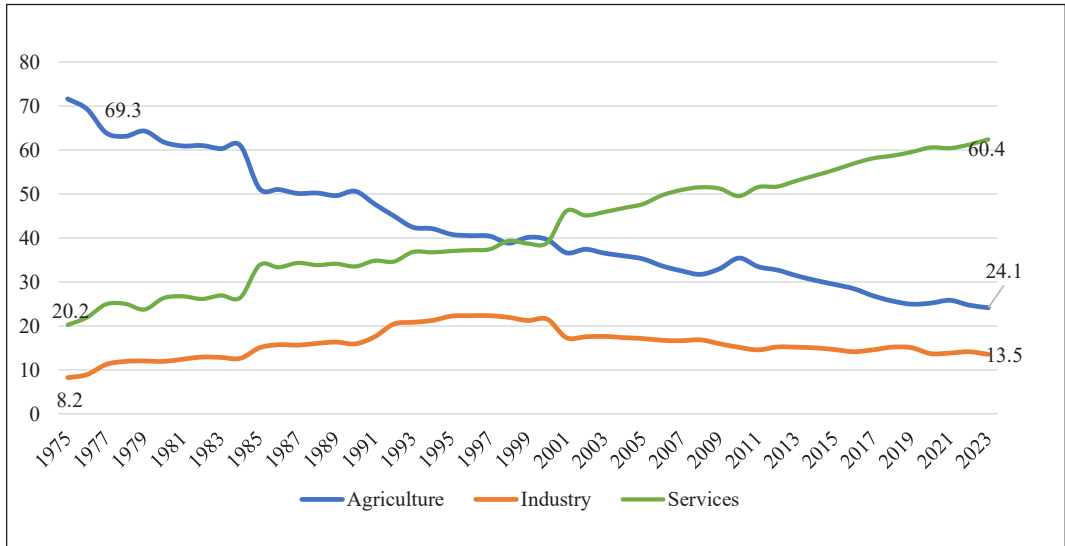
In the digital economy, Nepal must invest in infrastructure, expand internet access, and promote digital literacy to unlock its transformative potential. Support for e-commerce, fintech, and cybersecurity is vital for building a competitive digital ecosystem. Fiscal federalism reforms are equally important to strengthen governance, ensuring equitable revenue sharing, and building sub-national capacity to manage public resources effectively. These efforts will empower provincial and local governments under the federal system.

Finally, reforms in external flows and climate finance are needed to diversify funding sources and attract foreign investments. Reducing reliance on remittances, promoting diaspora contributions, and enhancing FDI policies will stabilize external resources. Simultaneously, efficient frameworks for accessing and utilizing climate finance will support sustainable development goals. Together, these reforms aim to address Nepal's structural challenges, foster economic growth, and improve the resilience of its people and economy.

In addition to the issues addressed in another chapters of this book, the following provides a brief discussion on several cross-cutting issues. However, before delving into this discussion, it is important to first examine the historical trends in the contribution of select sectors to GDP, sectoral employment patterns, labor productivity growth, and the macroeconomic targets set in Nepal's ongoing 16th Plan.

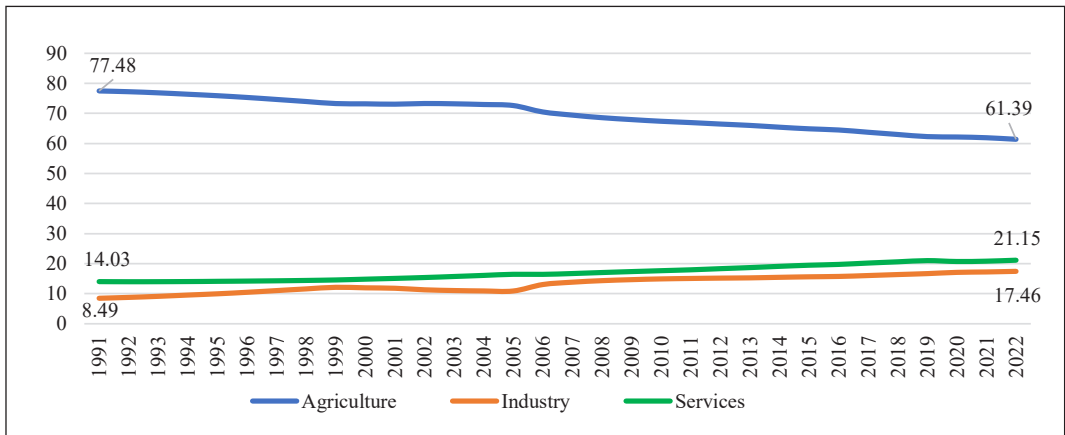
Figure 1.1 shows the structural transformation in the Nepali economy. The contribution of the agriculture sector to total GDP was about seventy percent in the mid-1970s, whereas that of service and industry was about twenty and eight percent, respectively, during the period. The figures have significantly declined for the agriculture sector in recent times. In 2023, the contributions of the agriculture, service, and industrial sectors to total GDP are about twenty-four, sixty, and fourteen percent, respectively. This shows that the contribution of the agriculture sector to total GDP has been significantly declining in recent years, and that of the service sector has been increasing. Nepal is turning into a service economy without having gone through a proper experience of industrialization. This phenomenon has been referred to as "Premature deindustrialization" by some economists, including Kaldor (1966), Dasgupta & Singh (2006), and Rodrik (2016).

Figure 1.1: Contribution of Agriculture, Services and Industrial Sectors to GDP of Nepal (1975 - 2023)



Source: Various issues of Economic Survey of MoF; Central Bureau of Statistics (2021) and the World Bank Open Data

Figure 1.2: Sector-Wise Employment in Nepal

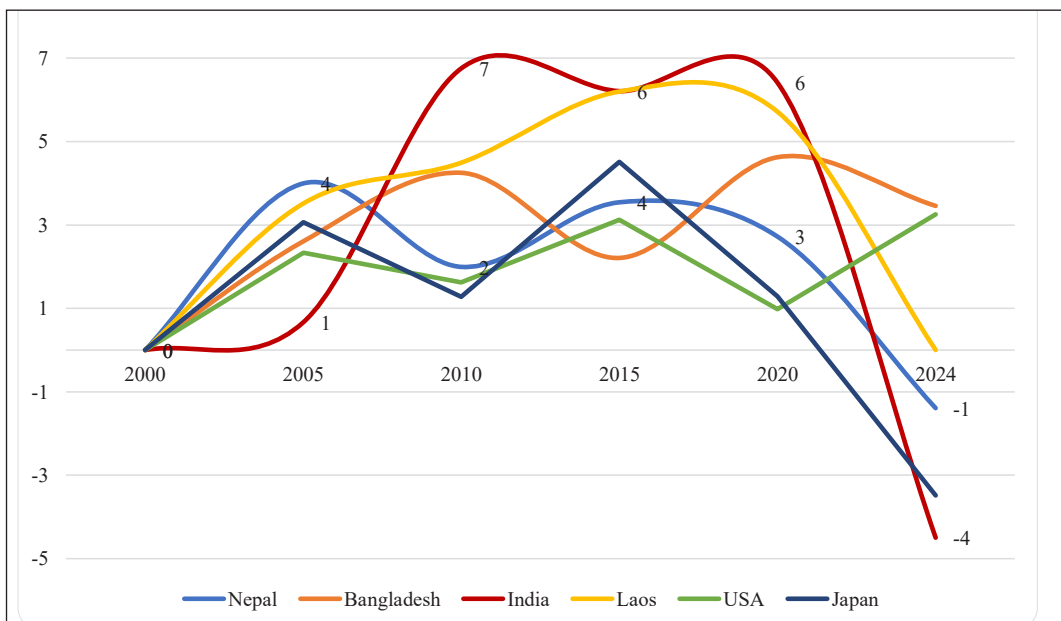


Source: World Bank Open Data

It can be seen from Figures 1.1 and 1.2 that the share of the agriculture sector to GDP has declined over the years and the contribution of the service sector has

surpassed that of the agriculture sector. However, the contribution of the agriculture sector to total formal employment is still high at 61 percent. Those of the service and industrial sectors are 21 and 17 percent, respectively. With the structural transformation, the labor force must move from the basic sector to more productive sector; however, that is not the case in Nepal yet. One of the major goals of the next generation of economic reforms must be to move the labor force from the basic agricultural sector to more productive sectors, such as agro-processing industries and to jobs with benefits in the service sector. Increasing labor productivity should be one of the goals as well, as can be seen in Figure 1.3, the annual growth rate of labor productivity in Nepal is not in par with neighboring countries such as India, Bangladesh and Laos. Some additional targets set by the Sixteenth Periodic Plan are provided in Table 1.4.

Figure 1.3: Annual Growth Rate of Labor Productivity (GDP Constant at 2017 \$ PPP) for Selected Countries



Source: ILO Statistics

Some areas for structural transformation as identified by the Sixteenth Periodic Plan include: strengthening economic foundations and achieving high economic growth, promoting production, productivity, and competitiveness for economic prosperity, creating productive employment and employment with benefits, ensuring

dignified labor, and establishing sustainable social security. It further includes ensuring quality physical infrastructure and enhancing connectivity for national development, improving governance and promoting good governance practices, advancing climate change adaptation and fostering green economy practices.

Table 1.4: Targets Set by Various Macro-Economic Indicators in the Sixteenth Plan

SN	Indicators	Unit	FY 2022/23	Target for the FY 2027/2028
1	GDP growth rate	Percentage	3.5	7.3
2	Share of the formal sector in GDP	Percentage	36.5	70
3	Per capita income	US\$	1,456	2,351
4	Life expectancy at birth	Years	70.5	80
5	Human Development Index	-	0.60	0.65
6	Population below the poverty Line	Percentage	20.3	12
7	Literacy rate	Percentage	76.3	85
8	Unemployment rate	Percentage	11.4	5
9	Labor productivity	NPR (Thousand)	245	275
10	Average agro productivity	Mt, Ton/Ha	3.3	3.7
11	Access to banking	Percentage	63	85
12	Population with access to electricity	Megawatt	2,962	11,769
13	Population with access to the internet	Percentage	69.2	90

Source: Sixteenth Plan, National Planning Commission

The targets set in the Sixteenth Plan (Table 1.4) indicate Nepal's aspiration for a structural change. The sharp rise in the proportion of the formal sector in GDP, and an increase in per capita income and labor productivity, indicate a shift away from low-productivity activities towards more competitive sectors. Growth is meant to be inclusive and socially broad-based, as evidenced by improvements in life expectancy, literacy, and decreases in poverty and unemployment. Meanwhile, further expansion in the availability of banking, electricity, and internet infrastructure shows that there is a strong focus on connectivity and modernization as long-term

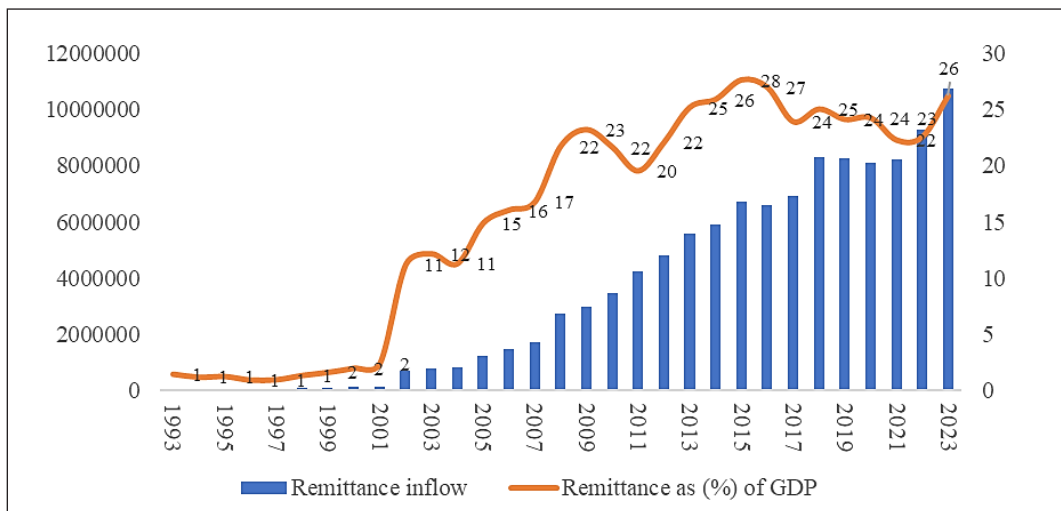
transformation pillars. All these indicators hint at a development strategy that would combine economic growth with social development and structural transformation.

1.3 Macroeconomic and Financial Context of Nepal

Nepal, for more than two decades, has been undergoing a structural vicious cycle of remittances, loans, imports and real estate-related speculative transactions. Remittance flows, which account for one-fourth of the GDP of the country (Figure 1.4), haven't been channeled towards investment as expected.

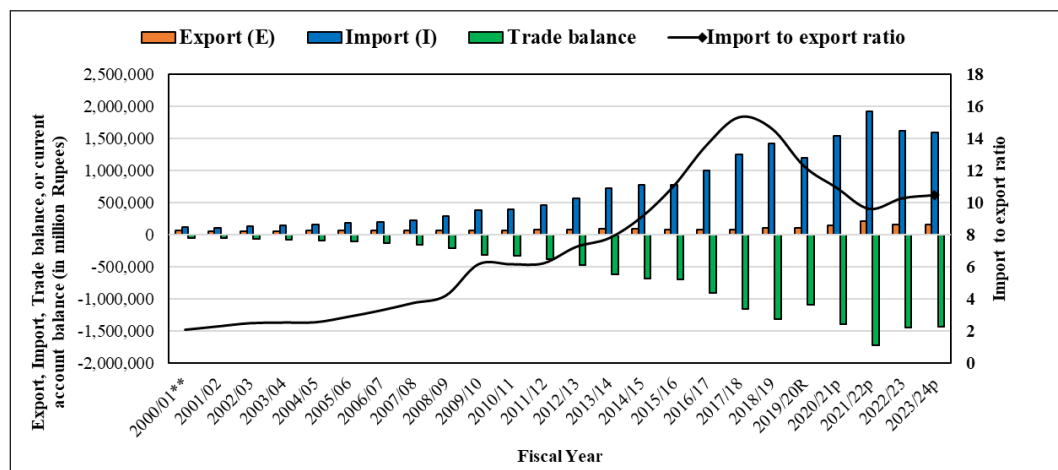
Rather, such an amount has been used for importing consumables to the degree of changing the consumption pattern of common Nepali people who, over the years, have depended heavily on imported goods (see Figure 1.5 for the overall scenario of the current account, and Figure 1.6 for the BoP scenario). High import demand coupled with easy access to credit from the banking sector led to a speculative bubble in the real estate sector, up until the COVID-19 pandemic (Figure 1.7). During this period, while the annual nominal growth of the economy stayed between 10-13 percent, the growth of credit reached 20-22 percent due to the expansionary monetary policy, and within a few years, we are at risk of the size of total credit expansion reaching the size of GDP (Figure 1.9 also shows the Private sector credit growth as a percentage of nominal GDP).

Figure 1.4: Remittance Inflows (in US\$) as a Percentage of GDP



Source: World Bank Open Data, <https://data.worldbank.org/indicator/BX.TRF.PWKR.DT.GD.ZS?locations=NP>

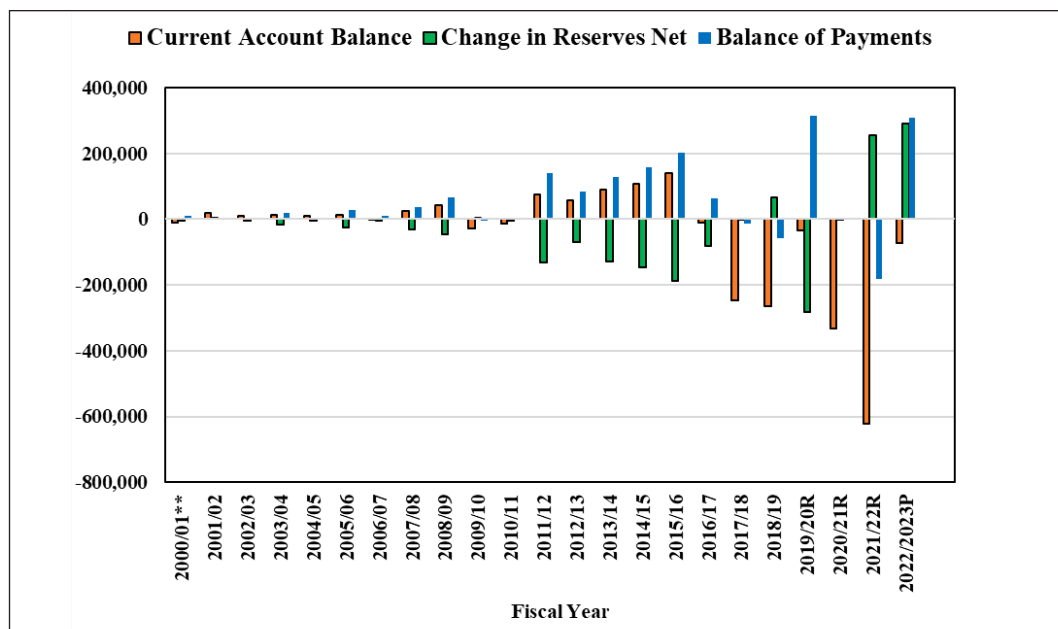
Figure 1.5: Overall Scenario of Current Account (in NPR, Million)



Source: Annual Reports of NRB and Current Macro-Economic Indicators Archive

R=Revised P=Projected

Figure 1.6: Balance of Payment Scenario



Source: Annual Reports of NRB and Current Macro-Economic Indicators Archive

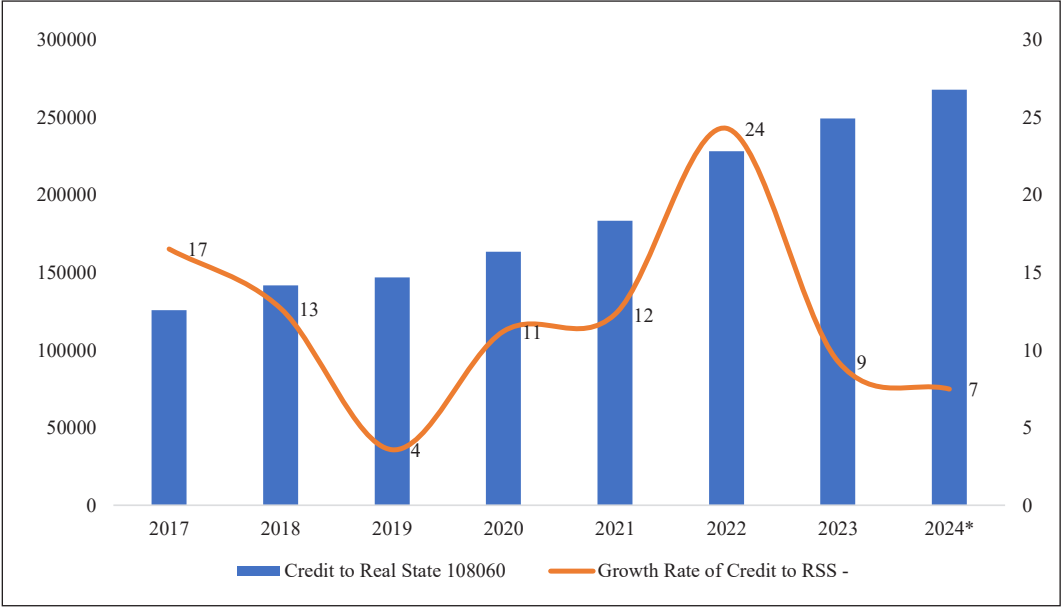
R=Revised P=Projected ** Petroleum imports shifted to India from other country imports.

1.3.1 The Impacts of Private Sector Credit Growth on Real Sectors in the Nepali Economy

Figure 1.7 highlights the trend in credit expansion by banks and financial institutions to the real estate sector (RSS) from the years 2017 to 2024, showing a consistent increase in credit volume over the years. This indicates that the sector remains a significant recipient of financial support, demonstrating its ongoing attractiveness for investment and lending.

However, the growth rate of credit expansion has shown notable volatility. While the year 2022 saw a period of rapid acceleration, there was a sharp decline in growth in subsequent years (2023-2024). This fluctuation may be influenced by external factors such as changes in economic policies, market dynamics, or regulatory adjustments. The recent decline in growth rates signals potential challenges for the sector to sustain rapid credit expansion. Stakeholders such as banks, developers and policymakers need to examine the underlying causes of this slowdown and take steps to mitigate risks.

Figure 1.7: Credit Expansion by Banks and Financial Institutions to the Real-Estate Sector

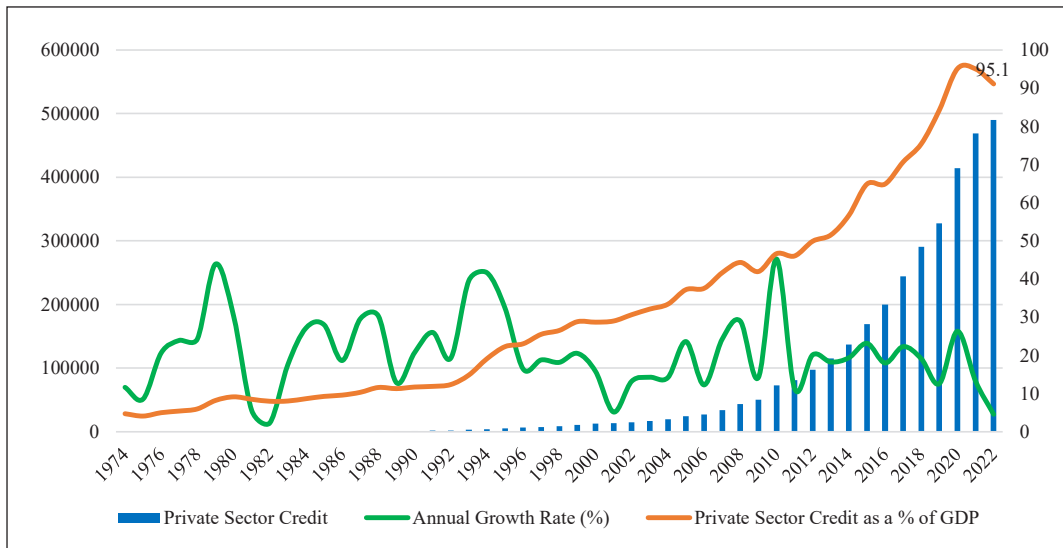


Source: Annual Reports of NRB and Current Macro-Economic Indicators Archive, NRB

Figure 1.8 illustrates the growth and significance of Private Sector Credit (PSC) from 1974 to 2022 through three key metrics: the absolute value of PSC, its annual growth rate, and its percentage of nominal GDP. Over time, the absolute value of PSC (blue bars) shows a significant upward trend, particularly after 2004, reflecting rapid expansion in private credit. The annual growth rate of PSC (green line), however, exhibits considerable volatility, with noticeable spikes in the late 1980s, 1990s, and post-2010, suggesting external economic or policy factors influencing credit growth. In recent years, the growth rate has declined, indicating a possible shift towards market stabilization or external constraints affecting expansion.

PSC as a percentage of nominal GDP (orange line) rises consistently throughout the period, peaking at 95.1 percent in 2022. This trend underscores the increasing reliance on credit in the economy, suggesting that PSC has grown faster than GDP over time. The steep rise highlights a credit-driven economy, with the private sector playing a dominant role in financial activity. However, the high credit-to-GDP ratio could also raise concerns about over-leveraging or financial risks, especially if the growth of PSC continues to outpace GDP without corresponding economic growth.

Figure 1.8: Private Sector Credit (PSC) Annual Growth Rate and PSC (as a percentage of nominal GDP)



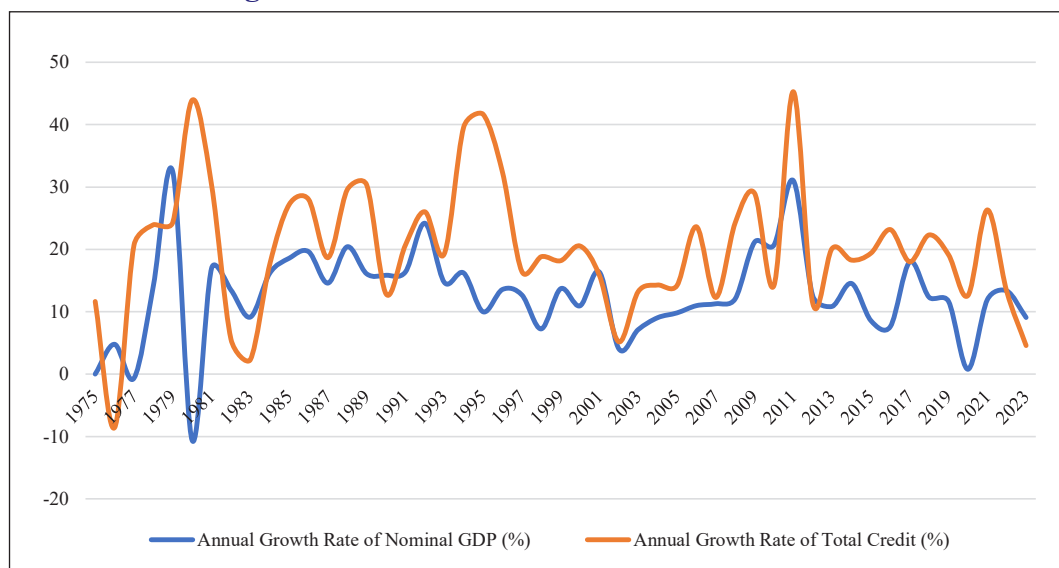
Source: Annual Reports of NRB and Current Macro-Economic Indicators Archive, NRB

As indicated by Figure 1.9, the growth rate of total credit is more volatile than the nominal GDP growth rate, with credit growth frequently surpassing GDP growth during certain periods, such as the early 1980s, 2011, and mid-2010s. Both growth rates show a declining trend in recent years.

The frequent outpacing of GDP growth by credit growth may indicate periods of excessive credit expansion, potentially leading to financial instability rather than contributing to the real and productive sectors of the economy. The recent decline in both metrics suggests economic slowdowns or tighter financial conditions, which could impact economic growth and financial sector dynamics.

The new reforms in the financial sector should focus on the flow of credit towards productive activities in the real sector. For example, promoting value addition in the agriculture sector by establishing agro-processing industries, improving the agriculture product-related value chain, towards promoting entrepreneurship by facilitating credits to MSMEs that are helping to establish forward and backward linkages and creating jobs within Nepal are very important (Khanal et al., 2022).

Figure 1.9: Comparison of Annual Growth Rates of Nominal GDP and Credit Growth Percentage



Source: *Economic Surveys of Nepal*

1.3.2 Access to Credit for the Agriculture Sector

Figure 1.10 demonstrates the growth in outstanding credit provided by commercial banks to the overall economy and to the agricultural sector from the years between 2003 and 2023. Total credit has shown a steady and significant rise over the years, particularly after 2013, reaching its peak in 2023. Similarly, credit to the agricultural sector has also grown over time, but remains a small fraction of the total credit. The share of agricultural credit in total credit has fluctuated, peaking at eight percent in the year 2006, declining to three percent by 2010, and then gradually increasing again after 2015, stabilizing around nine percent in recent years.

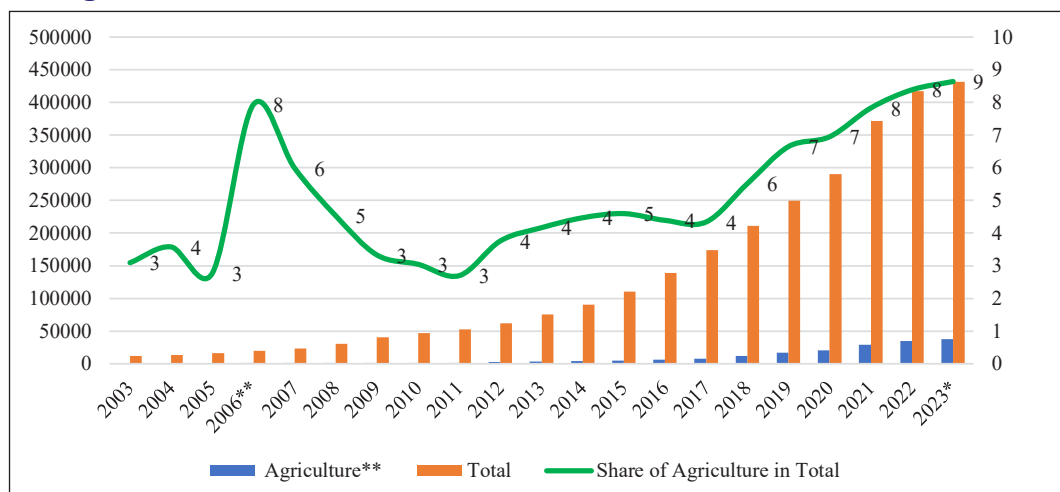
Similarly, Figure 1.11 shows outstanding credit by development banks and share of credit to the agriculture sector; and Figure 1.12 presents outstanding credit by financial companies and share of credit to the agriculture sector. The credit flow to the agriculture sector from all kinds of banking and financial sectors hasn't surpassed seven to nine percent.

These trends suggest that even though the agricultural sector has received increasing attention in terms of credit allocation since the establishment of Nepal Rastra Bank, its share remains relatively small compared to the total credit provided by commercial banks.²⁶ This indicates a need for further financial support to strengthen the agricultural sector, which is often critical for food security, sovereignty and rural livelihoods.

At the same time, the growth in total credit likely reflects economic diversification, with other sectors commanding a larger share of bank financing. Addressing this imbalance by boosting agricultural credit can promote inclusive economic growth and rural development.

26. The agricultural sector in Nepal has been heavily relied upon when it comes to providing subsistence and jobs to most of the population. Directed lending has been a tool to channel credit to this sector. Nepal Rastra Bank (NRB) has instructed commercial banks to allocate a specific size (five percent) of its credit portfolios towards agriculture and allied sectors since the 1970s (NRB, 2004). The percentage has gradually been raised, and the latest instructions require that by mid-June 2028, agricultural credit must be at least 15 percent of total lending (NRB, 2025). The policy is believed to mitigate the historic low investment in the agricultural sector and will facilitate modernization via mechanization, irrigation, and agro-processing. It has been postulated that successful financial mediation in agriculture not only boosts productivity but also leads to more extensive structural changes through establishing connections with industry and services (World Bank, 2021; FAO, 2019).

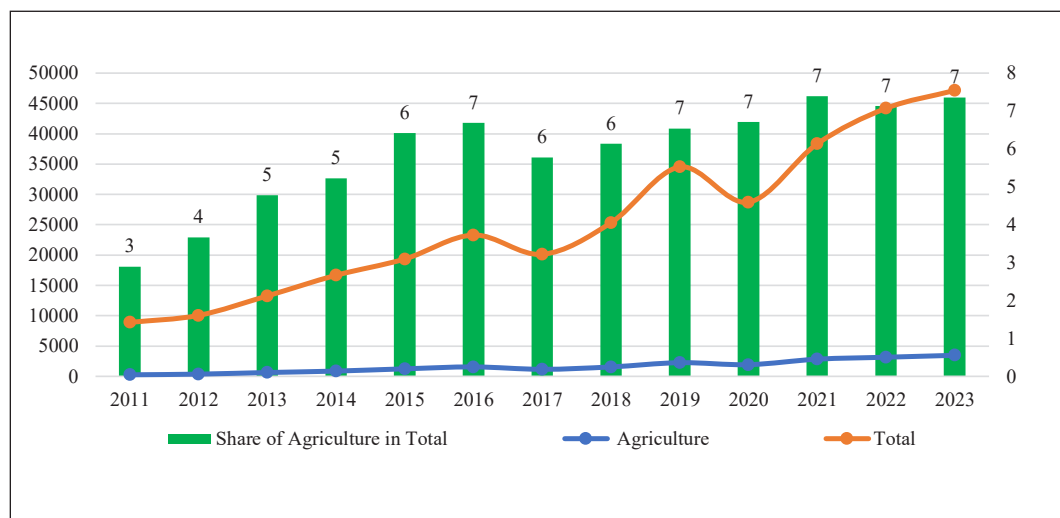
Figure 1.10: Outstanding Credit by Commercial Banks and Share of Credit to the Agriculture Sector



Source: Annual Reports of NRB and Current Macro-Economic Indicators Archive, NRB

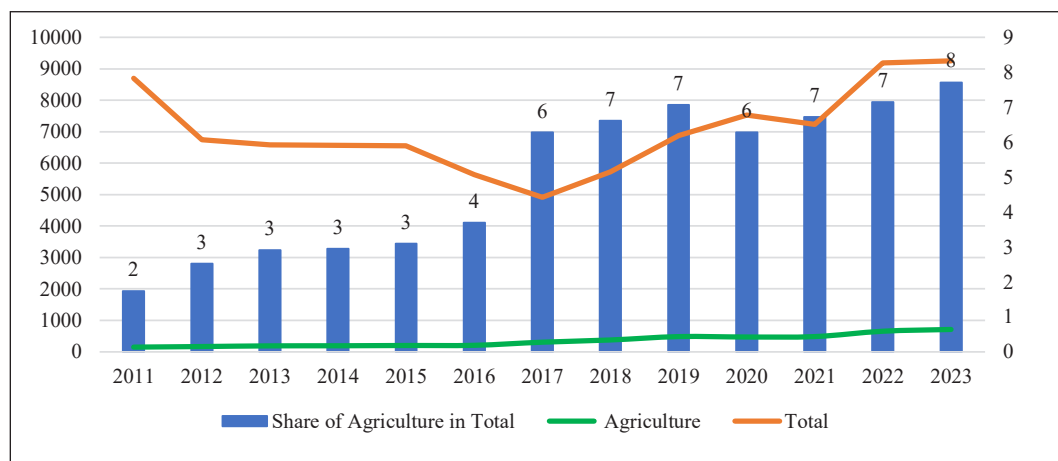
*Predicted values ** Excluding the amount deposited by commercial bank branches of Agricultural Development Bank to their head office.

Figure 1.11: Outstanding Credit by Development Banks and Share of Credit to the Agriculture Sector



Source: Nepal Rastra Bank Archives on Macroeconomics and Financial Situation Data

Figure 1.12: Outstanding Credit by Financial Companies and Share of Credit to the Agriculture Sector



Source: Nepal Rastra Bank Archives on Macroeconomics and Financial Situation Data

1.3.3 Public Debt Scenario of Nepal

Public finance is one of the major areas that needs improvement to increase the overall resource allocation efficiency of the country. Over the past decade or so, specifically during the period between FY 2011/12 and 2022/23, certain changes in the growth of major funding sources of government finance have been witnessed. The revenue performance in the period was relatively satisfactory; however, the dependency on foreign loans continuously increased. During this period, internal borrowing increased by 2.3 times (Figures 1.13 and 1.14).

An analysis of Figure 1.14 depicts the trends between the FYs 1974/75 and 2022/23, showing that total debt had very high fluctuations, with the highest value of 67 percent in the FY 1992/93, followed by a decrease, and then increased to 40.3 percent in the FY 2022/23. In the past, foreign debt reflected this trend; domestic debt was always kept low, at less than 20 percent, with foreign debt taking a larger portion in the earlier decades and domestic debt an increasing portion in more recent years.

On the foreign aid front, a big shift in the contribution has taken place from grant to loan. Despite the continued rise in the share of internal revenue contribution, the decline in the share of foreign aid impacted deficit financing. Though deficit financing has largely been kept within certain limits after the implementation of SAP in the mid-1980s, the reduction in foreign aid has been compensated for by

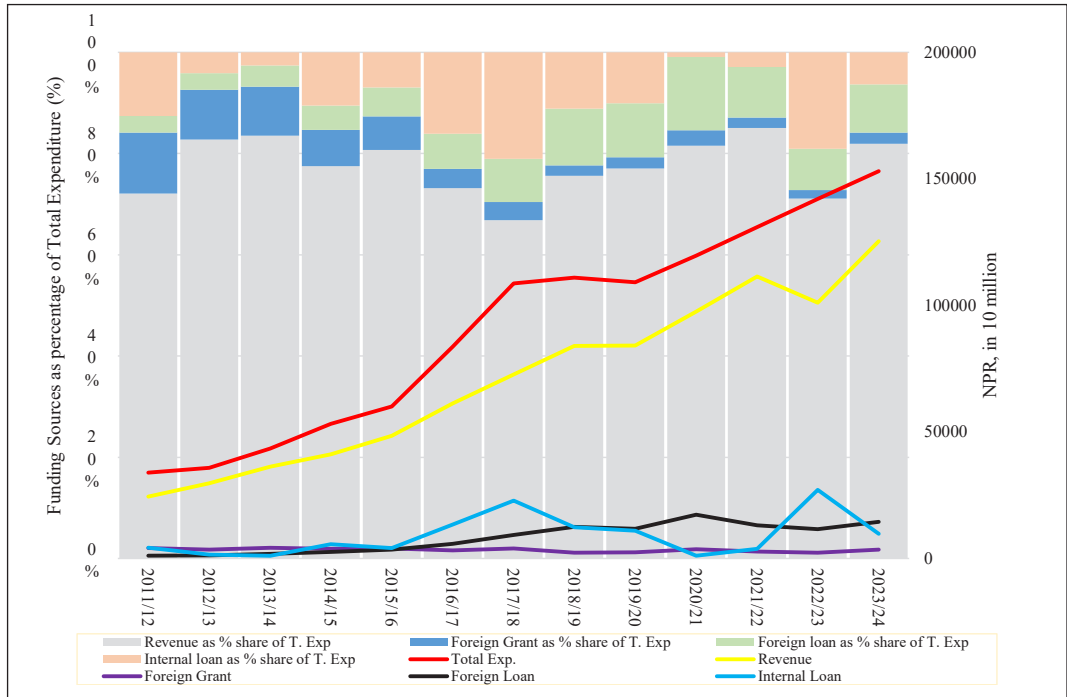
enlarging the size of the internal borrowing amidst a relatively high level of public expenditure. A more recent trend further exhibits that despite some reduction in the total expenditure as a share of GDP, the share of internal borrowing has remained high, which stood at 5.1 percent of GDP in the FY 2022/23. This is happening despite revenue as a share of GDP standing at 19 percent or close to in more recent years, which is one of the highest in South Asia (Table 1.5).

Thus, with the capital expenditure share remaining stagnant or declining in recent years, the entire phenomenon corroborates that both revenue mobilizations and high levels of internal borrowings have largely been used to fund recurring expenses and financing. Furthermore, as demonstrated by Figure 1.15, total interest payment as well as total principal payment, including that of foreign and domestic loans, have been soaring in recent years. This overall phenomenon portrays the possibility of increased inefficiency and ineffectiveness in the public expenditure management system.

Table 1.5: Sources of Public Expenditure Funding as a Share of GDP

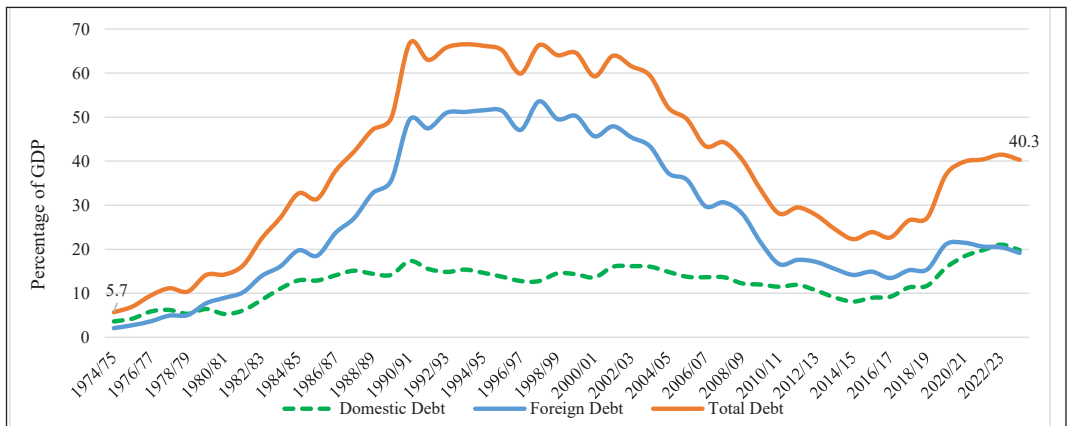
Fiscal Year	GDP (NPR, 10 million)	Revenue (NPR, 10 million)	Share in GDP	Foreign Grant (NPR, 10 million)	Share in GDP	Foreign Loan (NPR, 10 million)	Share in GDP	Internal Loan* (NPR, 10 million)	Share in GDP
2010/11*	156268	19981.9	12.8	4592.2	2.9	1207.6	0.8	3754.7	2.4
2011/12	175838	24456.1	13.9	4081	2.3	1108.3	0.6	4271.3	2.4
2012/13	194929	29677.6	15.2	3523	1.8	1196.9	0.6	1466.3	0.8
2013/14	223253	36349.3	16.3	4220.6	1.9	1799.9	0.8	1135.4	0.5
2014/15	242364	41184.8	17	3817.4	1.6	2553.1	1.1	5578.6	2.3
2015/16	260818	48523.9	18.6	3954.4	1.5	3445.6	1.3	4179.3	1.6
2016/17	307714	61259.8	19.9	3193.2	1	5801.3	1.9	13470.4	4.4
2017/18	345595	72671.8	21	3931.9	1.1	9223.3	2.7	22901.1	6.6
2018/19	385893	83966.2	21.8	2289.9	0.6	12437.3	3.2	12352.4	3.2
2019/20	388870	84131.3	21.6	2371.9	0.6	11664.4	3	10965.8	2.8
2020/21	435255	97630.9	22.4	3648.1	0.8	17294.8	4	1093.7	0.3
2021/22	497656	111384.9	22.4	2748.8	0.6	13069.4	2.6	3797.1	0.8
2022/23	534853	101065.1	18.9	2338.4	0.4	11618.8	2.2	27110.4	5.1
2023/24	570484	125352.8	19	3434.6	0.6	14544.4	2.5	9703.8	1.7

Figure 1.13: Funding Sources and Their Share in Total Expenditure (FY 2011/12 to 2023/24)



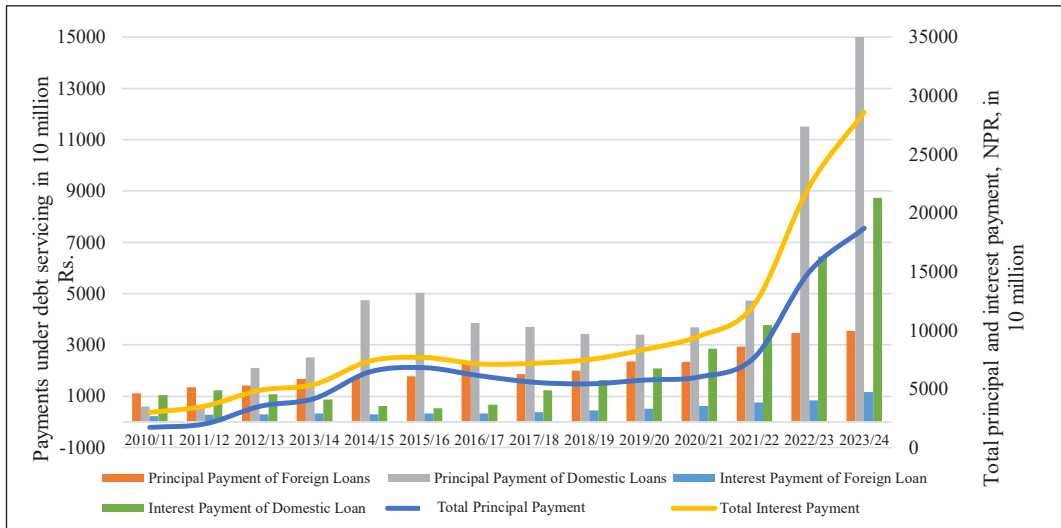
Source: Budget of GoN, MoF (FY 2011-2024), Economic Survey, MoF (FY 2011-2024)

Figure 1.14: Government Debt as a Share of GDP



Source: Nepal Rastra Bank, Financial Comptroller General Office (2022) /Public Debt Management Office (2021), Economic Surveys from 1974 - 2023

Figure 1.15: Debt Servicing Trend of Major Components



Source: Nepal Rastra Bank 2021, Economic Survey, MoF (FY 2010-2024), Annual Budget of GoN (2011-2024)

1.4 Nepal and the Geopolitical Order

Many global systems are going through multiple changes. The Earth's environmental system is being pushed away from its Holocene equilibrium due to anthropogenic adverse impacts on the climate and other physical and ecological systems (Armstrong McKay et al., 2022). The global human energy system is slowly moving away from dependence on fossil fuels, and this could ultimately force humanity to reduce its per capita energy consumption (Smil, 2022). The international geopolitical order is transitioning from a unipolar to a multipolar order (Nye, 2011).

The global economic system is shifting from a neoliberal economic regime, which has been falling apart because of worsening inequality and ecospheric externalities, to a yet indeterminate regime, but one likely involving economic integration within ideological blocks (Rodrik 2011, 2019; Birdsall & Fukuyama, 2011).

In the current context of flux global order, countries are seeking to navigate their path forward through multiple sites of competition and control. Smaller states like Nepal are particularly affected by these global developments as they have tended to be the rule-makers and decision-makers on multiple fronts.

With these multiple changes, the global energy, food, and financial systems have become increasingly complex, and their sub-components are increasingly specialized and connected. When multiple systems are connected and working together, a breakdown in one may trigger breakdowns in others. A cascade of breakdowns across multiple systems can lead to multiple crises within the system. Stresses and triggers in one system can interact across systems and a crisis in one system can affect stresses and trigger events that push another system into a crisis. These types of combined interactions can lead to multiple crises within the global system (Lawrence et al., 2024).

One of the major challenges the global economy faced after the COVID-19 pandemic was high inflation and low economic growth – a situation akin to stagflation. Similarly, food prices hit record levels in 2022 due to supply chain disruptions related to the Russia-Ukraine war. High food prices and a strong dollar proved to be a 'double burden' that many people in developing countries, including Nepal, found hard to bear (UNCTAD, 2022).

According to Mazzucato and Kattel (2021), the COVID-19 pandemic has revealed income disparity, the precarious quality of employment, low growth and a global financial casino that is steering further and further away from funding the real economy. This, in general, has built mountains of debt to finance financial gambles, investments in real estate and other passive types of rent-providing assets, which, in turn, have been harming the prospects of economic revival and social progress in the global context, both in developing and developed nations. The sources of funding in total expenditure and the public debt scenario of Nepal are provided in Figures 1.13, 1.14, and 1.15.

The modern global geopolitics and global economic governance face enormous and extraordinarily dangerous challenges. It has changed in fundamental ways in a way that the diffusion of power and agency and the revolt against Western dominance are far broader than the rise of China. The instruments of national economic statecraft are becoming central to the working of the global political economy; that is, power and power politics have spilled over into the day-to-day functioning of the global economy (Hurrell, 2024).

The evolving world economic order has multiple sources of discontent. Many Western commentators have emphasized the challenges of illiberal authoritarianism externally and of nationalist and backlash politics at home. The spread of backlash politics and populist nationalism in many parts of the world, including the United

States and Europe, means that the challenges to the ‘global liberal order’ have come not only from outside but rather from powerful political forces at the centre of the system. This is worrying to some extent because of the apparent absence of agreement. A sustained and serious discussion is also absent on what future global order might look like (Rosenboim, 2017). As a result, the institutions of global economic governance are under severe strain. And gridlock, stagnation, fragmentation, contestation, and, most recently, backlash have become the dominant frame within which to analyze global economic governance. A divergence has appeared between those in favour of continued global integration and global governance on the one hand, and those who reject the opening of borders and the transfer of political authority beyond the nation-state (Hurrell, 2024).

Within this context, international cooperation is declining and official development assistance to developing countries like Nepal is declining because of development support being channeled to war-torn countries like Ukraine and Gaza. The new Development Cooperation Report (DCR) for the FY 2021/22, released by the Ministry of Finance, has revealed a substantial 15.7 percent reduction in Official Development Assistance (ODA). The report shows that the ODA to GDP ratio fell by 2.2 percentage points to 3.5 percent in the FY 2021/22; the ratio averaged 5.8 percent over the past decade (MoF, 2021). That means countries like Nepal will have to rely more on loans than on grants and other concessional support. This can have adverse implications on the overall public debt scenario of Nepal (Figures 1.13, 1.14 and 1.15).

Nepal is likely to face a series of interconnected global challenges that reinforce one another and intensify their overall impact. Economic turmoil and scarcity can give rise to authoritarian regimes and nationalist, anti-globalization ideologies, which in turn contribute to a decline in international cooperation. This decline weakens global climate efforts and reduces development assistance, leading to rising public debt and increased vulnerability to extreme weather events. These climate-related disasters, combined with political instability and conflict, can drive mass migration and disrupt remittance flows – an important source of income for Nepal. The resulting strain on infrastructure, governance and economic systems creates a feedback loop, amplifying the risks and deepening the country’s exposure to global shocks (Lawrence et al., 2024).

1.4.1 Possible Economic Risks Nepal is Facing Due to the Ongoing Geopolitical Order (Global Polycrisis)

1.4.1.1 Natural Hazards

Nepal is extremely vulnerable to climate change, given its hydro-meteorological and physiographic extremes such as flash floods, landslides, and glacial lake outburst floods - GLOFs (Shrestha & Aryal, 2011).²⁷ Also, the country has been facing multi-hazard scenarios, including increased incidences of landslides, windstorm epidemics, avalanches, snowstorms, hailstorms, cold waves, and heat waves (MoHA, 2019). Nepal's climate vulnerabilities emerge from a combination of fragile mountainous topography and ecosystems, highly variable monsoon-driven hydrology, unplanned settlements, and a lack of resilient infrastructure (World Bank, 2021). Lack of consideration of climatic factors in infrastructure planning and urban planning is the critical factors that expose cities and major trade corridors. Much of Nepal's economy is concentrated in these areas and is at great risk.

Ninety percent of Nepal's movement of passengers and goods takes place on road transport networks, which are vulnerable to heavy rainfall, flooding, and landslides (ADB, 2016). According to the World Bank (2021), flooding damage to infrastructure is severe in Nepal. The frequency and severity of extreme events are expected to increase as temperatures rise. Economic losses from flooding are anticipated to be severe (IEA, 2022).

In FY2019/20, road infrastructure incurred damages worth over NPR 2 billion (US\$16.4 million) (Shrestha, 2019). The flood in 2008, the Koshi River in Eastern Nepal burst through an embankment at the Koshi dam, affecting 109,817 people (around 18,238 households), and 1,314 hectares of land were lost (MoHA & DPNepal, 2011). Nepal, with two hundred dams, is included in the list of countries with the greatest number of dams in basins of medium to very high levels of risk (Opperman et al., 2022).²⁸ Similarly, Tom Robertson (2021) argues that the “flash

27. See the report by *Nepali Times* with the title ‘Danger: Nepal’s glacial lakes are filling up’ via this link - <https://nepalitimes.com/here-now/danger-nepal-s-glacial-lakes-are-filling-up>

28. The study uses the publicly available WWF Water Risk Filter (WRF) tool, to predict that climate change will drive various changes in hydrology that can translate into risks for river ecosystems and for those who manage rivers, such as for hydropower. Using WRF and geospatial analysis to screen hydropower projects, both existing (2,488 dams) and projected (3,700 dams), for a variety of risks at a global scale, focusing on biodiversity risks, hydrological risks (water scarcity and flooding), and how those hydrological risks may shift with climate change, based on three scenarios. The study projects that approximately 26 percent of existing hydropower dams and 23 percent of projected dams are within river basins that currently have medium to very high risk of water scarcity; 32 percent and 20 percent of the existing and projected dams, respectively, are projected to have increased risk by 2050 due to climate change (Opperman et al., 2022).

floods” of Kathmandu Valley have been in the making for four decades.²⁹ Often, nature and monsoon downpours are blamed for the floods, and the Valley has experienced such floods for generations. However, many of the flash floods we have experienced in recent years have human origins. The haphazard development of the Valley is one of the reasons for the increasing frequency and intensity of the floods. And yet, many of today’s flash floods have human origins. The haphazard development of the Valley, and not just the floodplains, has created conditions that make the floods both more common and more consequential. GoN/USAID (1986) report cited in Robertson (2021) blamed the government for much of the new riverside development.³⁰

1.4.1.2 Disaster-Prone Physical Infrastructures

Dams created for hydropower projects act as physical barriers that disrupt longitudinal connectivity and upstream-downstream movement of species. It impacts the biotic environment in multiple ways besides posing itself as a subject to disaster during landslides, floods and earthquakes. Over the years, the country has been intermittently hard hit by flash and summer floods. Rapid urbanization and climate change are believed to be the drivers of such phenomena (Rapid urbanization”, 2024). The flood after incessant rainfall of about two days in September 2024 resulted in approximately US\$127 million in loss (Bhandari, 2024) - the devastating result of the Roshi river in the Bagmati Province was remarkable.

In 2014, hydropower plants in fragile basins like the Bhote Koshi faced floods, landslides in Jure, a local area in the district of Sindhupalchowk, earthquakes and glacial lake outbursts (Dixit, 2019). Some recent instances of flooding damage to infrastructure in Nepal include a massive debris flow on the Melamchi River that damaged the headworks and nearly destroyed one of Nepal’s largest infrastructure projects, the Melamchi project (Awale, 2022). At least three people died, and 18 others went missing on June 17, 2023. flood in the Panchkhapan Municipality of Sankhuwasabha district. Most of the deceased and the missing were labourers,

29. Because the floods appear quickly - some rivers quadruple in size in just a few hours – they are called “flash floods”. Even though the floods valley is experiencing multiple times in a year are called ‘flash’ floods because the rivers rise suddenly, but in reality, the causes have been brewing for the last several decades, since the Valley’s urban sprawl from 1970s.

30. The report noted that the new structures along the Bagmati River between Dhobikhola and Teku had destroyed what had been a vital cultural district, and the government facilities were the culprits. It also called upon the need to retain fertile floodplain lowlands along the major rivers as an agricultural green belt as they had high water tables and poor drainage and therefore would not suit urban development. In absence of this, the valley would be damaged similarly as on the Vishnumati. It specifically advised against residential development of Gongabu, advising against residential development because of drainage issue.

working on hydroelectricity projects being built on the local Hewa Khola (Poudel, 2023).³¹

This shows that there are risks to infrastructure investments in Nepal, specifically the hydroelectric projects. A study report by the International Centre for Integrated Mountain Development (ICIMOD) investigates the state of knowledge regarding climate change and its connections to changes in the cryosphere and hydrology, with a specific focus on impacts on hydropower development (Lutz et al., 2015).

Climate change alters temperature, precipitation, and other factors, leading to changes in glaciers, snow cover, permafrost, wetlands, and water storage. These changes disrupt the hydrological cycle, affecting water availability, increasing extreme events, and shifting water flow patterns. As a result, key sectors like energy, agriculture, and infrastructure face significant risks and challenges (Lutz et al., 2015).

Based on the assessment of a wide range of evidence on the impacts of climate change and the economic costs, and using several techniques to assess costs and risks, a report titled *The Economics of Climate Change* by Nicholas Stern offers a simple conclusion that the benefits of strong and early action far outweigh the economic cost of inaction. Based on various economic models, the review estimates that the cost of inaction will be equivalent to losing at least five percent of global GDP each year. And if a wider range of risks is factored in, the estimated damage could rise to 20 percent of GDP or more. On the other hand, if actions such as reducing greenhouse gas emissions are acted upon, the damage could be limited to around one percent of global GDP each year (Stern, 2006).

In his book, Dixit (2016) points out that disaster-related response in Nepal is mostly confined to short-term rescue and relief, while long-term preparedness, prevention, recovery and reconstruction do not get much attention. Often, there is a lack of data and if available data is often sporadic and uneven. This makes the disaster relief process difficult as it is challenging to identify the victims. Often, in the cases of emergencies, there is a lack of clarity regarding who-makes-what-decisions, and discretionary power, which leads to delayed government response. Irrespective of

31. As quoted in Poudel (2023) Independent Power Producers Association of Nepal (IPPAN) president Ganesh Karki mentioned that the Hewa Khola Hydropower Project was built by analysing the past 100 years' data on the river's normal flow and floods. Even though the authorities, including the Department of Hydrology and Meteorology, do not have flood data of the past 100 years on all rivers, they have data of Hewa Khola, which was analysed and the project was built accordingly. However, the intensity of the flood in 2023, was one of the kinds and was not seen in the last 100 years. Elderly people (80-90 years old) from Panchkhapan Municipality mentioned that they had not seen such devastating floods in their lifetime.

many systemic issues, increasing the use of information technology, for example, in some flood-warning systems, is a positive progress (Tiwari, 2017).

Disruption in Labour Migration and Remittance Inflows

Nepali people have been leaving the country for foreign jobs for more than a decade (Awale, 2019). This is a common pursuit of the Nepali people in recent decades, as they have tended to find alternatives to their agro-based livelihood, escaping from their traditional and low-productive and dominantly rain-fed agriculture. Some factors leading to a decline in agriculture productivity and eventually pushing households to explore alternative livelihood include climate change and increasing extreme weather events such as erratic rainfall and drought, flash flooding, forest fires, and the emergence of epidemic diseases and pests among others (ICIMOD, 2009; Bhattacharyya & Werz, 2012; Jacquet et al., 2015; Sherpa & Bastakoti, 2021). Also, the inefficient government seed and fertilizer procurement and distribution systems and problems faced by entrepreneurs in aggregating land to commercial-scale agro-enterprises and farms have equally posed problems in the sector. Empirical research over the years has also established direct links between the adverse impacts of climate change and migration (IPCC, 2014). The contribution of farmers is often understated because farmers are failing to connect with agribusiness linkages (Adhikari & Vince, 2023). Hence, even though agriculture was the largest contributor to Nepal's national gross domestic product (GDP) until the last decade, it has been surpassed by the service sector and agriculture's contribution has shrunk to one-fourth of the country's GDP in recent days (Figure 1.1).

Furthermore, in recent decades, globalization has increased access to information and opportunities for overseas employment on the one hand. On the other hand, the domestic labor market is limited, and the employment growth rate is around three percent; this is pushing the new entrants to the local economy for foreign employment (NPC, 2020). Primarily due to these reasons, the number of Nepali labour-migration has increased over time. The enactment of the Foreign Employment Act (FEA) in 1985 (2007) formalized the labor migration process in Nepal (Zwager & Sintov, 2017) – a pro-government initiative to allow domestic labours to migrate for foreign jobs. With the implementation of FEA, the number of overseas migrants has increased from less than 750 thousand in 1990 to 2.5 million in 2019 (IOM, 2020; MLoESS, 2020). Consequently, the annual inflow of remittances has also increased significantly, from \$55 million to over \$8 billion today (World Bank, 2019b).

Migrant workers and remittance inflows are likely to remain the key drivers of growth in the future. However, it has been seven years since remittances peaked as a percentage of GDP (25 percent in 2016), and they may not return to this level (World Bank, 2021). As per the ILO (2021) report, the number of overseas recruitments increased every year, and workplace injuries and fatalities also increased. The report also revealed that over 340 million workplace accidents and diseases kill more than 2.3 million workers annually. In the case of Nepali migrant workers, based on the claims for benefits submitted, 3-5 deaths are observed every day, which is equivalent to one death in every 700-800 workers from Nepal (MoLESS, 2020).

The Gulf Cooperation Council (GCC) member countries and Malaysia are the popular destinations among Nepali migrants. Global warming is expected to exacerbate the heat stress levels even further in these countries. Migrant Rights (2019) points out that extremely high temperatures, humidity, and intense sun and low elevations may make the region a regional hotbed where climate change is likely to adversely affect human habitability and sustainability in the future if no significant mitigation is done. Within the Arab states, the construction industry is predicted to hit the worst, with heat stress expected to account for about a 40 percent loss of the total working hours by 2030. In the GCC, 23 percent of employment is within the construction sector and the sector migrant workers account for approximately 95 percent of the workforce (Migrant-Rights, 2019; Darwish, 2021).

Every day, about 1,500 Nepali youths leave the country for opportunities overseas. When they leave, they are generally healthy, but recently, some medical professionals have reported that they are returning with chronic kidney disease (CKD), which is an irreversible condition (Pattisson & Acharya, 2023). A pilot survey carried out in the Dhading district of Nepal with returnee migrants from GCC countries to understand key health and well-being issues compiled the experiences of 60 returnee migrant workers and found that Nepali migrant workers were exposed to severe weather conditions and experienced workplace abuse and exploitation.

Within this context, the migration policy must be revised to protect worker rights, ensure worker health and raise awareness regarding climate change and its impact on worker health and working conditions. Currently, remittance is the second major source of foreign exchange in Nepal after service export (MoF, 2081). With extreme weather events and the weakening of global climate regimes because of the global poly-crisis and the economic shocks Nepal will face, as demonstrated by Lutz et al., (2015) and Lawrence et al., (2024), there might be a significant impact on remittance

flows to Nepal. While remittances have supported the improvement in Nepal's indicators, potential risks are created in the demand for Nepali migrant workers in host countries because of external impacts. Hence, government also needs to focus on policies to diversify sources of foreign exchange as well as policies to create jobs at home to retain the youth population and utilize its domestic population dividend.

1.4.1.3 Global Conflicts and Wars-Induced Crises and the Consequences

Direct conflicts and wars ongoing between the countries have caused global economic disruptions. The Ukraine War severely disrupted global markets for food, fuel, and fertilizer (Arndt et al., 2023). The warring situations have caused inflation, raised food prices and disrupted supply chains globally. Nepal cannot be an exception in this regard. Although Nepal does not have anything to do with the wars directly, they will likely increase food and fuel prices, decrease the remittance flows, further deplete the foreign exchange reserves and cumulatively strain the economy directly (Koirala, 2022; "Ukraine crisis hits", 2022). With the world experiencing violence, interstate wars, and economic turbulence, some countries are adopting more anti-globalization policies and populist regimes, which could cause a decline in international cooperation ("Global tension," 2024).

The Russia-Ukraine war, and the energy crisis it unleashed, made it even more urgent to undertake a bold policy course that could seriously tackle the environmental threat as a direction for investment, macroeconomic stability, innovation, growth and new forms of social well-being.

1.5 Summary and Conclusion

The Nepali economy is experiencing a structural transformation that is not accompanied by industrialization. Although the contribution of agriculture to the GDP has reduced, the sector still absorbs most of the labor force, which leaves workers engaged in low-productivity work. Manufacturing has failed to grow sufficiently, leading to premature deindustrialization and services are left to spearhead the growth without creating enough employment. These weaknesses have also been magnified by overdependence on remittances, which facilitate consumption at the expense of import dependence, speculative transactions in the real estate sector, and trade deficits rather than productive investment. These distortions have been compounded by the financial system, which directs credit disproportionately towards unproductive sectors while agriculture and small enterprises face persistent barriers in accessing finance.

These structural vulnerabilities have been compounded by the increasing fiscal stresses and government debt, with the bulk of revenues still reliant on trade-based taxation and the bulk of the public budget being spent on recurrent expenditure. The vulnerability of Nepal's development is magnified by climate change and environmental degradation, and the threats of floods, landslides, and other disasters to infrastructure as well as livelihoods. The outflow of human capital also undermines the potential of realizing demographic dividends. And, the lack of governance, in the form of poor institutional capacity, corruption, and poor implementation of policies, limits the state's ability to make investments, build resilience, and drive inclusive growth.

The trajectory of structural change in Nepal shows a complicated interaction of the world development paradigms and the internal historical, geographic and institutional context of the country. Although liberalization under the Washington Consensus promised to bring rapid growth, Nepal's experience has been uneven, marked by premature deindustrialization, a declining agricultural base and overdependence on remittances. These developments highlight both the opportunities and challenges faced by a small, open economy surviving globalization.

However, even in these weak points, there lie chances of rejuvenation. Relying on agriculture as a source of food, as well as a source of rural livelihood that is to be modernized by land reforms, financial intermediation, and taking part in agro-industrial value chains, remains central. Hydropower, tourism, and ICT-based green job generation also present opportunities for a more sustainable and productive economy. Nepal has to balance between the need to integrate into the global markets and the need to pursue inclusive, climate-resilient development, which has become the central challenge in its pursuit. This must be done by redirecting credit and investment to productive sectors, reinforcing governance and institutional capacity, and economic diplomacy to draw in FDI and to leverage remittances to long-term priorities. By so doing, Nepal can convert the vulnerabilities into opportunities and create a structural transformation that is sustainable and equitable.

1.6 Recommended Areas for Nepal's Macro-Economic Reform Priorities

- i) **Rethinking industrial policy and employment generation:** There should be a new industrial policy that will reverse the premature deindustrialization and create good employment. Agro-industries, renewable energy, ICT and tourism should be placed in focus. The state must encourage cooperation

between the state and the business community, encourage innovation, and foster the MSMEs as one of the primary job generators. Global shocks can be countered by diversification of exports into non-tradable and modern services.

ii) **Investment-based economic strategy:** The growth should be fueled by an investment-led approach rather than relying solely on counter-cyclical measures. Public investments in some strategic sectors can drive private sector participation by creating clear opportunities. For example:

- Agricultural infrastructure, such as processing plants, post-harvest storage, and cold chains for high-value crops like ginger and cardamom, should be prioritized.
- Investment in ICT infrastructure and tourism can leverage Nepal's natural assets and digital potential.
- Ensuring efficient logistics management, both domestically and across borders, will further integrate Nepal into global value chains.
- Continuing to invest in low-carbon solutions, particularly hydropower, can support economic growth while meeting Nepal's energy needs.
- Balance of energy security and export opportunities by means of low-carbon solutions and, primarily, hydropower can help Nepal achieve sustainable development while mitigating climate risks.

iii) **Revitalizing agriculture and rural transformation:** Nepal needs to move away from the subsistence base of agriculture to high-value and climate-resilient production. This will necessitate investment in irrigation, mechanization, storage and value-chain development. This will require the expansion of access to credit to smallholder farmers and cooperatives to make commercialization possible. Land reform policies should also ensure equitable access, while agro-processing industries can offer forward and backward linkages to stimulate productivity and incomes in rural areas.

iv) **Access to finance for agriculture:** The new reforms in the financial system should focus on the flow of credit towards agriculture and other productive sectors. The following issues should be given due consideration when it comes to access to finance in the agriculture sector:

- Procedural simplification is needed when it comes to agricultural loans and subsidies so that smallholder farmers can also access the state facilities
- Expanding adequate insurance coverage to cereal crops, vegetables, fruit crops, high-value cash crops, livestock, etc, against losses due to climate

change, disease, pests and insect infestation, financial crisis, natural disasters such as floods, fire, extreme rainfall, etc.

- Prioritization of project financing
 - Matching the credit cycle and crop cycle
 - Agricultural subsidies must be based on production
 - Promoting value chain financing and co-operative models of agriculture
 - Developing skilled human resources to support commercial farming
 - Using digital platforms for loan monitoring
 - Formalizing MSMES to ensure their access to state incentives.
- v) **Green jobs and diversifying the economy:** Nepal needs to diversify opportunities in its economy and reduce its overreliance on remittances. Hydropower, clean energy transitions, eco-tourism, and digital infrastructure can be green investments that create jobs and absorb returnee migrants. These sectors also align with the broader agenda of sustainable development.
- vi) **External sector and economic diplomacy:** Nepal must strengthen economic diplomacy to diversify external financing, attract FDI, and better channel remittance flows into productive investment.
- Focus on cross-border hydropower trade, regional connectivity projects, and diaspora engagement strategies to expand external opportunities
 - Reforming policies to ease bureaucratic hurdles and ensure investor confidence
 - Flexible provisions on repatriation and exit strategies
 - Building institutional capacity for economic diplomacy, with trained negotiators
- vii) **Population dividend and human capital:** Utilizing Nepal's demographic dividend requires reforms in education and vocational training. Educational infrastructure needs to be standardized, investment in research should be prioritized, and skills need to be anchored to market demand. The policies should encourage the reintegration of returnee migrants and direct remittances to productive investments.
- viii) **Climate and disaster resilience:** Building resilience is the primary element in protecting the gains of development. The following issues should be given due consideration when it comes to disaster preparedness:

- Disaster preparedness and preventive green solutions on a long-term basis³²
 - IT-based early warning and improved data dissemination. For example, increasing the use of information technology in some flood-warning systems can be beneficial to prevent disasters
 - Increased participation of the mass media to play a more active role in disseminating early weather-related warnings to the public to reduce risk
 - More needs to be invested in training health workers, insurance and micro-credit to help reduce vulnerabilities related to health, income, and livelihood
 - Infrastructure development works, including the construction of roads, dams, buildings and bridges, should be undertaken with effective enforcement of construction codes that lessen environmental harm and can withstand possible disaster risks, including those induced by climate change.
- ix) **Public debt and fiscal reform:** Increasing reliance on internal and external debt requires a careful restructuring of fiscal priorities. Tax reforms have to widen the base and lessen dependence on volatile trade revenues. High-quality projects that are expected to yield high returns should be targeted through public investments, ensuring debt sustainability and productivity growth.
- x) **Governance and institutional capacity:** Good governance is fundamental to supporting economic reforms. Strengthening transparency, accountability, and efficiency in public institutions will not only improve service delivery but also build the credibility necessary to attract investment and support private sector growth.

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32. Green Infrastructure includes various technologies to trap and replenish rainwater, including green roofs, rainwater collection and recharge, bioswales, permeable pavement, rain gardens and more. Many of these technologies are attractive and cost-effective, and rainwater harvesting is already well-recognised and practiced in Kathmandu (McMahon, 2017)

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CHAPTER 2

THE PRIVATE SECTOR ORIENTATION OF NEPAL'S ECONOMIC REFORMS: POLICIES, POLITICS AND PROSPECTS

Prof. Dr. Achyut Wagle

Abstract

This chapter provides an overview of Nepal's economic reform agenda with a focus on the orientation towards private-sector-led growth. It follows the transition of state-based planning and state enterprises to a series of liberalization moves since the mid-1980s, supported by structural adjustment programmes and internal policy reforms. Constitutional provisions, industrial and trade policies, and legislative reforms have increasingly evolved over the years to include the role of private investment, foreign capital and public-private partnerships.

The chapter discusses structural, legal, institutional and operational reforms and notes lapses in implementation and political ownership, which have resulted in limited outcomes. In spite of periodic failures, the chapter identifies, reforms have contributed to increased market participation, modernization of the financial sector and integration into international trade systems. The chapter also points out that growth and inclusive development in Nepal cannot be sustained without widespread reforms that reinforce infrastructure, governance, and service delivery in line with the spirit of federalism, while ensuring a consistent enabling environment for private sector participation.

2.1 Introduction

Merriam-Webster (n.d.) dictionary defines 'reform' as 'to put or change into an improved form or condition'. In this sense, the phrase 'economic reform' may generally be understood as changes made to improve the productivity of both firms and the national economy to increase output from per unit of input at the microeconomic level which in aggregate contributes to the growth of GDP per capita at the macroeconomic level. However, after the 1980s, with the onset of an era of liberalization, the phrase 'economic reform' assumed a conceptually nuanced interpretation as the reorientation of a particular economy towards a free-market set-up with policy changes to remove rents created by entry barriers to private activity; price, interest rate, and credit allocation distortions; and uneven access to the welfare system. In a broader sense, structural reforms – particularly, price and trade liberalization, privatization, and labor market and tax reforms – tend to

promote equitable economic growth over the medium and long term (Alonso-Gamo & El-Erian, 1997). An inherent expectation from such reforms is that reorientation, in turn, expands the role of the private sector in the economy, enhances economic efficiency both at micro and macro levels, propels growth, and removes some of the reasons for highly unequal income distribution.

The public sector reform and private sector reform are not necessarily exclusive, but are rather complementary. At the core of every economic reform is strengthening private market forces and competition to increase productivity, profitability, efficiency in the provision of goods and services to the population and promote employment in the medium and long term (Blank, 1999; Sheshinski & López-Calva, 2000). Therefore, for reforms to be truly called so, essentially, they need to be directed at providing an ambience to provide an appropriate business environment for the private sector to flourish, reduce the role and interference of the state in production, distribution and pricing processes and, thereby, increase the scope of the private sector to play a wider role in the economy.

Countries put reform efforts targeting both the public and private sectors. The public sector reform focuses more on the supply side of the economy. Under the reform, it legislates liberal laws and bylaws, sets up business-friendly institutions and ensures operational efficiency of the regulatory and public service delivery entities of the state apparatus. Private sector reforms are primarily demand-driven, leveraging the conducive environment established by public sector reforms to encourage investment, pay taxes, generate lawful profits, and implement corporate governance principles. Reforms are more effectively implemented when they are based on needs and driven by demand, with these needs ideally identified through evidence-based analysis. Governments should fully embrace the reform process, from its conception to achieving economic outcomes, ensuring its sustainability and potential for replication.

Countries not only carry out reforms in the public sector, but also in the private sector, which plays different roles. Public sector reform is focused on supply-side reform through liberalized legal frameworks, business-friendly institutions and enhanced regulatory efficiency, which in many cases is linked to the principles of New Public Management (Bhul, 2023; Ugyel & Daugbjerg, 2020). On the other hand, private sector reform is primarily demand-focused and capitalizes on public sector reform that, in turn, provides the impetus for investment, tax reporting, and corporate governance that support economic growth (Ahamed, 2021). Reforms work best when they are evidence-based, targeted and sustainable (Baron, 2018), and are based on real institutional or market needs. Further, reform success over the long term is dependent

on the full ownership by governments to ensure long-term sustainability and avoid superficial implementation (Brinkerhoff & Brinkerhoff, 2015).

However, in practice, in developing countries like Nepal, in particular, where the reforms are thought to be more urgent than anywhere else, reforms do not always materialize as expected and planned. First, in developing countries, quality data is scarce, and the expertise required to identify, analyze and then establish such reform needs through evidence may not be available within the governing politico-bureaucratic spheres. There have also been concerns that all pro-private sector, free market reform packages for developing countries are designed, prescribed, financed and implemented by multilateral organizations like the World Bank (WB), the Asian Development Bank (ADB), International Monetary Fund (IMF), or some other Western donors (Malesa & Silarszky, 2005; Limpach & Michaelowa, 2010; Muhumed & Gaas, 2016; Knack et al., 2020). In most cases, like in 1984 in Nepal, and in 1991 in India, reforms per se started as a compulsion to comply with such prescriptions and emergency financing from the IMF (IMF, 1985; Chopra & Collyns, 1995). Otherwise, these countries would not have been eligible to secure financial recovery packages when their microeconomic fundamentals, like foreign exchange reserves and balance of payment situations, had hit the bottom, and they had no other alternatives available than to borrow from these institutions to keep the economies up and running.

In this context, this article follows a comprehensive path, unfolding Nepal's economic reforms through a structured framework that captures the complexity of its transition. The main objectives of the chapter are:

- i) To review various phases of Nepal's economic reform paradigms within the first generation of reforms,
- ii) To analyze the impact of political instability and shifts in ruling ideologies on reform initiatives such as privatization, trade liberalization, and public-private partnerships,
- iii) To offer policy recommendations for comprehensive economic and financial reforms.

The chapter followed the desk review method. First, the chapter reviewed, among others, relevant journal articles and classics in the field, studies and reports of the international multilateral agencies, research-based studies of various government agencies and researchers. Similarly, annual budget documents prepared by the Ministry of Finance, periodic plans prepared by the National Planning Commission,

and relevant policies, rules and regulations were reviewed. Relevant articles and op-eds published in popular national daily newspapers were also referred.

2.2 Nepal's Structural Reform Initiatives

Nepal, throughout its modern economic history, adopted state-led economic planning and industrialization. Except for a few industries related to jute, cotton and matches in 1936-1938 established by private investors, most of the industries were run by the state. The number of Public Enterprises (PEs) by the end of the Seventh Five-Year Plan in 1990 reached 64 (KC, 2004).¹ The aim of these PEs included providing infrastructural facilities and services, basic consumer and development goods, adequate supplies of essential goods, managerial support to needy enterprises and entrepreneurial support (Shrestha, 1991).

At a time when a very small portion of the economic transactions was monetized and market interactions were very limited, the idea of a controlled economy and meeting the demand for goods and services from the production of the state-owned firms might have partially worked during the period. However, it is deducible that they did not contribute to the remarkable economic growth, as Nepal's average annual GDP growth rate remained below four percent for the past four decades. Instead, they distorted the market price mechanisms and primarily benefited those in power, treating these scarce products as the exclusive entitlement of a small group of ruling elites. One of the reasons for the severe balance of payment (BoP) and foreign exchange crisis for three consecutive years between 1983 and 1985 was the draining of the state coffers to finance running these loss-making public enterprises.²

In the early years of the 1980s, the country experienced economic instability, dovetailed with high levels of inflation and rapid depletion of foreign currency. The state realized its worsening situation and it was reflected in the annual policies and budgets too³ and adopted the Economic Stabilization Programme in 1984 and the

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1. See [https://archives.kdischool.ac.kr/bitstream/11125/30152/1/\(The\)%20Privatization%20%26%20its%20impact%20in%20Nepal.pdf](https://archives.kdischool.ac.kr/bitstream/11125/30152/1/(The)%20Privatization%20%26%20its%20impact%20in%20Nepal.pdf)
 2. The unprecedented rise in the magnitude of budgetary deficit fueled current account deficits. This resulted in huge BoP deficit causing a serious foreign exchange crisis. The country's BoP remained in the red for three consecutive years, i.e. in the FY 1982/83 through the FY 1984/85 (Khanal et al., 2005).
 3. In his budget speech for FY 1984/85, the then Finance Minister Prakash Chandra Lohani, on 9 July 1984 stated that the previous year, the country had been reeling through a very difficult economic situation which he had informed the House during its previous session at the beginning of the fiscal year. A huge increase in money supply, high level of inflation, rapid depletion of foreign currency reserve and their collective consequences had severely threatened the economic stability of the country (Nepal Gazette, 1984, p.104).

Structural Adjustment Programme (SAP) in 1986, both financed by the IMF and the WB. In the budget speech of the following year, the finance minister announced that the policy of opening the banks with Nepali and foreign equity participation would start soon (Nepal Gazette, 1985, p.47). As a result, Nepal Arab Bank Limited (Nabil) and Nepal-Indosuez Bank were established.

Following the years, the central bank-regulated interest rate regime was gradually and marginally relaxed. The idea was to mobilize additional financial resources in the interest of private sector growth (Pant, 2009). These were the initial days of reform at a time when the pseudo-nationalism of the Panchayat regime was largely in favor of running a controlled economy and the majority of its 'elite' defendants benefited from unchecked rent-seeking (Panday, 1999). Despite controversy and, rather stiff resistance from many of the ruling elites, the then Finance Minister Prakash Chandra Lohani boldly pushed those reform initiatives up until 1989 as the first generation of reforms.

This first generation of economic reforms under 3Ds – deregulation, de-bureaucratization and divestment – opened up the Nepali market for foreign investment and joint ventures, partially liberalized the exchange rate, tried to introduce some rule-based budgetary spending norms and, most importantly, recognized the role of private investment in economic growth and public infrastructure development (Khanal et al., 2005). A comprehensive review of policies encompassing agricultural productivity, subsidies, and trade licensing was initiated. These initiatives were widely perceived as the fulfillment of 'conditionalities imposed' by the development partners while borrowing from them.

These conditionalities were 'forced' to achieve reform deliverables like spending and subsidy cuts, which gave rise to the general view that the economic reform packages were imposed by the donors (Molenaers et al., 2015). Such a mentality was ingrained in some sections of the Nepali political class, and they developed a peculiar culture of cynically perceiving liberal reforms undertaken by the country. The psyche largely persists and, therefore, its outcome too remains subdued (Dangi et al., 2021). Despite the prevalence of the perception, the market-economy-oriented changes in several economic policies to make them compatible with global best practices and to make Nepal a player in the international economic order laid an important foundation for private sector reform and substantially increased the country's overall economic resilience.

Accordingly, market-oriented policies came up with budgetary and policy provisions that contributed to increasing the role of the private sector in the economy. The

efforts made by the Sixth Five-Year Plan (1980-85), although expressed in a rather subdued tone, are an example. The plan aimed to encourage the private sector to play a leading role in productive fields like agriculture and industry and commercial activities. Similarly, it was stipulated that necessary arrangements would be made to enable the semi-governmental corporations to function ably and effectively on a commercial basis and that efforts would be made to remove unnecessary governmental interference and control in the decision-making process related to the economic affairs of the corporation and private sectors (NPC, 1980).

Building on the policy of ‘encouragement’, the Seventh Plan (1985-90), for the first time in Nepal’s planning history, dedicated a separate heading for the ‘Private Sector’. It promised to create ‘an atmosphere which is suited to the private sector to play an active part in economic development’ (NPC, 1985, p.58). To make the market more competitive and competent, the commitment of ‘minimum’ government interference and control was announced as policy in the areas of investment, activities of the private sector and the price fixing processes of goods, services, and their inputs. Specifically, the Plan stated to tilt the government policies in the direction of stimulating savings, investment and productive activities in the private sector; to substantially increase the supply of goods and services; to review the existing economic policies in detail, and those policies that impeded or acted as disincentives to the task of raising production and supplies to be amended as part of the effort to do away with distortions of all kinds besides taking steps to build excellent rapports between the public and private sectors (NPC, 1985, p.58).

In 1990, with the abolishment of the Panchayat system and reinstatement of multi-party democracy, a great transformation in Nepal’s politics and economy took place. This development coincided with major global events, the fall of the Berlin Wall and the collapse of the Soviet Union. These events gave impetus to democracy and free-market ideas across the globe. Theorists such as Fukuyama (1992) even referred to it as the “end of history,” in which liberal democracy had prevailed over one-party communist governance. During this time, market ideologies were extremely popular worldwide, and there was an emphasis on opening markets, privatizing state-run companies, and integrating national economies into international trade systems. Organizations like the World Bank and IMF actively encouraged such policies by urging governments to reduce regulations and provide more room for private businesses to operate (Chang, 2011).

After the 1992 elections, in which the Nepali Congress party emerged victorious, the government accelerated the economic reforms that had begun in the mid-1980s.

The liberalization and privatization of the economy initiated in the mid-1980s were extended to other sectors through legislative reforms, the establishment of new institutions and administrative reforms of economic activities. The government also continued to implement the Enhanced Structural Adjustment Facility (ESAF) from the IMF approved in 1987, which had made financial provisions to the country during the political transition of 1990. This phase of reforms lasted till 2002. Its single focus was to create a private-sector-friendly environment of market fairness and limit the role of the government as a referee of, not a player in, the market.

Two schools of thought in neo-classical economics – theories of imperfect information and transaction costs – emphasized the significance of market institutions. Evidence shows that such institutions contribute to macroeconomic stability, social cohesion and protection against poverty, conflict and the upheaval of economic change. For market economies to perform well, there is a need for institutions that protect property rights, enforce the rule of law, control corruption, regulate efficiently and correct market failures (Rodrik, 1999 & 2002; Frankel, 2002).

2.3 The Reform Paradigms

The experience of Nepal's economic reform has four broader paradigms: The political philosophy of the parties in power, the Constitutional and legal frameworks, the institutional arrangement and, the implementation efficiency of the reform policies and projects.

Any reform measure is unlikely to succeed without full political ownership by the government of the day (Aphecetche et al., 2022). The understanding of the essence and outcome of economic reform greatly varied across the divides of the ideologies that organized Nepal's political parties. The parties with communist and hardline socialist orientations viewed free market-oriented reforms as 'absolutely unnecessary' and alleged them to be mere tools of Western exploitative interests and extension of 'economic expansionism' by the capitalist world. Nepal's political space is hugely dominated by left-to-the-center politics with a varied degree of Marxist orientations, particularly on the economic model to be adopted by the state. As such, Nepal persistently faced what may be called a 'lack of agent' scenario when it came to taking ownership of reform initiatives and their impacts. This reality continues to impact the outcome of all reform initiatives.

Political parties faced paradoxes when it came to the role of the state in the economy and development and such paradoxes still abound. In its manifesto for the 1991 parliamentary elections, the Nepali Congress vowed to pursue 'democratic

socialism’ as its economic philosophy. It meant full democratic freedom politically, but the state-regulated market mechanism or mixed economy, developmentally. Its ideological overture was explicitly in favour of retaining or promoting state-owned enterprises and highly regulated markets. Nevertheless, liberalization policies adopted by the party’s government formed after these elections were in stark contrast to what was spelled out in the party’s manifesto.

The then Minister of State for Finance, representing the Nepali Congress, Mr. Mahesh Acharya, in confidence of the then Prime Minister Girija Prasad Koirala, spearheaded the reform agenda, which created extreme friction in the party. ‘The abandonment of socialist policy’ of the party was one of the alleged reasons division of the Nepali Congress party, which brought the Koirala government down before it could complete its full five-year term despite its majority of 110 members in the 205-member House of Representatives. The dissenters alleged the government was a stooge to global capitalism. Despite all odds, the government boldly pursued pro-private sector reform policies which, now in retrospect, can be safely qualified as revolutionary (Khadka, 1993).

In many ways, the Eighth Plan was a very bold document to institutionalize economic reform. The overall philosophy of the Eighth Plan was market openness and liberalism aimed at integrating the Nepali economy with the global system of trade and economic interactions. These reform measures were largely aligned with the Washington Consensus Approach (Williamson, 1990).⁴ The objective was ‘to

4. Washington Consensus, first coined by John Williamsons in 1989 and was consensually agreed by the World Bank, IMF and the US Treasury as the a ‘standard’ format of economic reform for the countries for the developing world, included the following 10-point agenda to implement as the ‘neo-liberal economic order’ by displacing the practices of command economy like in the communist ruled states. These are:

- a. Fiscal policy discipline, with avoidance of large fiscal deficits relative to GDP;
- b. Redirection of public spending from subsidies (especially indiscriminate subsidies) toward broad-based provision of key pro-growth, pro-poor services like primary education, primary health care and infrastructure investment;
- c. Tax reform, broadening the tax base and adopting moderate marginal tax rates;
- d. Interest rates that are market determined and positive (but moderate) in real terms;
- e. Competitive exchange rates;
- f. Trade liberalization: liberalization of imports, with particular emphasis on elimination of quantitative restrictions (licensing, etc.); any trade protection to be provided by low and relatively uniform tariffs;
- g. Liberalization of inward foreign direct investment;
- h. Privatization of state enterprises;
- i. Deregulation: abolition of regulations that impede market entry or restrict competition, except for those justified on safety, environmental and consumer protection grounds, and prudential oversight of financial institutions;
- j. Legal security for property rights.

transform the controlled economy of the past thirty years into an open, liberal, transparent and competitive market-oriented economy' by removing the distortions in the economic structure. The Plan unequivocally declared that the government recognized the global failure of the public sector in efficiently producing and delivering goods through resource allocation. As a result, it planned to act as a catalyst, supporting the private sector rather than controlling or interfering in its economic activities. The government's role, the Plan stated, would be limited to specific areas, leaving the development of other sectors to the private sector. Its primary focus would be on developing necessary physical infrastructure, such as roads and communications, and providing basic social services, including healthcare, education, and drinking water, to bring marginalized populations into the mainstream of development. The government, it was stated, would welcome private sector involvement in these areas and would begin disengaging from sectors that could be managed more efficiently by private enterprises, ensuring that social interests were not harmed. In line with this policy, state-owned enterprises and corporations would be gradually privatized, with particular attention to safeguarding private sector participation in economic activities (NPC, 1992, pp. 63-64).

The Plan also proposed to review the licensed system to operate businesses, proposed privatization of sick government undertakings and, so much so, it also promised, in the long run, to achieve full convertibility of the Nepali currency in the current account and, implemented a partial convertibility of the same. It initiated an open sky policy for both domestic and international airline operators and permitted private investment in higher education, tourism, health services, hydropower development, banking and financial services, among many other sectors.

The Eighth Plan proposed streamlining and clarifying administrative processes to prevent the suppression of private initiatives and removing unnecessary delays to accelerate the implementation of government policies; further liberalizing, simplifying and clarifying government policies, and effectively implementing defined policies.

This phase of reforms was impressively influenced by the synergy of three aspects i.e., the Eighth Plan, the government's policies and plans for the FY 1991/92 and the Fiscal Policy for the fiscal year. Addressing the first parliamentary session on 1st July 1991, the then King Birendra in the governments' policies and programmes for the FY 1991/92 (The Royal Address, 1991, p. 3) revealed that policies would be reformed to expand the wide participation of the private sector in the activities of

the country's development, encourage domestic and foreign non-governmental capital and attract foreign investments that suited national priorities and interests.

The policies and programmes of the FY 1991/92 were intended to support the participation of the private sector and create a suitable environment for investors and initiate the process of privatization. Specifically, it aimed to channel the private sector capital flowing into non-productive and non-national priority sectors into productive and employment-generating sectors, making appropriate reforms in the monetary and financial policy and simple arrangements to reduce existing licensing and administrative hassles in industry and trade (The Royal Address, 1991, p.6).

In congruence with the Eighth Plan and annual programmes, while laying down the budget principles, in his budget speech for 1991-92, the then State Minister for Finance, Mahesh Acharya, proposed to make the national economy more dynamic by increasing the participation of the private sector. He interpreted the economic structure of 'democratic socialism', the ideology dearly embraced by his party Nepali Congress, as a mixed economy. In this economic system, the private sector should play a major role 'to enhance production by increasing efficiency in market-oriented and competitive economic activities.' He then firmly asserted his government's belief in a competitive economy and that through it, skills, inputs and entrepreneurship of the private sector could be mobilized effectively for the economic growth of the country (MoF, 1991, para 118).

The budget also announced a clear roadmap for a reform of comprehensive reform. One, it proposed to carry forward the process of banking and financial reform to enable the sector to make a positive impact on the overall economy. Two, it envisioned formulating a mid-term economic programme in line with the government's policy of making the economy more competitive. Three, it laid out a roadmap to review and amend the (then) prevailing policies related to several specific sectors, including the financial market, agriculture, industry, and business, among others. Four, three state-owned corporations and five government-owned agricultural farms were selected for immediate privatization to be completed in a single fiscal year.

These bold and timely reform measures led to noticeable changes in the overall behavior of the Nepali economy, the functioning of markets, and the way firms conducted their business operations. This sparked an unprecedented level of private investment, both domestic and foreign, in diverse sectors including airlines, healthcare, higher education, banking, energy, communications, information

technology tourism, among others.⁵ About twenty out of sixty-four state-owned enterprises were privatized or equity restructured in the following four years and subsidies in many ‘unproductive’ areas were drastically reduced. Monetary and fiscal policy reforms substantially eased the entry and exit provisions for both the goods and services industry and trading firms. Exchange and interest rates were partially left to be determined by the markets.

There is a sort of general understanding that, despite a very short window of four years of reform initiatives, the four years since 1990 provided a firm liberal facade to the Nepali economy, giving space to the exponential rise of the service sector and its share of GDP. The tempo of reform was suddenly broken, if not reversed, after the political change in 1995 when the Communist Party of Nepal (CPN-UML) formed a minority government as the mid-term elections delivered a hung parliament. Once again, the political ideology overarchingly came into play. In the election manifesto, the party had claimed to reverse the entire liberalization and privatization efforts. However, the Communist party-led government could not go to the vowed extent due to the firm roots of reform that had taken and, also, due to the emerging international economic order. The intent, however, was clear not to move ahead with the same speed and the expanse of reform that was initiated by the preceding government.

The Royal Address (1991) to the new Parliament tried to set a conditional narrative on reform. It sent highly confusing signals, which dented the confidence of the private investors and the market alike. In the address, the King said, ‘My government will operate the government enterprises in a manner that they give a return proportionate to investment in them. If any state-owned enterprise were deemed unnecessary to remain under public ownership from the economic and social point of view, while transferring the ownership to the private sector, the equity participation of domestic investors, employees and workers of the corporations would be given priority. Bilateral and multilateral cooperation will be sought to establish new industries.

Bharat Mohan Adhikari, the Finance Minister of the first left-leaning UML government, in his budget speech for the FY 1995/96, opined that due to a lack of attention to the management of those enterprises decided or planned to be privatized

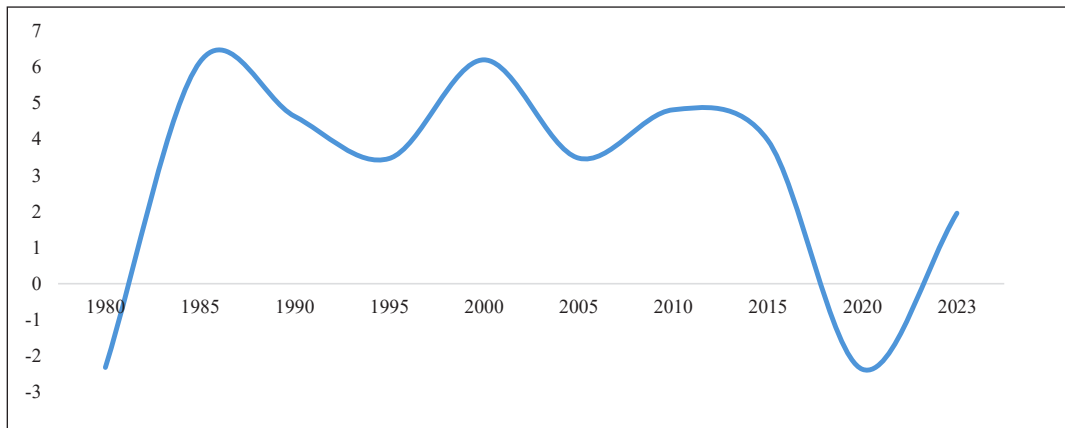
5. The period between 1990 and 2003, with the implementation of various reforms, witnessed the GDP growth by an average of 4.3 percent. While the contribution of the agriculture sector was 2.6 percent, the non-agriculture sector expanded by 5.7 percent. The expansion of non-agriculture sector was partly due to higher growth in two of the most capital intensives sectors namely: electricity (15.3 percent) and transportation (7.4 percent) (NPC, 1992 & 2002).

in the past, the financial condition of those institutions that were running at a profit also deteriorated (MoF, 1995). It further stated, the privatization programme would be implemented per the economic policy of the government. For this, the PEs would be categorized as those that will go ahead for privatization and those not to be privatized (p.344, para 39).

The UML government lasted only for nine months, and a supplementary budget presented by the next coalition government in October 1995 (MoF, 1995) tried to bring the private sector-focused reforms back on track. ‘The government will gradually move away from the modern sector, where the private sector can increase investments. The government funds will flow to the backward rural areas for the development of social and physical infrastructure and human resources’ said Finance Minister Ram Sharan Mahat in his budget speech (p.375, para 41.c).

In February 1996, the Maoist insurgency began. It had had its political and security implications as manifested over the years and decades that followed. Before the start of the insurgency, the democratic system had begun to develop, policies and programmes were getting more liberal, and structural reforms were pursued. However, radical ideologies gradually emerged within the political landscape, driven by the perception that liberal reforms were closely aligned with capitalism. This created a narrative to the extent that the unequal distribution of wealth needed to be addressed through redistribution. The Maoists’ demands reflected this stance explicitly. For instance, among the 40-point demands submitted to then-Prime Minister Sher Bahadur Deuba on February 13, 1996, demand no. 28 called for the confiscation of assets held by the ‘comprador bureaucratic capitalist’ class. Additionally, the demands sought to curb the excessive commercialization of education, highlighting the broader resistance to market-driven reforms.

Initially, this caused uncertainty and insecurity regarding the future of private investment and later, when the insurgency expanded, it took its toll on the entire economy and business sector. The GDP growth rate dropped from 5.6 percent to minus 0.6 percent in the year 2002, when the people’s war intensified massively. Also, in the years after 2002, the GDP growth rates remained at a significantly lower average (about 3 percent) than in the preceding decade (average about 5 percent, Figure 1). In addition, private investment rates dropped from 15.4 percent in 1996 to 12 percent in 2004 (Dhakal & Sapkota 2004; Ra & Singh 2005; Seddon, 2005).

Figure 2.1: GDP Growth Trend Since 1980

Source: Various Issues of Economic Survey, MoF; Central Bureau of Statistics, 2021/22 and World Bank Open Data

Over time, investments stopped. The derailment of the reform process and aberration of policies since then have never been duly reversed. The economic reform process has stalled for all practical purposes for a long time. The successive governments formed after the adoption of federal polity are dominated by left-leaning political establishments, as for about the time since 2008 have run the country by communist premierships, hence, how their efforts under the political tenets they are guided by can honestly bring the private sector back to the central stage of the national economic policies remains a question. This reality coincides with one of the major features of the current Constitution, which defines the country as ‘socialism oriented’, not private sector-oriented. Given this situation, several reform projects have been implemented in the country with financial and technical support from development partners, yet only as a compulsion, not as a national priority with political ownership (MoF, 2022).

2.4 Legal Reforms

A firm legal foundation is key to initiating and sustaining reforms. There are three aspects of legal reform – legal adequacy, relevance and enforcement. Perhaps, incorporating a reform agenda is also the most challenging one in every step of the law-making – legislation, enactment and enforcement – when it comes to replacing archaic sets of laws in practice under the ‘License Raj’ of the controlled economy.

The private sector-oriented legal reform also began in the early 1980s. Industrial Enterprises Act 1981, Foreign Investment and Technology Transfer Act, 1982 and the 1984 Ordinance related to industrial taxes are among the important legal departures introduced to encourage the private sector to invest. They are followed by some regulations and policies during implementation.

A firm legal foundation for pro-private sector reform was laid down by the laws enacted by the first parliament elected in 1992 after the restoration of democracy in 1990. A common guiding feature of these laws was liberalization with a generous opening for private investment in the sectors that hitherto were considered government monopolies.

The new Industrial Enterprises Act 1992, which replaced the decade-old version, aimed to make arrangements for competitively fostering industrial enterprises through the increment in productivity by making the environment of industrial investment more congenial, straightforward and encouraging. Foreign Investment and Technology Transfer Act, 1992, was enacted with a defined objective 'to promote foreign investment and technology transfer for making the economy viable, dynamic and competitive through the maximum mobilization of the limited capital, human and other natural resources'. The Act opened all areas for foreign investment except for nine specified areas.⁶ Also, according to Section 10 of the Insurance Act 1992, any national or foreign corporate body desirous of operating an insurance business shall apply to the office of the Insurance Board for registration as an insurance or reinsurance company.

The other two laws, the Labour Act 1992 and the Trade Union Act 1992, provided for legal industrial action, a process for collective bargaining and a collective agreement. The employer could fire the employee for about a dozen irresponsible and illegal acts. There in fact, critical stepping stones for the legal reform as demanded by the entrepreneurs to vest the 'hiring and firing' freedom in them.

Nepal enacted the first-ever Privatization Act in 1994. The preamble of the Act established its rationale as 'to increase the productivity through enhancement of efficiency of the State-Owned Enterprises (SOE) of Nepal, and thereby, mitigate the financial administrative burden to the Government, and to usher in the all-

6. Industries not to be granted permission for making foreign investment as per the Annex Part A of the Act are: 1. Cottage industries, 2. Personal service business (business such as hair cutting, beauty parlour, tailoring, driving training, among others), 3. Arms and ammunition industries, 4. Explosives, gunpowder, 5. Industries related to radio-active materials, 6. Real Estate business (Excluding construction industries), 7. Motion pictures business, 8. Security printing, and 9. Currencies and coinage business.

round economic development of the country by expanding the participation of the private sector in the operation of such (state-owned) enterprises'.

Several sector-specific laws also created space for the private sector in the economy, unprecedented in many senses. The Electricity Act of 1992 proposed to encourage the private sector in hydropower development. For this purpose, Section 36 of the Act created a dedicated entity named Hydroelectricity Development Unit in the Ministry of Water Resources to encourage private sector entrepreneurs for the development of hydroelectricity and to follow up the works relating to hydroelectricity development. Section (35) of the Act provided that the government can enter into a contract with any person or corporate body 'to do (cause to do) the generation, transmission or distribution of electricity'. The Water Resources Act 1992 included provisions for rational utilization, conservation, management and development of the water resources, including the use for hydropower development.

A Liberal Sky Policy was adopted in 1992. The objective of the Policy was to create a safe, reliable, affordable, and sustainable air transport service with the increased participation of the private sector. The goal was to gradually upgrade to an open sky policy (Manandhar, 2022). The National Aviation Policy was issued in 1993 to develop a healthy, competitive air service by encouraging the private sector in the operation of domestic and international air services. It was modified in 1996 and then rewritten as an 'open sky policy' in 2006. Section 2 (g) of the Nepal Civil Aviation Authority Act, 1996, defined the 'corporation operating air service' as a corporation, company, agent, firm, or person incorporated with the object of operating air transportation services. The fourth amendment of the Civil Aviation Act (195) in 1996 complemented the reform process to open the Nepali sky for both domestic and international air operators.

The trend of giving legally ensured market space to the private sector continued, including in the services sector. The Telecommunications Act 1997 under Section 13(d) proposed to involve the national and foreign private sector investors in the operation of the telecommunications service. Several private operators, big and small, entered the market, which ended the monopoly of the state-owned Nepal Telecom. The pace of reform slowed in the following years owing to increased political instability and insecurity due to expanded insurgency. Nevertheless, some critically important laws were legislated and enforced.

Nepal Rastra Bank Act 2002 accorded much-needed independence as the central bank of the country. Globally, the extent of the central bank's independence is

considered one of the key yardsticks of financial sector reform. In this sense, this Act was a major milestone in Nepal's reform process. The Banks and Financial Institutions Act 2006 was enacted as an umbrella act for the financial sector by repealing five Acts, namely,

- a) The Agricultural Development Bank Act, 1967
- b) The Commercial Bank Act, 1974
- c) The Finance Company Act, 1985
- d) The Nepal Industrial Development Corporation Act, 1990; and
- e) The Development Bank Act, 1996

The significance of this legislation is that all the government-owned and privately incorporated banks and financial institutions established henceforth would be brought under a single regulatory radar and monetary policy ambit. Section 3(1) of the Act gives rights to 'a person who is desirous of incorporating a bank or financial institution to carry on financial transactions according to this Act may do so by getting such bank or financial institution registered as a public limited company under the laws in force' (BAFIA, 2006). The law has undergone several amendments.

A new Companies Act 2006 replaced the Companies Act 1964, relaxing some entry and exit requirements for the firms, including the provision on voluntary declaration of the closure of the business. The Secured Transaction Act 2006, enacted with the objective 'to secure obligations with movable and intangible property ... for the maximum promotion of economic activities', remains sheerly unharnessed in its potential in securing bank financing for individuals and firms by pledging such intangible property.

Similarly, to get 'the private sector involved in the build, operation and transfer of the infrastructure inconsistent with the liberal economic policy pursued by the country', the Private Financing and Build and Operation of Infrastructures Act, popularly known as the BOOT Act, 2006, was enacted. The idea was to involve the private sector and attract private investment in the infrastructure and service sector to make public services available reliably and cost-effectively. It was also expected that the inflow of foreign direct investment into the country would increase and support the development of high-cost physical infrastructures in transport, tourism, sports, and other areas.

The objective of the Securities Act enacted in 2007 was to mobilize necessary capital for economic development by developing capital market. The law under

Section 5(d) empowers the Securities Board to grant permission to any corporate body, which is desirous of operating a stock exchange, to operate the stock exchange subject to this Act or the Rules and bylaws framed under this Act. This envisages the stock exchange incorporated under private investment and/or operation.

However, the private sector-promoted stock exchange is yet to come into existence. Other capital market instruments like the bond market, mutual funds and derivatives trade have not expanded as expected. A few private sector players are testing the waters in venture capital funds, impact funds and special purpose vehicles, but they are still in their infancy (Nepal Private Equity Association, 2023). In the insurance business, there are companies in operation with both foreign and domestic private investment, including those owned by the Government (Nepal Insurance Authority, 2023).

While the reforms to expand the role of the private sector are unequivocally quintessential, at the same time, it is equally important to ensure the improvement in corporate governance in private business practices as well. The Public Procurement Act 2007 aimed at making the process of procuring goods and services by public entities transparent. The Act has now been amended about a dozen times is still considered important to avoid conflict of interest and in public procurement and to discipline the private suppliers in the bidding process. This law is believed to have squarely contributed to the implementation of the Contract Act of 2000. Poor enforcement of the contracts is one of the key challenges in Nepal's economic governance (Shrestha, 2019).

The Insolvency Act 2006 was enacted to facilitate private companies that are insolvent or going to be insolvent and are unable to pay debts to creditors, or which are facing financial difficulties. It also gave legal space for the restructuring of such companies. The Special Economic Zone (SEZ) Act, 2016, aimed to provide impetus to economic development through the provision of establishment, operation and management of special economic zones.

The Public Private Partnership and Investment Act 2019 is the culmination of several policy experiments done in the past to attract private investment, mainly in the construction of infrastructure and expansion of the service sector. This Act sought to manage the projects to be conducted in public-private partnership and 'contribute to the economic prosperity of the country through investment by native or foreign private sector'. This law was complemented by the replacement of two

key laws - the Industrial Enterprise Act of 1992 and the Foreign Investment and Technology Transfer Act in 2019.

2.5 Evolution of Pro-Private Sector Policies

Apart from these laws and bylaws, some policy initiatives that have evolved through the decades were critical to the private sector participation in the economic activities of the country. The policies related particularly to industrialization, trade and investment have undergone several exercises to make them timely and practically usable to the private sector.

2.5.1 Industrial Policy

A reform-oriented industrial policy is the most critical in attracting private investment for industrialization. Nepal's industrial policy formulation is the oldest systematic exercise that began in 1936. As stated earlier, it attracted private investment in several industries related to the production of jute, furniture, textiles, and matchboxes, among others.

The first dedicated industrial policy was adopted in 1957 and updated in 1962, 1974, 1981 and 1987. The main orientation of all these versions was the state-led (and invested) industrialization with a prime focus on producing basic goods for import substitution. The emphasis of the 1974 industrial policy was to promote export-oriented and import-substituting industries and provide tax incentives to cottage industries proportionate to their initial investment. Its amendment in 1981 simplified the industry licensing procedures and introduced a productivity-based incentive system. It introduced the concept of the export promotion zone.

In 1987, the policy arranged for incentives such as pre-export loans, a duty drawback system and a bonded warehouse facility (SAWTEE & AAN, 2006). Foreign investment in selected industries was allowed up to 50 percent in equity (Ojha, 2011).

The 1992 Industrial Policy was a clear departure in recognizing private investment, both domestic and foreign, as an integral component for industrial growth, with due consideration to the backward linkage of agriculture with the manufacturing sector, 'to promote export-oriented industries'.

The objective of the Industrial Policy 2011 was to make Nepal's industrial sector competitive in line with Nepal's obligation to comply with World Trade Organization (WTO) treaties and rules as its member. In addition to export promotion zones, this

policy proposed provisions to establish special economic zones (SEZs). This was largely a departure from some four decades of state-financed inward-looking industrialization approach to an outward orientation of promoting private and foreign direct investment and promoting exports.

2.5.2 Trade Policy

The idea of trade policy reform has essentially focused on improving the scope of private sector participation in trade and commerce. The reforms were inevitable as Nepal's foreign trade suffered from the state's isolationist policy from the mid-nineteenth to the mid-twentieth centuries. Historically, Nepal facilitated the entrepot trade between Tibet and India. The first periodic plan (1956-60) identified the rugged terrain and unbridged rivers as major deterrents to both domestic trade and trade along channels that mainly connected the northern (Tibetan) to southern (Indian) border points.

The Second Plan (1962-65) adopted a three-pronged strategy of increasing the volume of trade, improving the trade balance and diversifying trade away from the single country (India) concentration on both exports and imports. "Extended banking and credit and insurance facilities could do much to grease the wheel of commerce and add to its stability," the plan stated.

The Third Plan (1965-1970) dedicated a chapter to trade policy. It imposed high tariffs to restrict the import of luxury goods. The National Trading Corporation and the Food Corporation, as state trading enterprises, were instituted. The fifth Five-Year Plan (1976-1981) emphasized exporting processed and value-added goods with some export incentives to private firms.

A dedicated trade policy was implemented for the first time in 1983, which included cash subsidies for overseas exports. The policy saw foreign trade as pivotal to 'increase production and employment and maximize the mobilization of internal resources'. The Seventh Five-Year Plan (1986-1991) was still obsessed with 'self-sufficiency' and protectionism of 'domestic' products. To achieve its goal of improved trade balance, the state relied on four institutions: Trade Promotion Centre, National Trading Limited, Nepal Transit and Warehouse Company and Cottage Industries Export Development Project.

In tandem with comprehensive liberalization, the trade policy of 1992 was designed to "promote internal and international trade, encourage private sector participation, diversify trade in terms of both commodity and destination, promote backward

linkages, expand employment-oriented trade and reduce trade imbalances” (SAWATEE, 2007). The policy proposed institutions like the Trade Council, Foreign Trade Policy Research Institute and Nepal Trade Promotion Organization. Most importantly, it largely removed the license system, barring a few products, exempted duties on raw material imports and tax on income from exports.

After five years of Nepal’s accession to the WTO as a member nation-state, the Trade Policy 2009 was implemented to ‘harness the benefits of increased market access from the country’s WTO membership’. It envisaged work on “identification and development of exportable goods of comparative and competitive advantages, ... harmonization of trade and industrial policies with other sectoral policies and developing forward and backward linkages in the agriculture sector, the non-timber forest sector, the tourism sector, service industries and trade”.

The policy adopted the Commodity Development Programme and listed 19 products as having export potential. Among them, the Special Focus Area covered four products – readymade garments, carpets and woollen products, pashmina and silk products and handicrafts – which were already reasonably established in export markets. The rest were under the Thrust Area Development, including the following 15 items:

- 1) Tea
- 2) Vegetable seeds
- 3) Large cardamom (*elaichi*)
- 4) Pulses
- 5) Floriculture products
- 6) Gems, stones, silver and gold ornaments
- 7) Processed leather
- 8) Ginger and dried ginger (*sutho*)
- 9) Herbs and essential oils
- 10) Hand-made paper and paper products
- 11) Wooden craft products
- 12) Coffee
- 13) Honey
- 14) Junar (a variety of orange)
- 15) Vegetables (fresh and dried)

Another update on the trade policy was introduced in 2015. It recognized the importance of the Nepali market and products being part of the global, more specifically, regional value chains and emphasized the development of trade-related infrastructure, including connectivity, trade logistics and facilities. A vision of trade diversification was also incorporated. Tax incentives, including a tax holiday, a refund on the purchase of raw materials and cash incentives proportionate to export revenue and additional benefits to exporters who used local raw materials were added. "...the strategies focus on strengthening supply-side capacity, increasing exports of value-added competitive products and services in the world market and increasing access of goods, services and intellectual property to regional and world markets, among others" (MoICS, 2018).

The 2015 policy added seven potentially exportable goods and seven services to the list created by the 2009 trade policy.

Seven potentially exportable goods added:

- 1) Sugar
- 2) Footwears
- 3) Textiles
- 4) Instant noodles
- 5) Dairy products
- 6) Iron and steel products
- 7) Cement

Seven services identified as having export potential:

- 1) Engineering
- 2) Hydropower
- 3) Tourism
- 4) Education
- 5) Information technology and business process outsourcing
- 6) Health services
- 7) Labour services (skilled and semi-skilled professionals for foreign employment)

Also, the Government came out with a Trade Logistics Policy in 2022 with a strategy to encourage the private sector to develop trade infrastructure by promoting internal

and external investment. The Trade Policy 2009 was followed by the Nepal Trade Integration Strategy (NTIS) 2010. The Strategy replaced the Diagnostic Trade Integration Strategy 2004, implemented immediately after Nepal obtained WTO membership. The NTIS has since been formulated as a complementary document, mainly to the trade policy. It aimed to strengthen the government's ability to coordinate and manage trade-related technical assistance and aid for trade, primarily by implementing the WTO-supported Enhanced Integrated Framework.

The four objectives of NTIS 2010 were to (i) strengthen trade negotiation capabilities, especially in bilateral trade and regional organizations like the South Asian Free Trade Area and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation, (ii) strengthen the technical capacity to do away with domestic non-tariff barriers and other business environment-related impediments, including the protection of intellectual property rights, (iii) export prioritization of the selected 19 goods through analysis of potential attractive destination markets; and (iv) strengthening the government's capacity to coordinate and manage trade-related technical assistance and aid for trade to implement the Nepal Trade Integration Strategy.

The NTIS, 2016, was followed by the 2015 trade policy. It included agricultural products such as large cardamom, ginger, tea, and medicinal and aromatic plants and other products and services in Nepal's list of potential exports. The NTIS 2023 is the latest version that has added new products with export potential, raising the number to thirty-two. The most significant perhaps is the addition of electricity in the service export category, which got a new filip to the private investors in the sector.

2.5.3 Investment Policy

Nepal's policymaking remained largely illiberal throughout its modern economic history, barring a spontaneous inflow of investment to set up some joint venture industries in the 1930s. As regards domestic private investment, the Private Firm Registration Act of 1958 was enacted 'to provide for provisions on registration of private firms engaged in trade'. However, the provisions related to the cancellation of the registration of any firm are very stringent. The first Five-Year Plan (1956–1961) opened foreign investment in large-scale industries. It, at least in principle, protected the investors' "legitimate interests, including a fair return upon their investments against any arbitrary governmental actions."

The Second Three-Year Plan (1962-1965) announced some incentives to encourage both ‘non-governmental’ (read private) and foreign investment. The incentives included a ten-year tax holiday on profit earnings, a customs duty facility for the import of inputs and a foreign currency exchange facility for profit repatriation. The first industrial policy was implemented in 1957 and the Nepal Industrial Development Corporation was established in 1959 to finance private industries. During the Fifth Plan (1975-80), the domestic private sector was expected to invest about 520 million NPR in agriculture, transportation, industry and housing.

Until the beginning of the 1980s, the climate for private investment was barely congenial. It then gradually started to open up. Two laws, the Industrial Enterprise Act 1981 and the Foreign Investment and Technology Transfer Act (FITTA) 1982, were the foundations to facilitate private and foreign investment. In practice, because other policies and institutional ecosystems remained conservative, these legal arrangements had only limited success.

Liberalization took the biggest step of all when the private and foreign banks were permitted to enter the money market. The government, in 1984, amended the Commercial Bank Act and allowed foreign investors to establish joint venture banks. Following this amendment, three joint venture banks were licensed in the period between 1984 and 1987 by Nepal Rastra Bank. Three joint venture banks – Nepal Arab Bank Limited (NABIL, 1984), Nepal Indosuez Bank (1985), and Nepal Grindlays Bank Limited (1987) – were established. The establishment of these three international commercial banks assisted the banking services in the economy in modernizing. It improved the banking sector’s competitiveness, particularly in the Kathmandu valley, which was the major economic hub of the nation (Shrestha, 2004).

The Seventh Five-Year Plan (1985-1990) took an unequivocal stride “to further foster the role of the private sector in the task of national development”. The Seventh Plan contained the following 13 points defining a real departure:

- 1) Associate private sector with government-owned industrial houses and other corporations to mobilize savings.
- 2) Gradually transfer ownership of the industrial concerns established under the government sector to the private sector.
- 3) Allow (as a priority) the private sector to establish industries other than those related to defense.

- 4) Implement more effectively the laws, regulations and policies for encouraging and securing private sector investments.
- 5) Promote the interests of the private sector through business-like internal competition.
- 6) Encourage the private sector by promoting foreign investment and establishing a system for such investments.
- 7) Introduce an institutional system for providing all the facilities needed by the private sector through a one-window system and gradually extend that system to cover all regions.
- 8) Free the internal movement of goods from restrictions to develop the country as a national market.
- 9) Establish a system to encourage the maximum use of domestic products and to support domestic production.
- 10) Determine the facilities and incentives granted to an industry in the private sector, based on such criteria as contribution to the economy, generation of employment and value added.
- 11) Review periodically the process and policies of providing loans and regarding customs to make them more amenable to the growth of the private sector.
- 12) Protect products manufactured in the country by discouraging imports of such items and by encouraging the use of such products in government offices.
- 13) Discourage monopoly practices (even though the production of essential goods will be protected) by promoting internal competition to safeguard the overall interests of national consumers.

With the unleashing of comprehensively liberal policies after 1992, about two dozen laws related to the economy, finance and business laws were enacted or amended to make them private-sector friendly. A new Industrial Enterprises Act (IEA), 1992, introduced the Single Window System for foreign investors to “achieve economic growth, to supplement the domestic private investment and increase the access of Nepali products in the international market”. The nationalization of private industries was legally prohibited in the interest of private investors, which proved to be a significant trust-building measure.

Both FITTA and IEA were replaced by new versions in 2019 and a new, long-awaited Public-Private Partnership and Investment Act, 2019, was enacted. The preamble of the PPP Act, this new law aimed ‘to contribute to the economic

prosperity of the country through investment even by native or foreign private sector in infrastructure construction and service sectors...' The Foreign Investment Policy, 2015 supplemented as a dedicated policy for the cause.

As a result, despite several changes in regimes and frequent changes in government, the overarching policy strand to make the Nepali economy an integral part of the global economic chain and, policy and institutional reforms oriented to increased private participation in the economy remain largely unchanged. Several amendments in the Foreign Exchange (Control) Act of 1962 eased the repatriation of profits by foreign investors.

Such policy consistency, at least in attracting foreign investment and giving enough room to the private sector, reflects the policy continuum (barring a few occasional aberrations), primarily, beginning from the Eighth Five-Year Plan (1992-1996) through the recently implemented Sixteenth Five-Year Plan (2024-2028).

2.6 Institutional Reform

The laws, however optimal they may be, remain dead letters unless effectively implemented by appropriate institutions. Therefore, institutional reform is an integral part of the entire process of structural transformation. The institutions provide the structural facade for the state to be functional. Institutional reform should ensure the presence of appropriately designed institutions, their adequacy to have access by the beneficiaries, effective delivery of service by the institutions present, coordination among the relevant ones and their economic efficiency.

Nepal has historically performed very poorly in all five aspects of the institutional arrangement of the state. The design and establishment of a large number of State institutions have not proven productive as desired and, in the long run, turned into a huge liability for the state. Most of them came into existence at the whim of the rulers of the day. The institutional arrangements, like the creation of ministries, the establishment of departments and the extension of district offices as the governance network, were invariably oriented towards serving the regime security (Devkota, 2007; Dahal, 2010). The state-owned enterprises were captured by the ruling elites and exploited for their benefit (Paudel, 2009). The institutional reform is warranted by the fact that the state apparatus indiscriminately served as the instruments to control rather than facilitate the private sector growth (Acemoglu et al., 2003).

The reform of the public sector institutions entailed processes aimed at making them slimmer, more efficient, cost-effective and smarter (in the sense of the pace of

adoption of the latest information communication technology). Privatization, liquidation, downsizing, or even improving the net worth of seemingly insolvent entities were part of the reform of SOEs and institutions (Poudel, 2010). The civil service administration put some effort into replacing the paper-based processing of decision-making with electronic communication, albeit with limited success. Administrative efficiency barely improved, particularly in providing better service to the private sector. For instance, the policy of providing all necessary government services to foreign investors from a single window has been featured in all sorts of government documents, but the effective operation of such an entity to the satisfaction of the service seekers is yet elusive. The administrative institutions are proving to be too bureaucratic to navigate for the private sector entrepreneurs. From firm registration to road, electricity, telephone, and water supply connections, the procedures remain cumbersome, indicating that production, service, and tax filing processes are still not streamlined. It takes up to five days even to obtain documents from a local ward office to register the company (World Bank, 2020).

An overarching philosophy of administrative reform in the public sector was to reduce the number of unproductive burdens of staff and gradually make it more officer/professional oriented. The voluntary retirement scheme (VRS) was one of the key policies adopted for cost reduction and enhanced institutional efficiency. The first significant effort on VRS was undertaken by Nepal Rastra Bank as part of the Financial Sector Reform Project that commenced in 2001. Out of 2,338 staff in 2001, 754 took VRS by 2004. The officer/non-officer ratio declined to 1:3.2 in 2004 from 1:5.37 in 2001 (Bhusal, 2005). The other two large government-owned commercial banks, Nepal Bank Limited and Rastriya Banijya Bank, followed suit.

The first amendment to the Civil Service Act (1998) made the provision for management auditing in civil administration and assigned the task to the Ministry of General Administration. The Tenth Plan (2002-2007), in review of the previous plan, stated, 'Functional review and organizational strengthening of central-level government institutions have been done to make the administrative units clean and efficient. The 1,045 positions that were deemed unnecessary have been cut. Similarly, voluntary retirement benefits have been given to 2,220 staff; an arrangement has been made to cancel these vacant staff positions (p. 594).'

The Three-Year Interim Plan (2008-2010) introduced the voluntary retirement scheme (VRS) in the civil service and allocated NPR 25 million to implement it. Several other public entities, like the army, police and corporations, among others, also tried to cut off the 'bulging' of unnecessary staff.

The second amendment in 2008 of the Civil Service Act 1993 introduced the provision of a voluntary retirement scheme for civil servants. Under Section 35 (1) of the Act, civil servants who have reached the age limit of 50 years might opt for voluntary retirement. Several incentives, like adding the service period of up to seven years in calculating the pensions and, provisions for automatic promotion of a position for those taking the VRS were also added. After the implementation of the federal system, the government announced a comprehensive VRS when more than five thousand government employees, unwilling to go for adjustments and transfers, also applied to quit the government job (“Around 5000”, 2018).

However, the effectiveness of these initiatives in improving the efficiency of the public and security administration, and reducing the burden on the state exchequer is yet to be thoroughly reviewed. A general perception is that the misuse or use of loopholes in provisions by many influential bureaucrats has only set bad precedents and added financial burdens to the state treasury.

Other reforms like expanding e-governance, e-procurement and adding more professionals to the public service still lack implementation. The taxpayers needed to spend 377 hours per year to clear the taxes, as against 46 hours in countries with efficient tax administration (World Bank, 2020). Obtaining a driving license, passport, or national identity card, for example, is still a herculean task that entails a long wait of up to a year.

After the federal restructuring of the state by the Constitution, institutions related to both devolution of power and separation of powers went through transition. The process is extremely slow and not well-managed. The Constitution has envisioned 753 local levels as the most critical public institutions for the delivery of the ‘goods’ to the people. Each unit comprises a set of elected executives along with staff from the regular bureaucracy. However, due to the delay in setting up the Provincial Public Service Commissions responsible for government staff recruitment in the respective provinces, the local governments spent years without the required and key personnel. It is manifested in their inability to develop annual budgets, improve capital expenditures and run day-to-day administration effectively.

Apart from the executive branch, reform to enhance the performance of key federal institutions – legislature, judiciary and several key constitutional bodies like the Commission for the Investigation of Abuse of Authority, the Office of the Auditor General, the National Natural Resource and Fiscal Commission, among others, is largely an unfinished agenda.

Lately, many businessmen through their political nexus have become members of parliament, both at the federal as well as provincial levels. There are instances in which these people have tried to influence the legislative process to further their vested interests, very often with a manifested conflict of interest (Paudel, 2022). Also, the frequency and overall quality of the debate in the federal parliament itself are devoid of the agenda to improve the investment and business climate in the country, as a result of which many Bills are waiting to be finalized for long.

The provincial legislatures are slow in introducing, deliberating and enacting the 'economic' bills. Despite significant devolution of constitutional powers on managing their economy, the Local Levels still need to recognize the fact that they, on their own, are independent economic units of 'market-preserving federalism' and perform accordingly (Weingast, 1995).

The biggest challenge in institutional reform lies in democratizing the political institutions, particularly the three major national parties- the Nepali Congress, the CPN-UML and the CPN (Maoist Centre). Internal democracy in all of them is weak. On the one hand, their political ideologies - 'democratic socialism' or 'socialism' - cast a dark shadow on their election manifestos and policy outputs, which are squarely impeding the speedy reforms (Khanal & Neupane, forthcoming). Opening up sectors for private investment and equity structure, dealing with the markets, determining subsidies and setting the tax rates emanate from policy confusion within these parties that take turns to head and run the governments. Lack of transparency on sources of funds these parties massively mobilize resources for winning the elections, running the party administration and financing, and also for luxuries to party leaders is clearly in contravention to the 'principles and ideologies' they claim to adhere to. The following expressions also back this reality:

"...political parties do not keep records of their financial transactions; therefore, the financial reports submitted to the EC are not accurate. Donations made to parties and candidates are not recorded in the books of accounts and transactions made through this money also go unrecorded. A major reason for this is the fact that donations are not made using banking channels and receipts against the donations are not provided" (Election Observation Committee-Nepal, 2017).

It is axiomatic that all forward-looking economic reforms are contingent on comprehensive democratic reform in the political actors, political organizations and political process (Anand & Bhatta, 2016). For the absence of internal democracy in

political parties, which are effectively run in an autocratic fashion by a single powerful leader, discussions on economic (and other) policies that the parties are presumed to pursue are not institutionally evolving. Key laws and policies are often cooked up on bureaucratic desks. Thus, many parliamentarians even lack full knowledge about the context and the content. Such policies lack political ownership and, therefore, fail to deliver the desired outcomes.

Among several other aspects of institutional reform, making the judiciary private sector-friendly was critical, given its conventional approach of first ‘protecting’ the interests of the state. Along with the implementation of the financial sector reform in 2002, it was soon realized that the reform initiatives were unlikely to give the expected results without removing the obstacles in the judicial process and jurisprudence. A World Bank grant to reform Nepal’s legal sector – its first in the sector – aimed to assist the Office of the Attorney General (OAG) in (a) strengthening the capacity of its staff by designing and implementing a training strategy, (b) improving case administration by designing and implementing a master plan to enhance the functioning of the OAG, and (c) improving prosecution through continuing legal training on modern business practices, investment law, e-banking, e-commerce, cyber law, competition law, and overall governance.

The World Bank-funded project focused on training and capacity-building components that included ‘the revision and/or reform of economic laws; promulgation of a commercial arbitration law; establishment of a center for settlement of commercial and investment disputes, removal of bottlenecks in such agencies as the Investment Board Nepal, the Securities Board of Nepal (SEBON), the Office of the Company Registrar, strengthening the Law Commission’s capacity to prepare proposals for law reform; and strengthening the Law Ministry’s capacity to draft legislation’ (Bhattarai & Uprety, 2007).

There were efforts to set up a dedicated bench in the ‘relevant’ court to deal with corporate, commercial and financial transaction-related cases. The need for specially trained or qualified judges on economic, financial and commercial matters was realized. Despite resistance, mainly through the National Judicial Academy established with the support of the Asian Development Bank in 2001, several judges of the supreme and (then) appellate courts were provided training in and outside the country for the purpose. Development partner agencies like the World Bank strongly recommended setting up separate commercial benches to provide rather specialized and speedy adjudication of such cases (Bhattarai & Uprety, 2007). As a result, some legal provisions made it imperative to introduce such a structure. The Company Act

2006 and the Secured Transaction Act 2007 mention the requirement of the commercial bench. Section (Z8) of the Company Act states, “Court” means the commercial bench of a court specified by the Government of Nepal by notification in the Nepal Gazette, with the consent of the Supreme Court.’

The Supreme Court gave assent to set up commercial benches in four commercial centers of the country – Biratnagar, Patan, Butwal and Nepalgunj – to settle disputes about commerce and finance in general and related to the Company Act, 2006; Secured Transaction Act, 2007; Insolvency Act, 2007 and Competition Promotion and Market Protection Act, 2007, among others, in particular. The judicial hierarchy of these commercial benches was set at par with appellate courts (“SC nod for”, 2008).

After the promulgation of the Constitution in 2015, the Appellate Courts were converted into High Courts. The designated commercial bench in the High Court has first-instance jurisdiction over certain commercial cases under the Company Act 2006, the Secured Transaction Act 2006, the Insolvency Act 2006, the Competition Promotion and Market Protection Act 2007 and the Banking Offences Act 2008. As per the need, the High Court organizes the commercial bench consisting of one or two judges (Neupane Law Associates, 2021).

With the restructuring of the state from unitary to federal set up by the Constitution, the institutional reform warranted a completely new paradigm. Expected enhanced efficiency at each of the three levels of public institutions is critical for making the federal polity capable of increasing economic growth and augmenting social justice. The basic idea of making each administrative federal unit a functional economy is yet to be out of political discourse. Political parties are not devolving decision-making powers to provincial and local committees. Legislative functions at all levels are made captive of ‘high-level’ decisions. Lawmakers do not find a rationale for putting their views during the legislative process.

Institutional reform under federalism, setting up new or improving efficiency of the existing ones, for the public service delivery institutions under their respective jurisdictions of the federal architecture, lacks a coherent process and effort. A radical reform in school and university education, health services at the grassroots, agricultural extension facilities, and market access to products, among others, are contingent on the role of institutions responsible for them. When we say institutions, they do not necessarily mean publicly owned ones. Since the government’s ability to invest is limited, the single and focused goal of every reform must be to attract

private investment in all possible sectors and facilitate it for the same. It needs unequivocal ideological clarity at the political level that the private sector should get an expanded role in the economy, coupled with sincere efforts to create an enabling environment for business.

2.7 Corporate Sector Reform

The government is primarily responsible for designing, initiating, implementing and delivering desired outcomes from the private-sector-oriented economic reforms. But, no reform initiative is likely to succeed without equally comprehensive endeavors complemented by the corporate/private sector.

Issues of corporate governance, professionalization of firm operation, risk diversification, regulatory compliance, and transparency largely plague the private sector. Some sectors, like banking and finance, are better regulated than others.

Nepal's corporate sector is largely dominated by generationally inherited family businesses. Even many newly incorporated businesses are also family-run. According to the Office of the Company Registrar (2022), out of 288,057 private firms registered, 16.58 percent are entirely owned by families with less than five family members as shareholders.

According to NRB (2024), the number of companies listed at NEPSE reached 270 in mid-July 2024. Out of the total listing, 132 are banks and insurance companies, 91 are hydropower companies, 22 are manufacturing and processing industries, seven are hotels, seven are investment companies, four are trading companies and seven are others. Disproportionately low level of scribe listing of the private firms representing the real sector of the economy may squarely indicate the level of corporate governance in the private sector, as the listing would require stricter compliance with public disclosure, auditing and timely payment of taxes. Not to be listed in the share market unless unavoidable seems to be the pervasive practice of the private sector corporates, mainly family-owned businesses.

Avoiding conflict of interest between ownership and control, refraining from insider trading in the share market and insider lending in the banks remain critical challenges in private firms ("Insider Trading", 2021). The efforts to legally bifurcate the promoters of lending and investing institutions and borrower industries and service-providing companies are believed not to have produced any convincing results towards improved corporate governance, as a single businessperson or business

house is a promoter of a bank, insurance company and the borrowing client of both as a leading industrialist and entrepreneur.

Companies must spend one percent of the profits earned on corporate social responsibility (CSR). A minimum of 50 percent of the allocated CSR funds must be utilized in the impact area of the industry. The industries registered under the Industrial Enterprise Act, 2020 and the banks and financial institutions, as per the Nepal Rastra Bank Circular No. 11/073/74, dated January 25, 2017, must spend the specified amount on CSR. However, the definition of CSR is flexible and compliance with these rules remains questionable (NRB, 2021).⁷

There is a provision for an independent board of directors in a public company under Section 86(3) of the Companies Act 2006. There should be at least one independent director if the total number of directors does not exceed seven, and at least two independent directors if the number of directors on the board exceeds seven. This is being largely practiced, but private companies often appear to be picking a ‘convenient’ person for them to work with rather than strictly entertaining a professional of repute without self-interest (Wagle, 2022). BFISs these days invariably appoint independent directors to their boards. However, this practice alone has not stopped the widespread practice of insider lending by the BFIs and explicit instances of conflict of interest of the BoDs in mobilizing the public deposits (Shrestha, 2021; BC, 2024). This is one key area of reform that is highly contentious but inevitable.

2.8 Operational Reform

Even if the state system adequately reformed legal and institutional frameworks and developed physical infrastructures meant for facilitating the private sector investment and market participation, and providing efficient, effective and accessible public services to the citizens, the economy and the citizens are unlikely to enjoy the benefits without demonstrable operational reforms as the reforms have to be directly experienced by the beneficiaries at the ‘service delivery point’ (Pokharel, n.d.).

Operational reform remains a key challenge in a country like Nepal when service seekers are not able to obtain even legally provisioned and institutionally designated services from the public offices responsible for the same (Pariyar, 2024). These public offices include the elected executives at all three levels of the government,

7. See the circular via this link - https://www.nrb.org.np/contents/uploads/2019/12/2073_74_For_A__B__C_Class-Circular_11-Corporate_Social_Responsibility_Related.pdf

the legislatures, constitutional bodies and the network of national administration comprising the civil and security apparatuses.

The presence of a 'lean but adequate' body of workforce at the delivery point, their service orientation and efficiency are unequivocal for the service delivery. Nepal's public sector management is suboptimal in each of these aspects. The local government, the first point of the government-citizen interface, has constantly faced the absence of even a bare minimum number of civil servants at the workstations despite provisions for these positions. Mainly in remote municipalities and other government offices, including agricultural services, education, health, and drinking water, among others, frequent turnover of the staff has proven to be a major bottleneck. Lack of specific service-related professional training on processes and reporting, as well as on technological literacy, even among the available workforce, is hampering the regular service delivery and project implementation (Pokharel et al., 2017).

Even at federal or specialized agencies, the mismatch of skills expected by the terms of references attached to them and the skills available to the deputed staff, like the ones in project management and running of offices with large/national/regional networks, is hampering the quality of delivery of services and/or results. One clear example of utter disregard for the quest of skill-matching is manifested in the appointment of chief executives in resource-rich SOEs like Nepal Airlines Corporation, Nepal Telecom, Nepal Oil Corporation and several constitutional Commissions, among others (Giri, 2021, "Reforming the ambassadorial", 2024; Paudel, 2024).

The overall institutional efficiency of legally very powerful institutions like corruption control agencies, regulatory agencies, tax offices and district administrative offices has always been under a gigantic interrogation mark. Another major impediment to the timeliness and smoothness of the operations has been interagency cooperation at every imaginable level. Lack of coordination between the federal ministries tasked with implementing the development projects, like the Ministry of Physical Infrastructure, and the Ministry of Energy, and those with regulating roles like the Ministry of Law, and the Ministry of Forest and Environment, has been a highly embarrassing deterrent to the private sector investors and project developers.

Furthermore, sustained capacity building has also been eroded due to frequent turnover of staff in local bodies. The poor handover of documents, which causes

many to be misplaced, is seen as a lack of commitment. Weak internal control is also seen in cases of corruption (Shrestha, 2019).

2.9 Generations and Phases of Reform

In the global context, the IMF literature introduced ‘The Second Generation of Regulatory Reforms’ way back in 1999 (Jacobs, 1999). It was justified as ‘needed to realign relations between state, market, and civil society’, whereas the first generation of reforms was primarily focused on reorienting the economy from state-led to market-led growth.

Another recent classification suggested, ‘First-generation reforms are made in macroeconomics to eliminate macroeconomic imbalances, ensure stability, control inflation, ensure fiscal and monetary discipline, and reduce public debt. Second-generation reforms are microeconomic reforms, which include strengthening the infrastructure of the market economy, increasing efficiency, enhancing the competitive power, and strengthening the institutional infrastructure that creates competitive markets (Kar, 2021).

In the case of Nepal, there is a sort of consensus among economists and planners that the economic reform process effectively began in 1984, during the Panchayat regime, with the implementation of the IMF-sponsored SAP. However, there seems to be an unsettled debate about the phase or generation of reform in Nepal. For this chapter, whatever reforms have been implemented so far are categorized as the ‘first’ generation reform and the ‘second’ generation would begin henceforth.

It has been argued here that ‘phases’ are different from the ‘generation’. Actually, the first generation of reforms happened in different phases, which have been delved into in detail in the following sections, emphasizing the major reforms promoting a liberalized market economy, including private sector and financial sector reforms.

2.9.1 The First Phase, 1985-1990

In Nepal, the first phase of macroeconomic reform began in the mid-1980s and continued through the 1990s, which was ground-breaking, comprehensive and bold. The political change of 1990 that reinstated the multi-party democracy accelerated them. Until 1985, Nepal followed the policies of protectionism that defended local infant industries with high tariffs, quotas, and government intervention. As the process of liberalization began in 1985 and was accelerated in the 1990s, the reforms were supposed to enable the involvement of the private

sector, to encourage competitiveness and to decrease trade restrictions. These were policies targeting consumer goods sectors and aimed at improving the level of efficiency, capacity utilization, modernization and adoption of technology due to comparative advantage (Kharel, 2014).

The Economic Stabilisation Programme (ESP) was launched in Nepal in 1985/86 as part of standby credit arrangements with the IMF, to deal with a severe foreign exchange crisis. The programme aimed to correct the balance of payments deficit, cut down the fiscal imbalance and tame inflation. Some of the key actions were to devalue the Nepali currency (14.7 percent), slash government spending, tap more resources, tighten bank credit, liberalise industrial licensing, boost exports and curb imports. These were short-term reforms across trade, fiscal, and financial sectors that would conform to measures taken in other nations. The general objective was to achieve macroeconomic stability and establish the basis of market-oriented reforms through fiscal mismanagement and government intervention (IMF, 1985).

2.9.2 The Second Phase, 1990-2006

Based on the World Bank and IMF Financial Sector Assessment (1999), the Second Phase of financial sector reform in Nepal was a continuation of the First Phase, but very ambitious. The reform agenda focused on modernizing the financial legislation, enhancing the regulatory power of Nepal Rastra Bank, privatizing and restructuring the other major state-owned banks (Rastriya Banijya Bank and Nepal Bank Limited, Agricultural Development Bank), the establishment and privatization of rural development banks and the creation of supporting institutions like the banking training center, credit information center and asset management company. To enforce these reforms, the Government published a Financial Sector Strategy Statement (FSSS) in 2000, and the World Bank loaned and granted Nepal approximately US\$ 1.6 million (Jacob, 1999; World Bank and IMF, 1999). With the assistance of the IMF and World Bank, the government finalized the 10th Five-Year Plan, also known as the Poverty Reduction Strategy Paper, in July 2003. Their plan was based on a structural reform agenda to stimulate growth led by the private sector and to provide more opportunities for the poor.

The Tenth Five-Year Plan (2002-2007) had six specific reform objectives: 1) Public expenditure management, 2) Reform of the financial sector, 3) Improvement in the public finance (budget) system, 4) Expanding the competitiveness of the private sector by promoting foreign trade and improving labor relations, 5) Reforms in civil service, governance reforms including decentralization, and 6) Increasing the

involvement of the private sector in infrastructure development. To implement these reform programmes, the World Bank and the International Monetary Fund provided a loan equal to US\$70 million.

Based on the Government's commitment to the plan's reform agenda, the Poverty Reduction and Growth Facility (PRGF) was extended by the IMF in 2003. The Government also signed an agreement with the World Bank for the Financial Sector Restructuring Project (FSRP) in March 2004. Complementing the World Bank's FSRP, the Asian Development Bank (ADB) approved a loan for the Rural Finance Sector Development Cluster Programme (RFSDCP) in 2006 (Ozaki, 2014).

Meanwhile, in 2004, Nepal also became a member of the World Trade Organization (WTO), which further, at least in principle, liberalized the trade regime of Nepal. Later, as part of the WTO commitment, Nepal opened its market to foreign service providers for seventy types of trade-in-services, including wholesale banking, in January 2010.

2.9.3 The Third Phase

After the signing of the peace agreement between the insurgent Maoists and the State in November 2006, the political economy landscape of the country metamorphosed drastically. One of the biggest tolls of bringing the Maoists into the political mainstream was the economic model and ecopolitical philosophy adopted by the country. The whole paradigm of market-private sector-led economic growth was derailed. Although a few donor-pushed or already ongoing reform efforts continued, the overall narrative of the economic reform lost its steam and direction.

During the period of the Financial Sector Reform Programme (PRSP) (2002 - 2008), Nepal Rastra Bank embarked on a new programme, again financed by donors, called the Financial Sector Development Strategy (FSDS).⁸ It began its implementation in 2013 and had four components: 1) Development of the financial sector, 2) Restructuring and strengthening of the financial system, 3) Strengthening the legal and regulatory framework for risk management, supervision of banking and insurance, and 4) Improving the governance and transparency of the banking

8. See the financial sector development strategy for inclusive growth (presented at the 49th SEACEN Governors' conference and high-level seminar paper, 21-23 November 2013) via this link - https://www.nrb.org.np/contents/uploads/2019/12/Keynote_Speech-Background_Paper_on_Financial_Sector_Development_Strategy.pdf

system. For this purpose, the World Bank and IMF have provided financial assistance to Nepal.⁹

2.9.4 The Fourth Phase

Nepal promulgated the Constitution in September 2015. Under the Constitution, two cycles of election at federal, provincial and local levels have been completed. The Constitution substantially delegated the financial authorities to sub-national units as part of the implementation of fiscal federalism. The provincial and local levels were also allowed to present their fiscal bills. The implementation of fiscal federalism needed both legal and institutional arrangements. The Intergovernmental Fiscal Arrangement Act 2017, the Local Government Operations Act 2017, the National Natural Resources and Finance Commission Act 2017 and the Federation, Province and Local Level (Coordination and Interrelations) Act 2020 were among the key legislations enacted to manage inter-governmental relations, including financial resource sharing and public financial operations and management under the federal state-architecture. The National Natural Resources and Finance Commission came into being after the implementation of federalism to oversee and formulate the components of economic rights, sharing and distribution of financial resources among the three tiers of government: the federal, provincial and local.

During the nine years since the promulgation of a new constitution, only a few components of fiscal federalism among the seven key: 1) Revenue, 2) Grant, 3) Expenses, 4) Public debt, 5) Royalties of natural resources, 6) Planning and allocation efficiency, and 7) Financial transparency and good governance - have been convincingly, or partially, implemented (World Bank, 2024).

Although the promulgation of the new constitution represented not merely an incremental reform but a radical change in both the political and economic landscape, economic reform - unlike political revolution- is a more incremental and continuous process. Therefore, the importance of economic reform - specifically, prioritizing private sector-led growth over state-led growth - can never be underestimated.

With the transition from unitary to federal polity, the economic reform had to be more comprehensive as well as intensive. It needed a double-pronged strategy; one to expand the scope and yield of the ongoing reforms, and two: to redirect the

9. See the partnership frameworks via the links - <https://documents1.worldbank.org/curated/en/998361534181363354/pdf/Nepal-CPF-v08-07-18-Master-Copy-08092018.pdf> ; <https://documents1.worldbank.org/curated/en/518441648600142776/pdf/Nepal-Second-Finance-for-Growth-Development-Policy-Financing.pdf>

reform agenda to enhance the capacity of elected executives and government officials, mainly working at subnational levels, about budget formulation, planning, project prioritization and economic governance. An integral part of this phase of reform should have been the speedy amendment of conservative laws, such as the one preventing the subnational governments from raising public debt.

The entire reform momentum was often disowned by political parties on the left who seemed to fundamentally differ from the idea of awarding the leading role of the private sector and market to accelerate economic growth and expand social well-being (Wagle 2014, 2023). Therefore, even when Nepal envisions the ‘next’ generation of economic reform, the question of political ownership, mainly of private sector reform, must be resolved first.

The following section briefly overviews the major outcomes of the reforms conducted in four different phases.

2.10 Reform Outcomes

The first generation of economic reforms, in general, delivered very impressive results in aspects of legal, institutional and operational transformation of the state structure and its functioning. Because of the liberalization efforts of the 1990s, substantial private sector investment in at least seven key areas of the economy, in addition to traditional industries and businesses, was attracted. These include: 1) banking, insurance and finance, 2) hydropower generation, 3) tourism infrastructure development, 4) higher and technical education, 5) health services, 6) telecommunications and ICT, and 7) civil aviation and surface transportation, among others. Foreign direct investment has also been attracted to some large industries like cement and pharmaceuticals.

Because of these comprehensive reforms, now, the private sector contributes significantly to productivity, employment generation and maintaining the national supply chains. According to a study by the International Finance Corporation (2020), the private sector contributed around 87 percent of intermediate consumption in the economy between 2012 and 2022, and also 83 percent of national GDP at a constant price during the same period. Overall, the private sector contribution to GDP in 2022 was estimated at 81.55 percent, which is a decline from 86.67 percent in 2012. Nevertheless, now it cannot even be imagined how the economy would have fared without private sector investment in such diverse sectors with equally extensive participation.

Some key legal reforms, like the enactment of the Nepal Rastra Bank Act 2002, gave true independence to the central banking functions. Several efforts to sack the governor of the Bank due to the political biases of the finance minister have been annulled by the court due to this firm legal foundation. The Banks and Financial Institutions Act (BAFIA) 2006 was implemented, the Insurance Act 1992 was amended, and the Securities Act 2007 is being gradually implemented. These newer legal arrangements significantly improved regulation, corporate governance and, thereby, overall financial system stability. Access to formal financial services, measured as the population with at least one account in regulated BFIs, was estimated to be 67.3 percent by mid-June 2020 (NRB, 2021). The credit information system has been effective. Non-performing loans (NPL) in the banking system have notably reduced.

The number of broker companies on the stock exchange has risen to 100 from 25 in 2004 (Mero Lagani, n.d.). Similarly, Demat (dematerialized shares) account holders in Nepal has reached 6.28 million (“Demat Account”, 2024). It demonstrates an increased public interest in stock trading. Among them, active traders in the securities market are estimated to be around 1.5 million. The trading platform has been enabled for online transactions of the scribers, which has, at least relatively, enhanced transparency.

Some new institutions have been set up. The Public Procurement Monitoring Office (PPMO) was established by the Public Procurement Act of 2006 and is placed directly under the office of the prime minister. The objective was ‘to ensure good governance in the procurement system of the public entity that is transparent, efficient and free of corruption.’ Social Security Fund was established to ensure the social security of the workers, which made a long-awaited labor law reform possible through a broad agreement between the trade unions and employers. Nepal largely succeeded in moving the entire industrial relations to the hire-and-fire era, akin to a free labor market.

Department of Money Laundering Investigation (DMLI) was established in 2011 ‘to fight, among others, money laundering, terrorist financing and any forms of illegal earnings and contributions to terrorism and proliferation.’ The Financial Information Unit (FIU) in the central bank was established in 2008 to receive information relevant to Money Laundering (ML), Terrorist Financing (TF) and Proliferation Financing (PF) from Financial Institutions (FIs) and Designated Non-Financial Businesses and Professions (DNFBPs).

Streamlining the public procurement process by using information technology, decentralization of land revenue collection authority, efforts to create tax-payer-friendly collection points, improvement in customs administration and, perhaps most importantly, the government's more disciplined approach to domestic borrowing are some of the noteworthy outcomes.

Despite these optimistic outcomes, the private sector-oriented reforms, as referred to in many instances discussed above, could not continue. It left many proposed reforms incomplete and new reforms, which could have easily been called the second or the third generation of reforms, could not be initiated. Fluctuating political commitment, periodic political instability, and limited willingness among dominant political forces to enhance the private sector's role in the economy have slowed progress on critical structural reforms.

The reformed agenda promised decade ago but still pending include bringing large 'loan-sharks' like Employment Provident Fund, Citizen Investment Trust, Social Security Fund and Insurance Companies under the regulatory radar of the monetary authority; creating an Asset Management Company to manage the non-performing asset of entire banking sector; initiating sovereign credit rating, providing prudential regulatory framework for saving and credit cooperatives, enforcing the corporate governance practices on private firms and licensing the real estate and property developers, among many others.

Increasing the proportion of borrowers in the banking system from 1.6 million (which is 4 percent of the number of deposit accounts), widening the net of direct taxpayers from 1.8 million, attracting the private sector investment in developing large public infrastructure, empowering the institutions working to reduce trade deficits and promoting exports, practically facilitating to encourage foreign investment, expanding industrialization and increasing employment opportunities, among others, await extra push. Even company registration and public procurement processes are still marred by unassailable bureaucratic complexities.

Efforts of fiscal consolidation and improving capital expenditure efficiency have not achieved the desired results. The much-hyped 'one-window' service to foreign direct investors has never been effectively operationalized. Repatriation of profit, and principal if so required, is often reported to have met with resistance.

The policy of privatization is in absolute limbo. Not only is the privatization of several SOEs like Nepal Airlines and Nepal Telecom out of policy debate, but also originally planned privatization of Nepal Bank Limited and Rastriya Banijya Bank

has stalled. The private sector players in the sectors in which SOEs are also market players and often complain that they are deprived of market fairness and a level playing field. The reform of the capital market remains incomplete and therefore fails to fully reflect the true state of the national economy. The major drawback is the limited number of real sector companies listed in NEPSE. A policy to allow the private sector to set up a stock exchange has not yet materialized.

2.11 Conclusion

For Nepal to be able to escape from a low-growth trap and embark on impressive economic growth, the next phase of comprehensive economic reform is a must. It should follow three complementary approaches: 1) Restart and pace up macroeconomic and financial sector reforms that have proven to be private sector-friendly and growth-enhancing, 2) Align the reform packages and processes with the fiscal federalism framework in the changed ecopolitical scenario, and 3) Focus on sector-specific reform of the real sector to enhance productivity, generate jobs and improve the trade balance.

A precondition to all these reforms, however, is political ownership, which now appears to be the biggest obstacle to pro-private sector reform. There is a huge philosophical and ideological divide between the political forces in understanding the inevitability of private sector reforms in Nepal. The socialist or left-leaning politics that dominate Nepal's policymaking are not ready to recognize the fact that open market-oriented reforms are benign and inevitable. Many still see these reform initiatives as an extension of the exploitative interests of Western corporatism. At the same time, they are also not able to propose a functional alternative to a market-oriented model of the economy.

The Nepali Congress, which built the foundations for the economy through liberal reforms in the 1990s, does not even dare to openly declare itself a political force unconditionally in favour of speedy economic reforms; ardent liberals are often systematically sidelined from the policymaking process. It still calls itself a 'democratic socialist' (Wagle, 2024). In effect, there is a clear absence of political 'agents' to take ownership of both reform initiatives and their outcomes. Even today, the state does not have a clear blueprint for making the country's economy investment-friendly, production-oriented, job-generating and self-sustainable. There has not been an honest attempt to make private sector reform a national agenda of political consensus. Consequently, the reform is at retarded pace and the growth has stagnated for decades.

These questions surrounding the economic model and ideological differences must be solved once and for all for the next generation of reform to effectively commence and make them fruit-bearing.

The macroeconomic reforms aimed for several decades to come must focus on start-up ecosystems with strong backward linkages, on plans to best utilize the foreign currency reserve stemming from a strong inflow of remittances, on enhancing the resource absorption capacity of each tier of government and on ruthlessly curbing corruption (Khanal et al., 2023). In the financial sector, some policies that allowed the mushrooming of credit cooperatives and microfinance institutions have threatened the system's stability. Guided lending schemes like the deprived sector lending and priority sector lending have been exploited by middlemen (Ozaki, 2014). These policies need thorough recalibration. The reach of insurance is still very limited and urban-centric (Khanal, 2020). Formal credit outlets are reported to be virtually captured by a few business entities. The lending against immovable collateral must be gradually replaced by the practice of lending based on the creditworthiness of the firm. The credit rating of the firms is yet to become a common practice and the basis of financial dealings.

Why the next generation of reform should align with the fiscal federalism framework is rather obvious. Each federal unit – federal, provincial and local – is an independent economic unit and it should behave so. Along with the promulgation, fiscal federalism has also been implemented, at least in form. But in essence, reforms of an intensive nature are indispensable to effectively implement fiscal federalism. The framework and roadmap for economic reform under fiscal federalism have been broadly provided by legal, structural, institutional and operational components. However, the nine-year-long experience of the implementation of them has unequivocally indicated reforms in laws, institutional arrangements and operational structures.

Several Bills related to fiscal federalism and the economic and financial sector were submitted to the federal parliament for approval, but could not be enacted. Some critical laws, such as the Good Governance Act, are enacted to prevent self-interest in the decision-making process, but have hardly been effective in practice. Dozens of laws and regulations on fiscal federalism, administrative federalism, and public procurement at the provincial and local levels are not yet formulated in a fashion to reflect the current federal reality (World Bank, 2024). Due to this, the daily economic activities of all levels of government have been impacted.

The ability of local governments to select plans and allocate and spend the available financial resources in a way that gives the best returns is seen to be extremely weak. Reports of the Auditor General and the Commission for the Investigation of Abuse of Authority have pointed out widespread incidents of irregularities and corruption at the local level. Institutional mechanisms of investment - benefit sharing of municipal governments, especially in investment instruments like PPP and blended finance, have not been envisioned.

The resource-sharing formulas of NNRFC on grants, revenue and royalties must now be reviewed and legal restrictions on the subnational units to raise the public debt have to be removed (Khanal & Khanal, forthcoming). The very idea of an integrated market outlined by Article 236 of the Constitution must be upheld and Nepal's federalism must strive to be a market-preserving one rather than otherwise.

2.12 Key Areas of Reform

Reform in key real sector pillars of the economy must be focused on the major bottlenecks of growth and expansion. Some of the key areas for reform are recommended as follows:

2.12.1 Agriculture

In the discussions on economic reform, the plans to utilize the full potential of agriculture often seem to be missing. The reform plan covering all other aspects of agriculture failed to incorporate the land reform aspect to make commercial-sized arable land available for the same. For this reason alone, all allegedly well-thought-out policies and programmes of investment in agriculture, use of technology, market access, value addition and supply chain management of agricultural produce failed to yield results. The need for the commercialization of agriculture has always been ignored in land use policies. The programmes to provide subsidies on fertilizers, seeds, irrigation, and bank loans, among others, did not increase productivity due to farming in excessively fragmented plots of land. Private sector investment in agriculture-based industrialization has not been encouraging, mainly due to the unavailability of sizable plots of land to cultivate.

2.12.2 Education and Health

Nepal's higher education is nearing collapse in the absence of timely reforms. Even now, there is a possibility to bring in 5,000 to 10,000 foreign students each year in English medium higher education in medical, engineering, information technology,

Buddhist studies, etc. This would give a great boost to Nepal's higher education and economy (Wagle, 2019; Lamichhane, 2024). However, Nepal's policymakers are not willing to reform a few policies on admission requirements and facilitate immigration.

A similar situation exists in the health sector. Although there lack of reliable data on it, the number of Nepalis going abroad for treatment every year is reported to be very high. The amount of foreign currency that bleeds out with it is huge. To make Nepal a subcontinental 'hub', healthcare can be complemented by further opening up the medical education. The hospitals along the Nepal-India border attract a significant number of patients even today (Thapa, 2020). If the service quality and access are improved, the health economy can get a new fillip.

2.12.3 External Sector

It is already too late for Nepal to introduce targeted reform programmes to reduce the ever-burgeoning trade deficit. A serious review of trade and industrial policies is necessary to promote import substitution and export. Nepal has yet to identify its exportable products and find a market for export on a commercial scale. The figures also show that foreign investment has been more talk than our ability to attract it. Gross FDI in the global context is 1.3 trillion in 2022, which in the case of Nepal, is 59.2 million. The FDI net inflows remained low at 0.2 percent of GDP in 2022 in Nepal. This is the lowest in South Asia after Afghanistan (UNCTAD, 2023). Overambitious expectations of foreign aid should be moderated according to the changing world context. Nepal needs to put effort into improving its economic diplomacy. Likewise, hydroelectricity and tourism have export potential to offset the trade imbalance. The country's banking system has become completely inward-looking. The entire financial system is not integrated into global financial markets. Piecemeal reforms in adopting technology and failure to upscale the service quality have prevented Nepali banks from being present in the global financial market.

2.12.4 Infrastructure and Connectivity

The new economic reform must focus on managing resources for rapidly developing physical infrastructure and affordable connectivity of all forms. Except in hydropower, Nepal has not been able to attract private investment in large road, rail, or other infrastructure projects. Even in hydropower and other clean energies like solar and wind, widespread policy *ad hocism* is constraining their potential growth. For example, the government's reluctance to enter into Power Purchase Agreements (PPA) by giving survey permission to nearly 14,000-megawatt projects based on

river flow discourages investment. There is a need for a radical reform of the policies regarding the quality of existing infrastructures and their construction process and sustainability.

Entertaining new and emerging investment instruments like PPP, Blended Finance, Impact Funds and Venture Capitals in large public infrastructures and digital connectivity are the need of the day. The policy and institutional reforms must be seen from this vantage point.

2.12.5 Institutional Reforms

There is a need for institutional reforms ranging from public institutions to political parties. Transparency of income and expenditure of the political parties would go a long way in reforming the election system and containing corruption. Administrative reform has become a mirage. Not allowing the local levels to hire their staff will continue to impact the service delivery due to a lack of adequate and relevant human resources (Khanal & Khanal, Forthcoming). The number of qualified young people willing to enter the government service is diminishing (Sharma, 2024). It is a precursor to the quality of the bureaucracy, not only for now but for several decades to come.

It is also too late to abolish the public institutions that have become redundant. For example, a study needs to be undertaken to ascertain the relevance and efficacy of NPC in the context of the federal governance structure of the country. Instead, the National Natural Resources and Finance Commission should be made professional and effective. From ministries to departments and offices, institutional duplication is equally widespread. For example, multiple organizations are authorized to take action against the ‘financial crimes’ and corruption. They include among others the Commission for the Investigation of Abuse of Authority (CIAA), the Department of Money Laundering Investigation (DMLI), the Department of Revenue Investigation (DRI), Nepal Police and the Office of the Attorney General (OAG). National mapping of a new institutional framework per the federal structure is necessary. Unregulated institutions are seen as more powerful than the regulated institutions of the economy.

2.12.6 Operational Reforms

Operational improvement is the most urgent. There are laws, but their implementation is not up to the mark. There are institutions, but the economy has not been able to benefit according to their objectives. ‘Meritocracy’ has only become a ritual of

competition among the unworthy. Paperless administration, adoption of technology, automation, and digitization, among others, need to be sufficiently made integral to the next phase of reform.

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CHAPTER 3

नेपालमा सहकारी क्षेत्र सुधार

गोपीनाथ मैनाली

लेखसार

नेपालको अर्थतन्त्रमा ठुलै हिस्सा ओगटेको सहकारी क्षेत्रमा आएको समस्याले सहकारीका सदस्यहरूको लगानीलाई जोखिममा पारेको छ। सहकारीमा आवद्ध हजारौं सदस्यहरूको वचत फिर्तामा समस्या आएको, सदस्यहरूले सञ्चालकविरुद्ध निगरानी तथा अनुसन्धान निकायमा उजुरी दिइरहेको एवम् सहकारीका आफ्ना सदस्यहरूद्वारा सञ्चालन हुने व्यवसाय मार्फत निर्माण भइरहेको सहकारीको स्वावलम्बन संस्कृतिलाई भत्काएको आदि कारणले सहकारी सदस्यहरू आर्थिक, सामाजिक र भावनात्मक रूपमा असुरक्षित हुँदै गएका छन्। यसले समग्र अर्थतन्त्रमा समेत वित्तीय तनाव थप्ने सङ्केत देखाएको तथा सहकारी क्षेत्रबाट अर्जित सामाजिक, राष्ट्रिय र अन्तर्राष्ट्रिय पहिचान अस्तित्वको खतरामा देखिएको सन्दर्भमा यो अध्ययन भएको हो।

नेपालमा सहकारीको स्थापना, विस्तार र सञ्चालनको अवस्था विश्लेषण र यसको सञ्चालन तथा नियमनमा देखिएका समस्याहरूको पहिचान गरी सङ्घीय शासन प्रणालीको सन्दर्भमा सहकारीहरूको संरचनागत सुधार एवम् सुशासनमा आधारित सञ्चालन, नियमन तथा प्रवर्धनका उपायहरू सुझाउनु यस लेखको उद्देश्य रहेको छ।

साहित्य समीक्षा र द्वितीय तथ्याङ्कको आधारमा गरिएको यस अध्ययनमा विभिन्न सरकारी, गैरसरकारी र सहकारी विभागबाट प्रकाशित र लेखकद्वारा विभिन्न समयमा प्रकाशित सहकारीसँग सम्बन्धित अध्ययनका तथ्याङ्क लगायत सहकारी विभागमा लामो समयसम्म कार्य गर्दाको लेखकको अनुभव समेतलाई समावेश गरिएको छ।

कमजोर स्वनियमन, सदस्य केन्द्रीयताको अभाव, सम्बन्धित निकायको कमजोर नियमन, घोषित नीति तथा प्रतिवेदन कार्यान्वयन नहुनु, सहकारी संघहरूको कमजोरी रहनु, कानुनी व्यवस्थाको उल्लङ्घन हुनु, कर्जा व्यवस्थापनमा व्यावसायिकता नदेखिनु, संस्था एकीकरण कार्यान्वयनमा नआउनु, सहकारी वर्गीकरण नगरिनु र भरपदो सूचना व्यवस्थापन गर्न नसक्नाले सहकारी सञ्चालनमा समस्या देखिएको यस अध्ययनले देखाएको छ। साथै, सहकारीमा देखिएका समस्या समाधानका लागि सहकारी सञ्चालन र व्यवस्थापनका नीतिहरूमा सुधार गरिनुपर्ने, नियामकीय संयन्त्रमा व्यापक सुधार गर्दै संस्थागत सुशासन र स्वनियमनमा विशेष ध्यान दिनुपर्ने आवश्यकता यस अध्ययनले पहिचान गरेको छ। अध्ययनले सहकारी संघहरूको भूमिका र नियामकसँगको सहकार्यलाई सुदृढ र स्वस्थ बनाउनुपर्ने, सहकारी सञ्चालनका आधारभूत सिद्धान्तहरूको पालनाको सुनिश्चित गरिनुपर्ने, सहकारी शिक्षा प्रवर्धन र सहकारी सञ्चालकहरूको सम्पत्ति छानबिन गर्ने व्यवस्था आवश्यक रहेको पनि देखाएको छ। यसैगरी, यस अध्ययनले तीनै तहका सरकारहरू र सहकारी अभियन्ताहरूलाई सहकारीलाई समाजको अभियान र समुदायको व्यवसाय बनाउन पुनःअभिमुखीकरण गर्न र नतिजामुखी कार्यमा समर्पित हुन सुझाव दिएको छ।

३.१ अध्ययनको पृष्ठभूमि

आपसी सहयोग र सहकार्य नेपाली समाजको संस्कृति हो। एक अर्कालाई सहयोग गर्ने र दुःखसुखमा सहभागी हुने संस्कृतिले धर्मभकारी, पर्म तथा गुठी प्रथाको सुरुआत भयो। समुदायमा सदस्यहरू नै

सङ्गठित भएर सामाजिक, आर्थिक तथा सांस्कृतिक हित प्रवर्धन गर्ने भावनाले सहकारीहरूको जन्म भएको हो (Czternasty, 2014) । नेपालमा सहकारी अभियानको औपचारिक इतिहास वि.सं. २००० मा काभ्रेपलाञ्चोकको बनेपाबाट समाजसेवी राजदास श्रेष्ठको अगुवाइमा कृषकहरूको आर्थिक अवस्था सुधार ल्याउन भूमिबन्धक बैंक तथा सहकारी समाजबाट सुरु भएको थियो (पाँडे, २०१९) । वि.सं. २०१० मा सहकारी अभियानलाई सहयोग गर्ने उद्देश्यले योजना विकास तथा कृषि मन्त्रालय अन्तर्गत सहकारी विभागको स्थापना भयो (राष्ट्रिय सहकारी महासंघ, मि.न.) । वि.सं. २०१३ मा चितवनमा बाढी पीडित किसानहरूलाई सहयोग गर्ने उद्देश्यले स्थापित बखान सहकारी निरन्तर रूपमा सञ्चालन हुँदै आयो ।

वि.सं. २०१३ मा योजनाबद्ध विकासको क्रममा प्रथम राष्ट्रिय योजना (२०१३/१४-२०१७/१८) सुरु भएपछि सहकारी आन्दोलनको विकास गर्न प्रष्ट उद्देश्य रणनीतिहरू निर्धारण गरिएका थिए । उक्त योजनामा सहकारी आन्दोलन अपेक्षित रूपमा विकास भएमा कृषि ऋण क्रमशः घटाउँदै लैजान सकिने, जनताको रहनसहनको दर्जा उँचो हुन जाने, सहकारी आन्दोलनले जनतामा लोकतन्त्रात्मक ढङ्ग र आपसको सहयोग तथा सङ्गठन गरी उन्नति गर्ने तरिका विकास गराउन महत्वपूर्ण सहायता दिनेछ भनी सहकारीको आवश्यकता र औचित्यको उल्लेख गरिएको थियो । त्यसपछिका आवधिक योजनाहरूमा सहकारीलाई आर्थिक सामाजिक स्वावलम्बनको अभिन्न अंशका रूपमा लिइँदै आएको छ । नेपालको संविधानको धारा ५०(३) ले सार्वजनिक, निजी र सहकारी क्षेत्रको सहभागिता तथा विकास मार्फत समाजवाद उन्मुख, स्वतन्त्र र समृद्ध अर्थतन्त्रको निर्माण गर्ने उद्देश्य राखेको छ ।

नेपालमा सहकारीहरू विस्तारको चरणमा छन् र सहकारी क्षेत्रले आर्थिक गतिविधि, सामाजिक समावेशिता र सांस्कृतिक अवस्थामा उल्लेख्य योगदान पुर्‍याएको भनिन्छ (Khatiwada, 2014) । तर, विस्तारको चरणसँगै यसको व्यवस्थापनमा समस्याहरू पनि देखिन थालेका छन् । सहकारी सिद्धान्त, मूल्य र मर्मबाट सहकारी संस्थाहरू विचलित भएको विश्लेषण हुन थालेको छ । जनजीवन तहमा फैलिएको सहकारीमा सैद्धान्तिक विचलन आउँदा यसले नेपाली समाजमा बहुआयामिक समस्या निम्त्याउन सक्दछ । यसर्थ, समस्त सहकारी अभियानलाई व्यवस्थित गरी नेपालको समृद्धि तथा रूपान्तरणमा यसको भूमिका प्रभावकारी पार्नु आवश्यक देखिएको छ ।

३.१.१ समस्याको कथन

सहकारी ऐन २०४८ को कार्यान्वयनपछि नेपालमा सहकारीहरूको विस्तार भएको पाइन्छ । आर्थिक सर्वेक्षण २०८०/८१ (अर्थ मन्त्रालय, २०८१) ले सहकारी विभागलाई उद्धृत गर्दै आर्थिक वर्ष २०६९/७० मा २७ हजार ९ सय १४ को सङ्ख्यामा रहेको सहकारीहरू आर्थिक वर्ष २०८०/८१ फागुन मसान्तसम्म आइपुग्दा ३१ हजार ४ सय ५० पुगेको देखाएको छ । त्यसैगरी, आर्थिक वर्ष २०६९/७० मा सहकारीले ५२ हजार व्यक्तिलाई प्रत्यक्ष रोजगारी दिएकामा आर्थिक वर्ष २०८०/८१ फागुन मसान्तसम्म जम्मा ९४ हजार २ जनालाई प्रत्यक्ष रोजगारी दिँदै आएको जनाएको छ ।

वि.सं. २०४८ बाट नेपाल सरकारले सुरु गरेको पहिलो चरणको संरचनात्मक सुधार कार्यक्रमको अभिन्न भागका रूपमा आएको उदार नीति र यसलाई आत्मसात् गर्ने ऐन तथा नीतिका कारण संरचना विस्तार मार्फत रूपान्तरणको जग संस्थागत गर्ने अभियानले सहकारी क्षेत्रले पनि हाल विस्तारको चरण पूरा गरेको देखिन्छ ।

सहकारी संस्थाको सङ्ख्यात्मक विस्तारपछि सरकारी संयन्त्रको कमजोर नियमनका कारण सहकारीहरू विस्तारै यसको मूल्य र सिद्धान्तबाट बाहिरिन थालेका भन्ने गुनासाहरू आउन थाले । केही सहकारी सञ्चालकहरूले राजनैतिक सङ्क्रमणबाट अनपेक्षित लाभ उठाई सहकारीलाई समस्यामा पार्न थालेको र कतिपय सहकारी संस्था सञ्चालकहरू सहकारीका नाममा गैरसहकारी कार्य गर्न उद्यत भएको आरोपहरू लाग्न थाल्यो ।

सङ्घीयताअनुरूप सहकारी व्यवस्थापन गर्न ल्याइएको सहकारी ऐन २०७४ ले यसका समस्याहरू पहिचान गरेर त्यसलाई सम्बोधन गर्ने महत्त्वपूर्ण व्यवस्था त गर्‍यो तर शासकीय तहहरूमा क्षमता विकास नभइसकेको र कतिपय सहकारी सञ्चालकहरू राजनैतिक तथा नाफाको अभिष्टबाट परिचालित भएकाले सहकारी क्षेत्र समस्यामा जकडिन थालेको अनुभूत हुन लाग्यो ।

बचत तथा ऋण सहकारीले बैंकको जस्तो कार्यालय सजावट तडकभडकसहितका अनुत्पादक र अनावश्यक क्षेत्रमा खर्च गर्ने, सदस्यको बचत र लगानी गर्ने विषयमा सामान्य मान्यताको पालना नगर्ने, राष्ट्र बैंकको मौद्रिक परिचालनको सामान्य सिद्धान्त पनि पालना नगर्ने, ऋणी सदस्यहरू सहकारीको बदनाम गरी बन्द गराउने र नियतवश ऋण नतिर्ने (गौतम, २०८०) हुन थाले । त्यसैगरी, सहकारीका सिद्धान्त, मूल्य र मान्यता विपरीत कार्य गर्ने, महँगो ब्याजदर लगाउने, सहकारीहरूले सहर केन्द्रित कारोबार बढाउँदै जाने एवम् उत्पादन र बजारीकरण सहकारीहरूको न्यून उपस्थिति हुने (पन्त, २०७९) अभ्यासले समस्या थप्दै गएको विचार प्रकट हुन थाले ।

अध्ययन र विश्लेषणहरूले मनलाग्दी कर्जा परिचालन गर्ने, मिटरब्याजी कारोबार गर्ने, फितलो नियमन देखिने, गैरजिम्मेवार लेखापरीक्षण गरिने एवम् सञ्चालकको मनमौजी व्यवहार (श्रेष्ठ, २०७९) बढ्न थालेको देखाए । त्यसैगरी, सहकारीको कार्य क्षेत्रभन्दा बाहिर गई गैरसदस्यसँग कारोबार हुने गरेको, सीमित व्यक्तिहरूले शेयरमा धेरै लगानी गर्ने गरेको, बचतलाई सञ्चालकहरूको निजी स्वार्थ प्रयोग भई असुरक्षित लगानी भएको, घरजग्गाजस्ता अनुत्पादक क्षेत्रमा ठुलो रकम लगानी हुने गरेको, एक प्रारम्भिक सहकारी संस्थाले अर्को समानस्तरको सहकारी संस्थामा बचत गर्ने अभ्यास देखिएको, समानान्तर संस्थाहरूमा अन्तरसहकारी कारोबारको नाउँमा अनियमितता हुने गरेको देखियो (नेपाल राष्ट्र बैंक, २०७२) ।

विगतमा पनि सहकारीसँग सम्बन्धित विविध विषय र समस्याहरू समाधानका लागि विभिन्न समयमा आयोग, समिति, कार्यदल र टोलीहरू निर्माण भई कार्य भएका थिए तथापि पछिल्लो समयमा यस क्षेत्रका

समस्याहरू नयाँ र बृहत् रूपमा देखापर्न थाले । उदाहरणको लागि, वि.सं. २०४१ मा नारायणदास श्रेष्ठको नेतृत्वमा साभा अभियानको विकास र विस्तारसम्बन्धी अध्ययन टोली गठन भएको थियो भने २०४७ मा प्राध्यापक मैनालीको संयोजकत्वमा राष्ट्रिय सहकारी महासंघ परामर्श समिति गठन भई काम भएको थियो । त्यस्तै, तुलसीप्रसाद उप्रेतीको संयोजकत्वमा २०६१ सालमा तत्कालीन मन्त्री होमनाथ दाहालको नेतृत्वमा उच्चस्तरीय सहकारी सुधार सुभाष समितिले कार्य गरेको थियो भने सोही सालमा नै डा. युवराज खतिवडाको संयोजकत्वमा राष्ट्रिय सहकारी बैंक र बचत तथा ऋण सहकारी संस्थाहरूको कानुनी र संस्थागत व्यवस्थासम्बन्धी अध्ययन समितिले काम गरेको थियो ।

वि.सं. २०६६ मा डा. दिनेशचन्द्र देवकोटाको नेतृत्वमा सहकारी क्षेत्रका समस्या समाधानका लागि नीतिगत, प्रक्रियागत र संस्थागत विषयमा सिफारिस गर्न कार्यदल गठन भएको थियो । त्यसैगरी, २०६६ सालमा राष्ट्रिय योजना आयोगका तत्कालीन उपाध्यक्ष डा. युवराज खतिवडाको संयोजकत्वमा गठित सहकारी क्षेत्रका समस्या समाधानका लागि नीतिगत, प्रक्रियागत र संस्थागत विषयमा सिफारिस गर्न गठित कार्यदलको प्रतिवेदन २०६८ ले राष्ट्रिय सहकारी नीति र दीर्घकालीन सहकारी विकास योजनाको अभाव हुनु, सहकारी ऐन र नियममा समयसापेक्ष संशोधन हुन नसक्नु लगायतका नीतिगत समस्याहरू उल्लेख गरेको थियो । त्यसैगरी, सरकार र सहकारी साभेदारी कार्यक्रम सञ्चालनमा समस्या देखिएको, बचत तथा ऋणको वित्तीय कारोबार गर्ने सहकारीहरूको सघन अनुगमन हुन नसकेको लगायतका समस्याहरू देखाएको थियो भने २०७० मा महाप्रसाद अधिकारीको नेतृत्वमा समस्याग्रस्त बचत तथा ऋणको कारोबार गर्ने सहकारी संस्थाहरूको छानबिन समितिले काम गरेको थियो ।

त्यस्तै, २०७१ सालमा गौरीबहादुर कार्कीको नेतृत्वमा बचत तथा ऋण कारोबार गर्ने समस्याग्रस्त सहकारी संस्थाहरूको छानबिन गर्न जाँचबुझ आयोग बनेको थियो भने २०८० मा डा. जयकान्त राउतको संयोजकत्वमा सहकारी क्षेत्र सुधार सुभाष कार्यदल २०८० गठन गरेको थियो । सो कार्यदलले समग्र सहकारी अभियानप्रति प्रश्न उठ्न थालेको, सहकारी कतिपय अवस्थामा वित्तीय अपचलनको माध्यम बन्न थालेको, सहकारीको साइनबोर्ड भुन्ड्याएर गैरसहकारी कार्य हुने गरेको, सहकारी समस्या विकराल हुँदै गई सहकारी विपरीतको अभ्यास हुने गरेको जनाएको थियो ।^१

राजनीतिक दल, नागरिक समाज, र संसद् समेतले समस्या समाधानका लागि नयाँ उपायको खोजी गर्न संसदीय समिति नै आवश्यक रहेको भन्ने बहसको आधारमा सङ्घीय संसद्को प्रतिनिधि सभाले २०८१ मा सहकारी संस्था बचत रकम दुरुपयोग सम्बन्धमा संसदीय छानबिन विशेष समिति गठन गरी सो समितिले आफ्नो प्रतिवेदन समेत बुझाइसकेको अवस्था छ ।

तसर्थ, सहकारी नियमन तथा प्रवर्धनमा देखिएका समस्याका कारण तथा त्यसलाई सम्बोधन गर्ने विधि संयन्त्र के हुन सक्छन् ? सहकारीको गिर्दो सुशासन र यसलाई कसरी सम्बोधन गर्ने ? धेरैजसो

१. यससम्बन्धी थप विवरण सङ्घीय संसद्को प्रतिनिधि सभाको सहकारी संस्था बचत रकम दुरुपयोग सम्बन्धमा संसदीय छानबिन विशेष समितिको प्रतिवेदन २०८१ मा हेर्न सकिन्छ ।

समस्याग्रस्त र सङ्कटापन्न सहकारीहरू बचत तथा ऋण सहकारी (वित्तीय कारोबार गर्ने सहकारी) को बचत तथा ऋण कारोबारमा देखिएका समस्याहरू कसरी समाधान गर्ने ? भन्ने प्रश्नहरू उब्जिएका छन् । यो अध्ययन यिनै प्रश्नहरूमा केन्द्रित छ ।

३.१.२ अध्ययको उद्देश्य

संविधानले परिकल्पना गरेको समाजवाद उन्मुख, समृद्ध र स्वावलम्बी अर्थतन्त्र निर्माणमा सहकारीको महत्त्वपूर्ण भूमिका छ । तर, अहिले सहकारी अभियानभित्र थुप्रै समस्या छन् । यसर्थ, जनस्तरमा पुगेको सामाजिक-आर्थिक सहकारी अभियानलाई सुशासित तथा मूल्य केन्द्रित बनाउन यी क्षेत्रमा सुझाव दिनु यस अध्ययनको साधारण उद्देश्य रहको छ भने यसका विशिष्ट उद्देश्यहरू निम्नानुसार छन्:

- नेपालमा सहकारीको स्थापना, विस्तार र सञ्चालनको अवस्था विश्लेषण गर्नु,
- सहकारी सञ्चालन तथा नियमनमा देखिएका समस्याहरूको पहिचान गर्नु,
- नेपालको वर्तमान सङ्घीय शासन प्रणालीको सन्दर्भमा सहकारीहरूको संरचनागत सुधार एवम् सुशासनमा आधारित सञ्चालन, नियमन तथा प्रवर्धनका उपायहरू सुझाउनु ।

३.१.३ अध्ययन विधि

यस अध्ययनमा गुणात्मक (qualitative) विधि अपनाइएको छ । अध्ययनमा मुख्यतः द्वितीयक स्रोतहरू मात्र प्रयोग गरिएका छन्, जसमा निम्न समावेश छन् :

- नेपाल सरकारको सहकारीसम्बन्धी नीति, सिद्धान्त, कानून र अभ्यासहरू
- सरकार तथा अन्य संस्थाहरूले तयार पारेका सहकारीसम्बन्धी अध्ययन प्रतिवेदनहरू
- सहकारी विषयमा प्रकाशित अन्य लेख, पुस्तक र दस्तावेजहरू
- लेखकको सहकारी क्षेत्रमा काम गर्दाको लामो अनुभव

३.२ सहकारीको अवधारणा र अन्तर्राष्ट्रिय विकासक्रम

विश्वमा सहकारी अभियानका परिकल्पनाकार Robert Owen (सन् १७७१-१८५८) थिए (सहकारी विभाग, २०७३) । स्कटल्याण्डका मिल कारखानाका व्यवस्थापक Owen समाजवादी सोच राख्दथे । उनी कामदारलाई सजीव मेसिनको अर्थमा लिनथे तर उद्योगपतिहरू कामदारलाई उत्पादनका वास्तविक कर्ता हुन् भन्ने नसोची, नैतिकता र विवेक कम भएका कामदार मात्र सम्भन्थे । कलकारखानाका कामदारका पक्षमा उनले सन् १८१३ र १८१४ मा लेखहरू प्रकाशित गरे, जसमा मानिसको सामाजिक चरित्र उसले बनाउने नभई उसका लागि बनाइने र निमुखा कामदारलाई उचित वातावरण दिने हो भने उनीहरू अब्बल कामदार र अब्बल मानिस बन्न सक्छन् भन्ने निष्कर्ष थियो । उनले औद्योगिक सहकारिता र युनियनवाद मार्फत आदर्श समाज (utopia) वा सहकारी ग्राम स्थापना गरी सामूहिक

व्यवसाय र सामूहिक जीवनशैलीको सुरुआत गरे । उनको व्यवसायले व्यक्तिगत नाफाको उन्मुलन, सामूहिक स्वामित्व, स्वयम्सेवी सङ्गठन, व्यक्तिगत समस्या समाधानका लागि सामूहिक प्रयास र सामूहिक खुसीका लागि साधनको उपयोगका मान्यता राखी सामूहिक व्यवसायमा काम गर्‍यो । तर, उनको अभियान सफल भएन तर त्यसले सैद्धान्तिक आदर्श भने दिन सक्‍यो ।

सहकारी विभाग (२०७३) को अनुसार Robert Owen को अभियान असफल भए तापनि यसैको अवधारणालाई परिमार्जन गर्दै गरिब तथा श्रमिकहरू सङ्गठित भई कार्य गर्ने अभियान भने रोकिएन । सन् १८४३ म्यानचेस्टर सहरमा २८ जना मजदुर जम्मा भई आफूहरूको स्थिति सुधार गर्न सहकारी भावनामा काम गर्ने अठोट गरी सबैले एक एक पाउण्ड रकम जम्मा गरी खाद्यान्न उपभोक्ता भण्डार सञ्चालन गर्ने निधो गरे । Robert Owen को जस्तो असफलता भोग्न नपरोस् भनी उनीहरूले व्यवसायमा उधारो बिक्री नगर्ने, बजार मूल्यमा बिक्री गर्ने, सबैले यस काममा विश्वास गर्ने, विश्वास भएकालाई मात्र सदस्य बनाउने र व्यवसायमा स्वयम्सेवकका रूपमा आलोपालो काम गर्ने निधो गरे ।

सन् १८४४ अक्टोबर २४ मा बेलायतकै लड्कशायर सहरमा Friendly Society Act अनुसार Rochdale Society या Pioneers गठन गरी आधुनिक सहकारीको सुरुआत भयो । उक्त समाजले उपभोक्ता भण्डारको व्यवसाय सुरु गरेको थियो (सहकारी विभाग, २०७३) ।

जर्मनीमा Raiffeisen ले सहकारी दर्शनलाई विस्तार गरी 'एकका लागि सबै र सबैको लागि एक' को भावनाअनुरूप क्रेडिट युनियनको सुरुआत गरेका थिए । उनले विकास गरेको सहकारी दर्शनमा सहकारीको सदस्यता ग्रामिण बासिन्दामा मात्र सीमित गर्ने, सदस्यहरूको सीमित दायित्व, सीमित कार्यक्षेत्र, लामो भुक्तानी अवधिमा सस्तो ऋण सुविधा, सदस्य सुरक्षामा ऋण, वैयक्तिक आचरणमा विशेष ध्यान, थोरै शेयर पुँजी, नाफाभन्दा सदस्य सेवा, लाभांशको थोरै वितरण, नाफा तथा घाटा संरक्षित कोषमा स्थानान्तरण, स्वयम्सेवी व्यवस्थापन र भौतिक र नैतिक समृद्धिमा जोड दिइएको थियो । सन् १८७७ मा यसलाई Heddes dorf Credit Union का रूपमा लिइयो (सहकारी विभाग, २०७३) ।

युरोपमा भएको औद्योगिक क्रान्तिले निम्न आयवर्गमा ल्याएको समस्यालाई समाधान गर्न समुदायका सदस्यहरू अरूको भर नपरी आफैंद्वारा परिचालित सहकारी अभियान अहिले विश्वका सबैजसो मुलुकमा फैलिएको छ । उपभोक्ता सेवाबाट सुरु भएको यो अभियान सदस्य हितका विभिन्न क्षेत्रमा विस्तार भएका छन् । अहिले विभिन्न मुलुकमा रहेका ३० लाख सहकारी संस्थाहरूमा विश्वको कुल जनसङ्ख्याको १२ प्रतिशत मानिस आवद्ध छन् भने विश्वका ३ सय ठुला सहकारीले मात्र २४ खर्ब अमेरिकी डलर वार्षिक कारोबार गरिरहेका छन् । विश्व रोजगारीमा यसको हिस्सा ९.४६ प्रतिशत छ (EURICSE and International Cooperative Allince [ICA], 2023) ।

ZEN-NOH (जापानको खाद्य तथा कृषि सहकारी संघ), Corporación Mondragón (स्पेनी उद्योग व्यवसाय), REWE Group (जर्मनीको थोक तथा खुद्रा व्यापार), Nippon Life -जापानी बिमा व्यवसाय), GROUPE CREDIT AGRICOLE (फ्रेन्च वित्तीय सेवा), Sistema Unimed (ब्राजिलको सामाजिक स्वास्थ्य क्षेत्रको व्यवसाय), OBOS BBL (नर्वेको सेवा व्यवसाय) ले अर्थतन्त्र तथा सामाजिक गतिविधिमा महत्त्वपूर्ण भूमिका खेलेका छन्। भारतको Amul तथा IFFCO सहकारीले कृषि व्यवसायमा उदाहरणीय कार्य गरेका छन्।

एक अर्ब जनसङ्ख्या सदस्य भएको सहकारी अभियान विश्वको सबैभन्दा ठुलो व्यावसायिक सञ्जाल पनि हो। राष्ट्र संघका विशिष्टीकृत एजेन्सीहरू अन्तर्राष्ट्रिय श्रम सङ्गठन, (ILO), कृषि विकासका लागि अन्तर्राष्ट्रिय कोष (IFAD), अन्तर्राष्ट्रिय कृषि सङ्गठन (FAO), सहकारी विकास तथा प्रवर्धनका लागि समिति (COPAC) ले सहकारी अभियानसँग सहकार्य गरिरहेका छन्। साथै, अन्तर्राष्ट्रिय सहकारी महासंघ (ICA) र विश्व ऋण सङ्गठन (WCCU) ले सहकारी अभियानलाई विश्वव्यापी रूपमा सञ्जालीकरण गरिरहेका छन्। विभिन्न मुलुकमा रहेका सहकारी प्रारम्भिक संस्थाहरूले उत्पादन सेवा, बजारीकरण सेवा, उपभोक्ता सेवा, श्रम तथा कालिगढ सेवा, आवास सेवा, वित्तीय सेवा, सामाजिक सेवा र बहुउद्देश्यीय सेवा दिइरहेका छन्। यस अर्थमा राज्य र बजारको रिक्त स्थान पूरा गर्ने महत्त्वपूर्ण भूमिका निर्वाहकर्ताका रूपमा सहकारी संस्थागत भएको छ।

३.३ सहकारीका मूल्य, मान्यता तथा सिद्धान्तहरू

सहकारीहरू खास मूल्य तथा सिद्धान्तबाट निर्देशित छन्। यी मूल्य तथा सिद्धान्त एकै पटकमा विकास भएका भने होइनन्। Robert Owen ले विकास गरी अभ्यासमा ल्याएको अवधारणा, कामदारहरूको म्यानचेष्टर भेलाका निर्णय, Rochdale Society का अभ्यास, Raiffelsen तथा Schultz-Delitsch ले विकास गरेका दर्शनहरूले सहकारी मूल्य तथा सिद्धान्त निर्माणमा योगदान दिएका छन्। साथै, अन्तर्राष्ट्रिय सहकारी महासंघ (ICA) र विश्व ऋण सङ्गठन (WCCU) ले सहकारीका सिद्धान्तलाई आधिकारिकता दिँदै तथा परिमार्जन गर्दै आएका छन्।

स्वावलम्बन (self-help) र आपसी मद्दत (mutuality) सहकारी दर्शनको अन्तर्गत हुन्। सहकारी व्यवसायमा आफ्नो हित आफूहरूको आवश्यकता साथ आफूहरूकै प्रयासबाट गरिन्छ। सहकारी समुदायको दुःख हटाउन निजी स्वार्थ सामूहिक हितमा समर्पण गरिन्छ र खुसी खोजिन्छ। त्यसैले, सहकारी नहुनेहरूलाई हुने बनाउने आर्थिक-सामाजिक अभियान हो। यसका व्यवसायहरू पवित्र हुन्छन्, यसका सदस्य नैतिक हुन्छन् र यो समाजको अब्बल संस्था मानिन्छ।

‘सामूहिकतामा बल, विभाजनमा विपन्नता’; ‘सामूहिक अवसरका लागि व्यवसाय’ र ‘आफूलाई सहयोग सबैलाई सहयोग’ जस्ता आदर्श सहकारीका मान्यता हुन् जसको केन्द्रविन्दुमा स्वावलम्बन संस्कृति रहेको हुन्छ। आत्मसहयोग, स्वयम्-जबाफदेहिता, लोकतान्त्रिक व्यवस्थापन, समानता, न्याय र

ऐक्यबद्धताजस्ता मूल्यहरू सहकारी व्यवसायका आधार हुन् । त्यसैले, सहकारी आफ्नो इच्छाको संस्था, आफ्नो क्षमताको व्यवसाय र आफ्नो भावनाको अभियान हो । यो नाफा वा अन्य गर्भित अभिष्टबाट सञ्चालित नभई सदस्यसहित विस्तार गर्न स्थापित र सञ्चालित हुन्छ । यस अभियान अन्तर्गत जे गरिन्छ, सो कार्य सदस्यको सहमतिमा गरिन्छ, सदस्यका लागि गरिन्छ किनकि सहकारीमा लगानीकर्ता, निर्णय र नियन्त्रणकर्ता र सेवाग्राही वा फाइदा लिने व्यक्ति एकै हुन्छ । यो सदस्यहरूको आफ्नो व्यवसाय, आफ्नो लगानी र आफ्नो स्वामित्वको क्षेत्र हो ।

अर्थशास्त्री तथा सहकारीका परिकल्पनाकार Robert Owen ले सहकारीका निम्नानुसारका पाँच आधारभूत मान्यता स्थापित गरेका थिए जसले सहकारी अभियान सञ्चालनलाई अहिले पनि मार्गदर्शन गरिरहेको छः

- व्यक्तिगत नाफाको उन्मूलन,
- सामूहिक स्वामित्व,
- स्वयम्सेवी सङ्गठन,
- व्यक्तिगत समस्या समाधानका लागि सामूहिक प्रयास,
- सामूहिक खुसीका लागि साधनको उपयोग ।

Robert Owen को वैचारिक अवधारणामा रहेर सन् १८७७ मा Raiffeisen ले प्रचलनमा ल्याएको क्रेडिट युनियनको अभ्यास र सन् १८८३ मा Schultz ले विकास गरेको औद्योगिक Schultz-Delitsch समाजको अभ्यासलाई एकीकृत र परिस्कृत गर्दै अन्तर्राष्ट्रिय सहकारी संघले सन् १९६६ मा ६ सिद्धान्त र १९९५ मा सातौँ बुँदा थप गरी यी सात सिद्धान्त जारी गरिएको छः

- **सिद्धान्त १ - ऐच्छिक र खुला सदस्यता:** सहकारी संस्थाहरूले व्यक्तिको विवेकलाई सम्मान गर्दछ । सहकारी संस्थाहरू तिनको सेवा उपयोग गर्न सक्ने तथा सदस्यको उत्तरदायित्व बहन गर्न राजी हुने सबै व्यक्तिलाई लैङ्गिक, सामाजिक, जातीय, राजनीतिक वा धार्मिक भेदभावविना खुला तथा ऐच्छिक सदस्यहरूको सङ्गठन हो ।
- **सिद्धान्त २ - सदस्यबाट लोकतान्त्रिक नियन्त्रण:** सहकारी संस्थाहरू आफ्ना सदस्यहरूको लोकतान्त्रिक नियन्त्रणमा रहन्छन् । संस्थाको नीति तथा निर्णयमा सदस्यहरूको सक्रियता रहन्छ । सदस्यहरूको मताधिकार बराबर हुन्छ (एक व्यक्ति एक मत), कुनै हैसियत वा लगानीको परिमाणमा मताधिकार निर्धारण हुँदैन । निर्णयमा सदस्यहरू स्वतन्त्र हुन्छन् । सदस्य सर्वोच्चतामा खलल गर्ने सञ्चालकीय अभ्यास रहन्न । निर्णय स्वतन्त्रता, प्रत्यक्ष सहभागिता र स्वामित्वजनक स्थानीयताले संस्थामा लोकतान्त्रिक अभ्यास संस्थागत गराउँछ । संस्थामा नियुक्त पदाधिकारीहरू निर्वाचित प्रतिनिधि र निर्वाचित प्रतिनिधि निर्वाचक सदस्यतातर्फको उत्तरदायित्व शृङ्खलामा रहन्छन् ।

- **सिद्धान्त ३ - सदस्यको आर्थिक सहभागिता:** सहकारीका सदस्यहरू आफ्नो हैसियतानुरूप आर्थिक सहभागिता जनाउँछन् । सहकारी संस्थाको पुँजी र परिश्रम सदस्यहरूको योगदान हो, सञ्चालनको आधार पनि आफ्नो संस्थामा उनीहरूको कारोबार हो । पुँजीको योगदान सदस्यको सर्तको रूपमा रहन्छ, भने पुँजीको उपयोग मार्फत हुने प्रतिफल सदस्यको लोकतान्त्रिक नियन्त्रणमा रहन्छ । संस्था नाफाको उद्देश्यमा नभई सदस्यको हित बढाउन क्रियाशील हुन्छ । संस्थाले कमाएको नाफा संस्थाको विकासका लागि अभिभाज्य जगेडा कोष, सदस्यको कारोबारको आधारमा उनीहरूलाई फिर्ता पाउने संरक्षित पुँजी फिर्ता कोष र अन्य उपयुक्त क्रियाकलापमा विनियोजन गरिनुपर्दछ । यस सिद्धान्तले नै सहकारीलाई अन्य व्यवसायभन्दा फरक बनाएको हुन्छ ।
- **सिद्धान्त ४ - स्वतन्त्रता र स्वायत्तता:** सहकारीकर्मीहरू आफ्नो भाग्यको निर्माता आफैं हुन्छन् । आफ्नै योजनामा चल्ने उनीहरूको चाहना हुन्छ । निजी व्यवसायमा जस्तो 'प्रिन्सिपल एजेन्ट' सम्बन्ध हुँदैन । स्वयम् व्यवस्थापन, स्वयम् नियन्त्रण र स्वयम् नियमन सहकारी संस्थाको अन्तरभाव हुन् । आत्मनिर्भरताको प्रवर्धन, स्वतन्त्रताको संरक्षण र स्वायत्तताको प्रचलनबाट नै लोकतान्त्रिक व्यवस्थापन सम्भव हुन्छ ।
- **सिद्धान्त ५ - शिक्षा, तालिम र सूचना:** सहकारी संस्थामा आबद्ध हुनुअघि नै सदस्यहरू सहकारीको सिद्धान्त तथा मूल्य र आफ्ना संस्थाले सञ्चालन गर्ने गतिविधिबारे पूर्ण जानकारी रहनुपर्दछ । त्यसपछि पनि संस्थाको गतिविधिमा सार्थक रूपमा सहभागी हुन शिक्षा, तालिम र सूचना लिइरहनुपर्दछ । सहकारी यसका सदस्यहरूको आफ्नो व्यवसाय भएकाले सदस्यहरूले शिक्षा, तालिम र सूचना गतिविधिमा संलग्न भएर संस्था, आफ्नो र समुदायको हितमा क्रियाशील हुने सामर्थ्य विकास गर्दछन् ।
- **सिद्धान्त ६ - सहकारीबिच सहकार्य:** सहकारी संस्थाहरूले स्थानीय, राष्ट्रिय, क्षेत्रीय र अन्तर्राष्ट्रिय संरचनाबाट आपसी सहकार्य गरी सदस्यहरूको सेवा गर्दछन् र सहकारी आन्दोलनलाई सुदृढ बनाउँछन् । सहकारी संस्थाहरू मिलेर विशिष्टीकृत सहकारी बनाउँछन् भने समान प्रकृतिका सहकारीहरू मिलेर संघहरू बनाउँछन् जसले सहकारीका रूपमा काम गर्दछन् । एक सहकारीले अर्कोसँग आफूहरूले निर्माण गरेको विशिष्टीकृत संस्था र सहकारी सङ्घहरूबिच सहकार्य गरी सहकारी व्यवसायलाई विस्तार गर्दछन् । अन्तर्राष्ट्रिय सहकारी संस्थाहरू सहकारी अभियानका मार्गदर्शक संस्थाहरू हुन् । यस्ता संस्थाहरूबिच सञ्जालीकृत सहकार्यले सहकारीलाई व्यावसायिक, आर्थिक, प्राविधिक र बजार सूचना सहयोग गरी प्रवर्धित र परिष्कृत बनाउँदै लैजान्छ ।
- **सिद्धान्त ७ - समुदायप्रति सचेत:** सहकारी संस्थाहरूले आफ्ना सदस्यले अनुमोदन गरेका नीतिअनुरूप आफ्नो समुदायको विकासका लागि कार्य गर्दछन् । यसले समुदायले सहकारीलाई अन्तरबोध गर्न र सहकारीले समुदायमा आफ्नो भूमिका विस्तार गर्न दोहोरो भूमिका खेल्दछ । समुदायको विकासका लागि सहकारीले सहकारी शिक्षा, सामूहिक सेवा, कल्याणकारी कार्य,

सामाजिक पूर्वाधार, आर्थिक पूर्वाधार र स्रोत संरक्षणमा सहयोग गर्दछन् । साथै, सामुदाय हितका लागि सहकार्यका क्षेत्रहरू पहिचान गरी आफैँ परिचालित हुने, परिपूरक बन्ने, सल्लाह पृष्ठपोषण दिने वा सहउत्पादनमा रहने कार्यमा समेत सहयोग गर्दछन् ।

३.४ नेपालमा सहकारीको सुरुआत

नेपाली समाज सहकारी संस्कृतिमा धनी छ । सहकारी सामाजिक जीवन पद्धतिका विविध आयाममा परापूर्वदेखि नै कुनै न कुनै रूपमा अस्तित्वमा रहँदै आएको थियो । अरूको दुःखसुखमा साथ दिने नेपालीहरूको परम्परा भएअनुरूप अर्मपर्म, आलोपालो, गुठीजस्ता सामुदायिक कार्यहरू हुँदै आएका थिए । तर, सरकारको नीति तथा कार्यक्रममा भने वि.सं. २००० बाट मात्र सहकारीले स्थान पायो । सोही वर्षको भदौ महिनामा काभ्रेपलाञ्चोक जिल्लाको बनेपाबाट समाजसेवी राजदास श्रेष्ठको अगुवाइ तथा विजयशमशेर जबरा र सरदार भीमबहादुर पाण्डेको सहयोगमा काभ्रेपलाञ्चोकका कृषकहरूको आर्थिक अवस्था सुधार ल्याउन भूमिबन्धकी बैंक तथा सहकारी समाज (ल्याण्ड मोर्गेज बैंक एण्ड कोअपरेटिभ सोसाइटी) स्थापना भयो । नमुना औद्योगिक सर्वेक्षणको प्रतिवेदन कार्यान्वयन गर्ने क्रममा मेजर जनरल विजयशमशेरले विजय भूबन्धक बैंक (ल्याण्ड मोर्गेज बैंक) र सहयोगी संस्था (कोअपरेटिभ संस्था) खोली ऋणग्रस्त कृषक समाजलाई ऋणको चङ्गुलबाट मुक्त गरी उत्पादन बढाउने उद्देश्य राखेका थिए । त्यस बखत यो अवधारणा निकै क्रान्तिकारी मानिएको थियो । तर, यसलाई वि.सं. २००५ चैत १ गते खारेज गरियो । पुरानो रीतिथिति र रिवाजले चल्दै आएको नेपाली समाजमा नयाँ विचार, संस्था र व्यवस्था चलाउने प्रयास गर्नु चुनौतीप्रद देखिएको थियो (पाँडे, २०१९) ।

समाज रूपान्तरणका लागि सहकारीजस्ता सामुदायिक संस्थाको भूमिका हुन्छ र यसका लागि तत्परता र प्रोत्साहन आवश्यक हुन्छ भन्ने महसुस गरिएको थियो । परिणामतः वि.सं. २०१० मा सहकारी विभागको स्थापना भएपछि सहकारी राज्यको औपचारिक कार्यसूचीमा रहेको देखिन्छ । पहिलो पञ्चवर्षीय योजना (२०१३-२०१८) मा सहकारी क्षेत्रको उद्देश्य र नीति समावेश गरी सहकारीलाई श्रमिक तथा कृषकमाथिको ऋणभार घटाउने र लोकतान्त्रिक ढङ्गले आपसी सहयोग विकास गर्न सघाउ पुऱ्याउने संयन्त्रका रूपमा स्वीकारी सहकारीको आर्थिक भूमिकालाई आत्मसात् गरियो । उक्त योजना अवधिमा मुलुकभर ४ हजार ५ सय संस्थाहरू स्थापना गर्ने लक्ष्य राखिएको थियो । प्रथम पञ्चवर्षीय योजनामा राखिएको उद्देश्य कार्यान्वयनको क्रम भने वि.सं. २०१३ चैत्र २० मा बखान सहकारी संस्था दर्ताबाट सुरु भयो । सहकारी विभाग (२०७३) बाट प्रकाशित 'सहकारिता' मा उल्लेख भएअनुसार चितवनमा राप्ती नदीबाट पीडित व्यक्तिहरूलाई राहत दिने उद्देश्यले सामाजिक अभियानकर्ता बखानसिंह गुरुङबाट नेतृत्व गरिएको अभियानको नतिजास्वरूप बखान सहकारीको स्थापना भएको थियो जुन अहिले पनि अस्तित्वमा छ (सहकारी विभाग, मि.न.) ।

पञ्चायत व्यवस्थामा यसको आर्थिक दर्शन सञ्चालन गर्ने प्रमुख दुई क्षेत्रमा साभा (सहकारी) र भूमिसुधार तथा बचत परिचालन थिए। पञ्चायत अवधिमा ८ सय ३० जति साभाले विभिन्न आर्थिक, सामाजिक, व्यापारिक र सेवामूलक कार्य सम्पादन गरेका थिए। साभा अभियान सञ्चालनका लागि उच्च महत्त्वका साथ नीति तथा संरचना स्थापित गरिएका थिए। कृषि, उत्पादन तथा सेवा साभाहरू सहर बजारमा विस्तारित थिए तर यी सहकारीका आधार मूल्य र सिद्धान्तबाट भन्दा पनि निर्देशित रूपमा सञ्चालित थिए।

वि.सं. २०४६/४७ को जनआन्दोलनपछिका सरकारहरूले सहकारीलाई निकै महत्त्व दिए। प्रजातान्त्रिक समाजवाद नेपाली काङ्ग्रेसको दर्शन थियो भने वामपन्थी दलहरू पनि अर्थतन्त्रको सामुदायीकरण गरेर समाजवादी अवधारणालाई अभ्यास गर्न चाहन्थे। तसर्थ, प्रजातान्त्रिक तथा वामपन्थी सबै सरकारहरूले सहकारीलाई उच्च प्राथमिकतामा राखे। वि.सं. २०४७ मा राधाकृष्ण मैनालीको संयोजकत्वमा सहकारी परामर्श समिति गठन गरियो। यसले दिएका सुझावहरू समेत समावेश गरेर नयाँ सहकारी ऐन, २०४८ जारी गरियो। उक्त ऐनले साविकमा सञ्चालनमा रहेका साभा संस्थालाई सहकारीमा परिणत गरेपश्चात् यसबाट सहकारी विस्तार हुने नयाँ वातावरण बन्यो।

सहकारी ऐन, २०४८ लागु भएपछि सुरु भएको सहकारी अभियान अन्तर्गत स्थापित सहकारीहरूको सङ्ख्या आर्थिक वर्ष २०८०/८१ फागुन मसान्तसम्म आइपुग्दा ३१ हजार ४ सय ५० पुगेको देखाएको छ भने यस क्षेत्रले ९४ हजार २ जनालाई प्रत्यक्ष रोजगारी दिँदै आएको छ (अर्थ मन्त्रालय, वि.सं. २०८१)

नेपाल सहकारीको भूमिका संविधानमा नै उल्लेख गर्ने पहिलो मुलुक बनेकाले विधि निर्माताले सहकारीबाट निकै फराकिलो भूमिका अपेक्षा राखेको देखिन्छ। नयाँ संविधानअनुसार तहगत सरकारको कार्यक्षेत्र विभाजन भएपछि साविकको ऐनलाई सङ्घीयताअनुरूप बनाउन सहकारी ऐन, २०७४ कार्यान्वयनमा ल्याइयो। ऐनमा सहकारीलाई व्यवस्थित बनाउन र विस्तृत बनाउन विशिष्टीकृत सहकारी खोल्नेसम्मका प्रावधान समावेश गरिएका छन्।

३.४.१ सहकारी अभियानको विस्तारको चरण

नेपालमा सहकारी विस्तारको चरण २०४८-२०७४ हो। वि.सं. २०४६ को जनआन्दोलनपछि पहिलो निर्वाचित सरकारले उदारीकरण नीतिको अवलम्बन गरेपश्चात् परिवर्तन भएका नीति तथा संरचनाले बैंक तथा वित्तीय क्षेत्रलाई जस्तै सहकारी क्षेत्रलाई पनि विस्तार हुने वातावरण बन्यो। यस समयमा विभिन्न क्षेत्रमा सङ्गठनहरू स्थापना गर्ने अभियान नै चलेको थियो।

विस्तारको चरणमा देखिने प्रमुख चार विशेषताहरू नयाँ नीति तथा रणनीतिहरू निर्माण, सङ्गठन संरचना विस्तार, प्रोत्साहन र सहूलियतको व्यवस्था, अभियन्ताहरूको सक्रियता र जनस्तरमा आशाको निर्माण सहकारी क्षेत्रमा पनि देखिए र सहकारी ऐन २०४८ जारी भएपछि साढे दुई दशकसम्म यो क्रम कायम रह्यो। प्रजातन्त्र भनेको जनताको शासन र सहकारी चाहिँ जनताको सङ्गठनको भाष्य बन्यो।

कतिपय क्षेत्रमा सहकारीले देखाएको उपलब्धि नयाँ नयाँ क्षेत्रमा पनि प्रदर्शन प्रभाव परी सङ्ख्या तथा कार्यक्षेत्र विस्तारले प्रोत्साहन पायो ।

सहकारी ऐन २०४८ आउनुअघि सहकारी विस्तार गर्न विभिन्न नीति संरचना तथा सङ्गठनहरू कार्यान्वयनमा ल्याइए । सहकारी शिक्षा तथा जनशक्ति विकास र अध्ययन अनुसन्धानका लागि वि.सं. २०१९ मा सहकारी प्रशिक्षण केन्द्र स्थापना भयो । सहकारी संस्थाहरूलाई वित्तीय टेवा दिन वि.सं. २०२० मा सहकारी विकास बैंक स्थापना गरियो (वि.सं. २०२४ मा यसलाई कृषि विकास बैंकमा समाहित गरियो) । वि.सं. २०२० सालमा गैद्विवितीय उपभोक्ता सेवाविस्तार गर्न साभा प्रकाशन, साभा भण्डार, साभा यातायात र साभा स्वास्थ्य सेवाको गठन गरियो । यी चार उपभोक्ता साभाका सेवाहरू सामाजिक तहमा ब्राण्डिङ भएका थिए (National Cooperative Federation of Nepal, [NCFN], n.d. र सहकारी क्षेत्र सुधार सुभाब कार्यदल, २०८०) ।

NCFN (n.d.) का अनुसार वि.सं. २०२७ मा सहकारी संस्थाहरूको व्यवस्थापन कृषि विकास बैंकलाई हस्तान्तरण गरियो । पञ्चायत व्यवस्थाले साभालाई आर्थिक दर्शन कार्यान्वयन गर्ने माध्यम समेत बनाएको थियो । परिणामतः मुलुकभरि ८ सय ३० साभा संस्थाहरू स्थापित भए । यी संस्थाहरू सहकारी र सरकारी व्यवस्थापनको मिश्रित चरित्रमा थिए । राजनैतिक रूपमा निर्देशित थिए, संस्थाको नेतृत्वमा राजनैतिक आग्रह राखिन्थ्यो तर यिनीहरूले दिने सेवा भने स्तरीय थिए । वि.सं. २०३३ मा साभा संस्थाको देशव्यापी रूपमा गाउँ-गाउँमा विस्तारमा जोड दिइएको साभा कार्यक्रम लागु र अनिवार्य बचत साभा संस्थाको अंशधनमा परिणत गरियो । साभालाई अभियानका रूपमा सञ्चालन गर्न वि.सं. २०४१ मा साभा संस्था ऐन तथा वि.सं. २०४३ मा नियमावली जारी भयो । साभा संस्था ऐन, २०४१ लागु भएपछि साभा अभियानलाई सरकारीकरण गर्ने कार्यको थालनी भएको थियो । सहकारी ऐन, २०४८ जारी भएपछि भने साभा संस्थालाई सहकारीमा परिणत गरियो ।

सहकारी ऐन, २०४८ जारी भएपछि उत्पादन, उपभोक्ता र बहुउद्देश्यीय सहकारीहरू तीव्र रूपमा विस्तार भए । सहकारी संस्थाहरूको प्रशासनका लागि डिभिजन सहकारी कार्यालयहरू स्थापना गरिए । कृषि सामग्री तथा उपज व्यवस्थापनमा सहकारीहरू परिचालित भए । राष्ट्रिय सहकारी संघले वि.सं. २०५४ मा अन्तर्राष्ट्रिय सहकारी महासङ्घको सदस्यता प्राप्त गरेपछि नेपालको सहकारी अभियान अन्तर्राष्ट्रिय सहकारी अनुभव र असल अभ्यासको आदानप्रदान गर्न र नेपालका सहकारीलाई विश्व सहकारी अभियानमा आबद्ध गर्न सक्षम भयो । सहकारीलाई संयोजन र नेतृत्व गर्न वि.सं. २०५७ मा कृषि मन्त्रालयलाई कृषि तथा सहकारी मन्त्रालय कायम गरियो । यही वर्ष सहकारी ऐन २०४८ को दफा २६ संशोधन गरी नेपालमा राष्ट्रिय सहकारी बैंक स्थापना गर्ने व्यवस्था भयो, फलस्वरूप २०६१ सालदेखि सहकारी बैंक सञ्चालनमा आउन सकेको छ (National Cooperative Federation of Nepal, n.d.) ।

आर्थिक वर्ष २०६१/६२ को बजेट कार्यक्रममा 'गाउँ गाउँमा सहकारी, घर घरमा रोजगारी' भन्ने अवधारणा अख्तियार गरियो । यसले सहकारीलाई सरकारले महत्त्व मात्र दिएन, सामुदायिक संस्थालाई नीति प्राथमिकता कार्यान्वयन गर्ने सहयोगी संस्थाका रूपमा समेत लिन पुग्यो । त्यसपछि सरकारले विभिन्न आर्थिक वर्षहरूमा जारी गरेका नीति कार्यक्रम कार्यान्वयनमा सहकारीहरू परिचालित भए । विपन्न क्षेत्र कर्जा, लघु उद्यम तथा युवा स्वरोजगार कार्यक्रम, गरिबी निवारण कार्यक्रम, कृषि साधन तथा उपज व्यवस्थापन र चाडवाड लक्षित सुपथ मूल्य बजारको संयन्त्र पनि सहकारी बन्थे ।

आ.व. २०६५/६६ को बजेटमार्फत प्रत्येक गाउँ विकास समितिमा एक सहकारी मार्फत आधारभूत वस्तु आपूर्ति व्यवस्थापन गर्न रु. १ लाख सरकारी अनुदान दिने महत्वाकाङ्क्षी विस्तारकारी कार्यक्रम अघि सारियो । यस्ता केही वितरणमुखी कार्यक्रमले सहकारीलाई सरकारी सहायता खोज्ने प्रवृत्तिका संस्थाका रूपमा समेत विकास गर्न पुग्यो र संस्थाहरू स्थापना हुने क्रम पनि विस्तार भयो । यसले नजानिँदो रूपमा सहकारीको स्वावलम्बन संस्कृतिमाथि आघात पाउँदा आयो । तर, संस्थाको विस्तारमा भने सघाउ पुऱ्याइ नै रह्यो ।

बहुदो सङ्ख्यामा रहेका सहकारीलाई व्यवस्थापन गर्न नेपाल सरकारले वि.सं. २०६९ जेठ ५ गते छुट्टै सहकारी तथा गरिबी निवारण मन्त्रालयको स्थापना गर्‍यो । यस कदमले सहकारीलाई गरिबी निवारणको माध्यम बनाउने उद्देश्य राखेको देखिन्छ । वि.सं. २०७४ पछि सहकारी मन्त्रालय पुनः कृषि र भूमि व्यवस्थासँग एकीकृत गरियो भने केही समयपछि पुनः विभाजन गरी भूमिव्यवस्था, सहकारी तथा गरिबी निवारण मन्त्रालयमा पुनर्संरचना गरियो । अहिले पनि सहकारीको नीति नेतृत्व यही मन्त्रालयको कार्य क्षेत्रमा छ । यसै मन्त्रालय मातहत सहकारी विभाग र सहकारी प्रशिक्षण तथा अनुसन्धान केन्द्र सहकारी नियमन तथा सहकारी शिक्षामा क्रियाशील छन् । सरकारको नीति, योजना र कार्यक्रमले सहकारीलाई अन्तरसम्बन्धित कार्यक्षेत्रमा राखेको छ ।

वि.सं. २०७२ मा नेपालको संविधान जारी भएपछि सङ्घीय भावनाअनुरूप सहकारीको कार्यक्षेत्र विभाजन गरिएको छ । संविधानको भाग ४ राज्यका निर्देशक सिद्धान्त, नीति तथा दायित्वअन्तर्गत धारा ५१ को खण्ड (घ) (१) मा 'सार्वजनिक, निजी र सहकारी क्षेत्रको सहभागिता र स्वतन्त्र विकास मार्फत राष्ट्रिय अर्थतन्त्र सुदृढ गर्ने' भन्ने प्रावधान रहेको छ । सोही खण्डको (३) मा "सहकारी क्षेत्रलाई प्रवर्धन गर्दै राष्ट्रिय विकासमा अत्यधिक परिचालन गर्ने" भन्ने व्यवस्था समेत संविधानमा रहेको छ । नेपालको संविधानको अनुसूची ५, ६ र ८ ले संघ, प्रदेश र स्थानीय सरकारको सहकारीसम्बन्धी एकल अधिकार क्षेत्र र अनुसूची ७ र ९ मा साझा अधिकारसम्बन्धी व्यवस्था गरेअनुरूप सहकारी क्षेत्रको नियमन तथा प्रवर्धन गर्न शासकीय तहहरू क्रियाशील छन् । सहकारी ऐन, २०७४ ले कार्यक्षेत्रमा आधारित र सदस्य केन्द्रित भई आफ्ना सदस्यहरूको आर्थिक, सामाजिक तथा सांस्कृतिक समृद्धि हासिल गर्नु सहकारीको उद्देश्य हो भन्ने स्थापित गरेको छ ।

अर्थ मन्त्रालय (२०८१) ले गरेको आर्थिक सर्वेक्षण २०८०/८१ अनुसार आर्थिक वर्ष २०८०/८१ मा बचत तथा ऋण परिचालन, कृषि, बहुउद्देश्यीय लगायतका प्रारम्भिक सहकारी संस्था र सहकारी संघहरू समेत सहकारीको सङ्ख्या ३१ हजार ४ सय ५० पुगेको छ। ७३ लाख ८३ हजार ५ सय २८ व्यक्तिहरू सहकारीमा आवद्ध भएका छन्। सहकारी संस्थाहरूको शेयर पुँजी रु. ९४ अर्ब १५ करोड पुगेको छ। संस्थाहरूले रु. ४ सय ७८ अर्ब बचत सङ्कलन गरी रु. ४ सय ५ अर्ब ऋण लगानी गरेका छन् भने ९४ हजार २ जनालाई प्रत्यक्ष रोजगारी दिएको छ। आर्थिक वृद्धि, उच्चमशीलता र नेतृत्व विकासमा सहकारीले फराकिलो प्रभाव पारेको छ। समावेशी विकास र समावेशी संस्कृति निर्माण गर्न पनि सहकारीले महत्त्वपूर्ण भूमिका खेलेको छ। यसर्थ, सहकारी अभियानले निरन्तरता पाएको ६७ वर्षको इतिहासमा यसले विस्तारको चरण पूरा गरेको छ। अबको आवश्यकता अर्थतन्त्रको पुनर्संरचनाका लागि गुणात्मक परिवर्तनमा यसको भूमिकाको खोजी गर्नु हो।

३.४.२ सहकारी प्रवर्धनका नीति तथा कानुनी संरचना

परम्परादेखि नै सहकारीहरूले धार्मिक र सामाजिक मान्यतामा रही आपसी सहयोगको भूमिका खेल्दै आएका थिए। वि.सं. २०१० मा सहकारीलाई आर्थिक भूमिका दिने संस्थागत संरचनाको रूपमा सहकारी विभाग स्थापना भयो। वि.सं. २०१३ मा योजनाबद्ध विकासको अभियान सुरु भएपश्चात् तत्कालीन सरकारद्वारा जारी कार्यकारी आदेश नै पहिलो कानून थियो। पहिलो पटक कानूनका रूपमा जारी सहकारी समिति ऐन, २०११ ले सहकारीका सामान्य कुराहरूलाई समेटेको थियो। नेपाल राष्ट्र बैंक ऐन, २०१२ मा कृषि सहकारीहरूलाई मात्र ऋण उपलब्ध गराइने सामान्य प्रावधान थियो तर ऐनको दोस्रो संशोधनबाट 'कृषि' शब्द भित्री सहकारी प्रवर्धनमा ध्यान दिइएको देखिन्छ। प्रथम निर्वाचित सरकारले २०१६ सालमा सहकारी संस्था ऐन, २०१६ जारी गर्‍यो जसले पहिलो पटक सहकारी व्यवस्थापनमा विस्तृत दृष्टिकोण राखेको थियो।

सहकारी ऐन, २०४८ जारी भएपछि सहकारीलाई नियमन तथा प्रवर्धनका नीति संरचनाहरू थप व्यापक पारियो। मुलुकले सङ्घीय शासन पद्धति अवलम्बन गरेपछि सङ्घीयताको भावनाअनुरूप शासकीय तहहरूको कार्यक्षेत्र समेत उल्लेख भएको संविधान र सङ्घीय सहकारी ऐन, २०७४ कार्यान्वयनमा ल्याइएको छ।

कानून तथा नीतिहरू कार्यान्वयनका लागि नेपाल सरकारले विभिन्न समयमा निर्देशिका, कार्यविधि तथा मापदण्डहरू पनि जारी गरेको छ। स्थानीय तथा प्रदेश सरकारले पनि संविधान र सङ्घीय सहकारी कानूनको अवधारणात्मक खाकामा रहेर निर्देशिका, मापदण्ड तथा कार्यविधिहरू जारी गरेका छन्। साथै, सरकारसँग समन्वय गरी राष्ट्रिय सहकारी महासंघ र विषयगत संघहरूले पनि मापदण्ड, निर्देशिका र हाते पुस्तिकाहरू जारी गरी सहकारी संस्थाहरूको विकास, नियमन र प्रवर्धनमा सहयोग गर्ने उद्देश्य राखेका छन्।

हाल सहकारीलाई व्यवस्थित गर्ने नीति तथा कानूनहरू देहायअनुरूप रहेका छन्:

- राष्ट्रिय सहकारी नीति, २०६९ (परिमार्जनको क्रममा),
- सहकारी ऐन, २०७४
- सहकारी नियमावली, २०७५
- सहकारी संघ संस्थाका लागि सम्पत्ति शुद्धीकरण निवारण निर्देशिका, २०७४
- स्थानीय सरकार सञ्चालन ऐन, २०७४,
- प्रादेशिक सहकारी ऐनहरू (प्रदेश तहमा सहकारी व्यवस्थापन),
- स्थानीय सहकारी कानूनहरू (स्थानीय तहमा सहकारी व्यवस्थापन),
- बचत ऋणको मुख्य कारोबार गर्ने सहकारी संस्थाहरूको सुपरिवेक्षण, निरीक्षण तथा अनुगमन निर्देशिका, २०७७
- सहकारी संस्थाको एकीकरण तथा विभाजन निर्देशिका, २०७७
- सहकारी संघ संस्था सञ्चालन, अनुगमन तथा लेखापरीक्षण मानदण्ड, २०७७
- सहकारीको लेखामान (चार्ट अफ एकाउण्ट), २०७७
- सहकारी अभियान भिजन, २०३०
- दिगो विकास लक्ष्य, आवधिक योजना, वार्षिक बजेटका नीतिहरू, निर्देशिकाहरू ।

३.४.३ सहकारी नियमन तथा प्रवर्धनका संरचना

सरल अर्थमा लिँदा सहकारीका मर्म, मूल्य मान्यता, सिद्धान्त, कानूनका व्यवस्था, मानक र विधिहरूको परिपालना गरिएको छ कि छैन भनेर नियमित वा आकस्मिक रूपमा गरिने निरीक्षण, अवलोकन, सुपरिवेक्षण, जाँचबुझ, अनुसन्धान, निर्देशन र प्रतिवेदन गर्ने काम नियमन हो । यसभित्र संस्थाका दर्ता, गठन, विघटन, सङ्घटन, एकीकरण, विभाजन, क्षेत्र विस्तार, कारबाही लगायतका प्रशासनिक विषयहरू समेत पर्दछन् भने प्रवर्धनभित्र सहकारी अभियानलाई प्रोत्साहन, शिक्षा, क्षमता विकास तथा कार्य सहजीकरणका कामहरू पर्दछन् ।

नियमन संस्था दर्तादेखि नै सुरु हुन्छ । संस्था दर्ता गर्दा कानूनले तोकेको आधार पूरा गरिएको छ छैन, सदस्य संरचना तथा पुँजी संरचना के-कस्तो छ, सदस्यहरूमा सहकारी शिक्षाको जानकारी छ-छैन, कार्यक्षेत्र के-कति हुने हो र संस्थाको विनियममा लेखिएका कुराहरू कानूनसम्मत प्रस्ताव गरिएका छन्-छैनन् भन्ने कुरा हेरिन्छ ।

एक पटक दर्ता भएका संस्थाहरू पुनर्गठन वा विघटन हुन सक्छन् । संस्थाको कार्यक्षेत्र विस्तार वा सङ्कुचन हुन सक्छ । संस्था एकीकरण वा विभाजन हुन सक्छ । यी कुराहरू पुनर्गठन अन्तर्गत पर्दछन् । कानून तथा कार्यविधि ले तोकेअनुरूप पुनर्गठन गर्ने काम पनि नियमन हो ।

नियमनको अर्को काम अनुगमन हो । अनुगमनलाई विस्तृत रूपमा लिँदा यो अवलोकन र विवरणको सङ्कलन मात्र होइन, निरीक्षण/सुपरिवेक्षण नै हो । संस्थाको क्रियाकलापको विस्तृत अध्ययन र संस्थालाई क्रियाकलाप सञ्चालन गर्दा पर्न गएका सामान्य बाधा अवरोधहरूको सहजीकरण गर्नु र नीति उद्देश्यको अवगत गराउनु अनुगमन हो । अनुगमन स्थलगत/गैरस्थलगत रूपमा गर्न सकिन्छ, भने यो सघन र नियमित पनि हुनसक्छ । खास अवस्थामा आकस्मिक अनुगमन पनि गर्न सकिन्छ । साथै, नियमनभित्र सुपरिवेक्षण पनि पर्दछ ।

कुनै पनि संस्थाले उसको नियामक निकायबाट दिइएका वा नीति कानूनमा भएका व्यवस्थाहरूको के-कति परिपालना गरेको छ, वित्तीय तथा कार्य मानदण्डको पालन के-कति भएको छ, सम्पत्ति शुद्धीकरण निवारणसम्बन्धी विषयको अवलम्बन भएको छ, छैन भन्ने लेखाजोखा गर्नु नियमनको अर्को पाटो हो । नियमनकै अभिन्न भागको रूपमा संस्था वा पदाधिकारीविरुद्ध सदस्यबाट भएका गुनासो, गुनासो सम्बोधनका लागि भएका प्रयासको पर्याप्तता लगायत सदस्य र पदाधिकारीको आचरणका विषय समेत समेटिन्छन् ।

माथि उपशीर्षक ३ अन्तर्गत छलफल गरिएका सहकारीका मूल्य, मान्यता तथा सिद्धान्तहरू आधारमा हेर्ने हो भने सहकारी संस्था आपसी सहकार्य, साझा बन्धन र प्रतिफलको समान विभाजनमा क्रियाशील रहन्छ, भने सदस्य केन्द्रीयता यसको मुटु हो र साझा हित यसको साध्य हो । यी कुराहरूको अभ्यास कसरी भएका छन्, अभ्यासको स्तर कस्तो छ भन्ने चित्र उतार्नु र सुधारको मार्ग प्रशस्त गर्नु पनि नियमनको काम हो । संस्थाका आर्थिक, वित्तीय तथा कार्यक्रमिक प्रतिवेदन पनि नियमनका विषयवस्तु हुन् । संस्थाले आवधिक र नियमित रूपमा सदस्य, साधारण सभा, समिति, नियामक निकाय र विशेष अवस्थामा नीति/निगरानी निकायमा प्रतिवेदन गर्नुपर्दछ । प्रतिवेदनले पारदर्शिता र वैधता बढाउँछ । प्रतिवेदनको संरचना र स्वरूप नियामक निकायले नै तोकिदिएको हुन्छ ।

नियमनले संस्थाको व्यावसायिक कारोबारको आवधिक लेखापरीक्षणले दिएको सुझाव कार्यान्वयन गराए-नगराएको, लेखा र लेखापरीक्षणको गुणस्तरको विवेचना गर्ने काम पनि गर्दछ । सहकारी लेखामान अनुसार लेखा विवरण राख्न लगाउने, विश्वासिलो र भरपर्दो प्रतिवेदन प्रणाली सुनिश्चित गराउने र लेखापरीक्षणको वैधता कायम गराउने काम पनि नियमनको हो । नियमनको अन्तिम काम वा उद्देश्य संस्थालाई नीति नियमको परिपालनको स्थिति मजबुत बनाई संस्थाको छवि सुधार्नु र व्यवसाय विस्तार र सदस्य हित कायम गर्नु हो । यस क्रममा कानुनी उपचारसम्मको कार्यक्षेत्र नियामकले लिनुपर्दछ ।

सहकारीको प्रवर्धन चाहिँ सहकारी शिक्षा, संस्कृति र अभियानलाई प्रोत्साहन गर्नु एवम् व्यवसाय सञ्चालन, विकास र विविधीकरणमा टेवा दिनु हो । नियमनले केही नकारात्मक संयन्त्र पनि प्रयोग गर्दछ, तर प्रवर्धनले प्रोत्साहन, सहजीकरण, क्षमता विकास, समन्वय र शिक्षामा जोड दिन्छ । नियामक निकायबाट निम्नानुसारका कार्यहरू मार्फत सहकारी प्रवर्धन गरिन्छ:

- सहकारी शिक्षा र सहकारी विचारको सञ्चार,
- अन्तरसम्बन्धित क्षेत्रका रूपमा सहकारीको विषय बोध,
- प्राथमिकताका क्षेत्रमा कार्य सहजकीकरण,
- प्रवर्धनकारी निकायबिच साभेदारी विकास,
- वित्तीय टेवा परिचालन र सहूलियत,
- साङ्गठनिक पुनसंरचना र पुनर्गठनमा सहयोग,
- अध्ययन, अनुसन्धान र अन्वेषण,
- अविभावकत्व र संरक्षण ।

प्रवर्धनको अभिन्न कार्यका रूपमा तालिम तथा क्षमता विकासका कामहरू पनि स्वतः समेटिन आउँछन् किनकि व्यावसायिकता विकासका लागि क्षमता विकास पूर्वसर्त हो र व्यावसायिक क्षमता विकासपछि मात्र सदस्यहरूको हित प्रवर्धन गर्न सकिन्छ । नियामक निकाय भनिए तापनि नियामकहरू प्रवर्धनका कामबाट अलग रहन सक्दैनन् । नियमन र प्रवर्धन एकै सिक्काका दुई पाटा हुन् र यी परिपूरकका रूपमा रहन्छन् ।

सङ्घीयताको सिद्धान्त र सङ्घीयता अभ्यास भएका मुलुकहरूमा नीति नियामक भूमिकामा केन्द्रीय सरकार र उपराष्ट्रिय तहका सरकारले राष्ट्रिय नीति तथा मानकअनुरूप व्यवस्थापनका भूमिकामा रहने प्रचलन छ । नेपाल पनि यसको अपवाद होइन ।

मुलुक सङ्घीय संरचनामा क्रियाशील भएपश्चात् सहकारीको दर्ता, प्रशासन, प्रवर्धन तथा नियमनका काम पनि तीनै शासकीय तहमा बाँडिएको छ । एकात्मक शासकीय ढाँचा हुँदा सहकारी विभाग मात्र एकल नियामक भएकामा अब विभाग लगायत ७ सय ५३ पालिका र ७ प्रदेशका सहकारी सम्बद्ध शाखा/एकाइ पनि नियामक निकायका रूपमा स्थापित छन् । यी सबैले सहकारी रजिष्ट्रारले साविकमा प्रयोग गर्दै आएका अधिकारहरू आ-आफ्ना कार्यक्षेत्रमा प्रयोग गर्दछन् । सो कार्यका लागि यिनीहरू कानुनी रूपमा स्वायत्त छन् र एक आपसमा सहकार्य पनि गर्न सक्दछन् । यसको विस्तृत आधार सङ्घीय कानुनले र कार्यविधि लगायतका अन्य विषयहरू तहगत सरकारले बनाएका सहकारी कानुनले दिने गर्दछ ।

संविधानले सहकारी क्षेत्रलाई उच्च महत्त्व दिई राज्यका तीनै तहको कार्य क्षेत्रमा भूमिका विनियोजन गरेको छ, भने केही कार्य क्षेत्रलाई तहविचको साभा अधिकारको सूचीमा पनि समावेश गरेको छ। कामको फैलावट, सम्बोधन गर्नुपर्ने सेवाग्राहीको अवस्थिति र क्षमताका आधारमा तहहरूको जिम्मेवारी विभाजन गरिएको छ। संविधानको अनुसूचीले संघको कार्यक्षेत्रमा सहकारी नियमन, प्रदेश र स्थानीय तहको कार्य क्षेत्रमा सहकारी संस्था र साभा कार्यसूचीमा सहकारी भनी उल्लेख गरेको छ। यसर्थ, संविधानले नै मानक, मापदण्ड र मूल्यहरू घोषणाको काम संघको हुने र संस्थाको प्रशासन मातहत सरकारको जिम्मेवारी रहन्छ, भन्ने व्यवस्था गरेको देखिन्छ। यसले संघको भूमिका अभिभावकीय हुन्छ, भन्नेतर्फ पनि सङ्केत गरेको स्पष्ट छ।

स्थानीय सरकारलाई स्थानीय तहमा कार्यक्षेत्र भएका सहकारीसम्बन्धी सबैजसो कार्यमूलक अधिकार दिइएको छ। प्रायःजसो प्रारम्भिक संस्थाहरू स्थानीय कार्याधार भएका हुन्छन्। त्यसैले, स्थानीय कार्याधार भएका सहकारी दर्ता, नियमन, प्रवर्धन र प्रशिक्षणजस्ता स्थानीयतहसम्म क्षेत्राधिकार भएका कार्यहरू स्थानीय तहमा निहित छन्। कार्य विस्तृतीकरणमा उल्लिखित क्रियाकलाप स्थानीय तह सञ्चालन ऐन, २०७४ को दफा ११ (१) (घ) गाउँपालिका तथा नगरपालिकाको काम कर्तव्य र अधिकारमा समावेश गरिएको छ। त्यस्तै, प्रदेश सरकारले एकभन्दा बढी पालिकामा कार्यक्षेत्र भएका सहकारी संस्थाहरूको नियमन तथा प्रवर्धन गर्दछन्।

संविधानको अनुसूची ९ मा सहकारीलाई संघ, प्रदेश तथा स्थानीय तहका साभा अधिकारको रूपमा उल्लेख गरिएको छ। यी अधिकारहरू प्रयोग गर्दा अनुसूची ५, ६ र ८ को व्यवस्था र सहकारीका मान्य सिद्धान्त एवम् सङ्घीय कानूनको भावनामा असर नपर्ने गरी गरिनुपर्दछ। साभा अधिकार क्षेत्रले नीति नियामक भूमिकाको सक्रियता संघको हो भन्ने देखाएको छ। अनुसूचीका अधिकार अभ्यास गर्दा संविधानको धारा २३२ (१) अनुरूप समन्वय, सहकार्य र सहअस्तित्वका आधारमा गर्नुपर्दछ। अधिकार प्रयोग गर्दा अन्यौल वा द्विविधा पर्न गएमा संघ, प्रदेश र स्थानीयतह (अन्तरसम्बन्ध र समन्वय) ऐन, २०७७ का व्यवस्थाअनुरूप सहजीकरण गर्ने संरचना र खाका छ।

कार्य प्रकृतिमा रहेको संवेदनशीलताका कारण बचत तथा ऋण कारोबार गर्ने सहकारीका सम्बन्धमा हिसाब जाँच तथा सुपरिवेक्षण विशेष मापदण्डको आधारमा गर्नु आवश्यक हुन आउँछ। सहकारी ऐन, २०७४ तथा नियमावली २०७५ अनुसार कारोबारको सीमाको आधारमा बचत तथा ऋण कारोबार गर्ने सहकारीको निरीक्षण तथा हिसाबजाँच गर्ने व्यवस्था गरिएको छ। यस व्यवस्थाको उद्देश्य सहकारी कारोबारमा सहकारीका मान्य सिद्धान्त र लेखाविधि अवलम्बन गर्न लगाउनु हो। रकम सीमाका आधारमा निरीक्षण तथा हिसाब जाँचको व्यवस्था देहाएअनुसार छ:

- रु. ५० करोडभन्दा बढीको बचत तथा ऋणको कारोबार गर्ने सहकारी संस्थाको निरीक्षण वा हिसाब जाँच गर्न गराउन नेपाल राष्ट्र बैंकले सक्नेछ।

- रु. ५ करोडभन्दा बढी बचत दायित्व भएका एक स्थानीय तहभित्र कार्यक्षेत्र भएका सहकारी संस्थाको स्थानीय तह र प्रदेश सरकारको सहकारी नियामकको संयुक्त टोलीले गर्न सक्नेछ ।
- रु. २५ करोडभन्दा बढी बचत दायित्व भएका एक स्थानीय तह वा प्रदेशभित्र कार्यक्षेत्र सीमित भएका सहकारी संस्थाको स्थानीय तह वा प्रदेश सरकारको सहकारी नियामक निकाय र विभागको संयुक्त टोलीले गर्न सक्ने छ ।
- रु. ५० करोडभन्दा बढी बचत दायित्व भएका एक स्थानीय तह वा प्रदेशभित्र कार्यक्षेत्र सीमित भएका सहकारी संस्थाको स्थानीय तह वा प्रदेश सरकारको सहकारी नियामक निकाय, विभाग र नेपाल राष्ट्र बैंकको संयुक्त टोलीले गर्न सक्नेछ ।
- रु. ५० करोडभन्दा बढी बचत दायित्व भएको कुनै पनि सहकारी संस्थाको सघन अनुगमन गर्न विभागले सक्नेछ ।

बचत तथा ऋणको मुख्य कारोबार गर्ने सहकारी संस्थाहरूको सुपरिवेक्षण, निरीक्षण तथा अनुगमन गर्न अलग्गै निर्देशिका जारी गरिएको छ । जसअनुसार वित्तीय सवलता र स्वच्छता कायम राख्न संस्थाले लिनुपर्ने अग्रसरता लगायत वित्तीय व्यवस्थापनको समग्र अनुगमन, सुपरिवेक्षण र निरीक्षण गर्ने विधि तथा क्षेत्रहरू निर्धारण गरिएका छन् ।

सङ्घीय शासन प्रणाली नेपालका लागि नौलो भएकाले यसमा नेपालको लामो अनुभव पनि छैन । त्यसैले, सङ्घीयता कार्यान्वयनका सन्दर्भमा स्थानीय तह तथा प्रदेश सरकारले कार्य गर्दा सहजीकरण होस् भन्ने उद्देश्यले साविक सहकारी तथा गरिबी निवारण मन्त्रालयबाट सहकारी संस्था दर्ता दिगदर्शन (स्थानीय तह), २०७४ जारी गरी संस्था दर्ता तथा प्रशासनलाई सजिलो बनाइएको छ । साथै, नमुना कानून र क्षमता विकासका कार्यक्रम पनि सञ्चालन गरिएका छन् । संविधान तथा सङ्घीय कानूनले संघलाई अभिभावकीय भूमिका पनि दिएकाले नियमन अग्रसरतामा संघको जिम्मेवारी धेरै छ ।

नियमन र प्रवर्धनका सन्दर्भमा सहकारी ऐन, २०७४ का प्रावधानहरू नै सारवान कानून हुन्, जसलाई बाध्यात्मक रूपमा अपनाउने दायित्व सहकारी संघसंस्थाको हुन्छ । सहकारी संघसंस्था जन्मने र हुर्कने आधार यही कानूनले दिएको छ । यो कानून विश्व सहकारी आन्दोलनले अवलम्बन गरेका सहकारीका सिद्धान्त र मूल्यबाट अनुप्राणित छ भने हाम्रै अभ्यासबाट पनि परिमार्जित र प्रभावित छ । विश्व सहकारी अभियानका मूल्य सिद्धान्तबाट निर्देशित र राष्ट्रिय कानूनबाट नियमित हुनु सहकारी संस्थाहरूको व्यावसायिक आचरण हो । प्रदेश तथा स्थानीय तहबाट तर्जुमा गरिने कानूनको आधार स्रोत पनि यही ऐन हो, किनकि सरकारका तहहरूले बनाएका कानूनहरू सङ्घीय ऐनका भावनाप्रतिकूल रहन सक्ने र यदि सङ्घीय ऐनसँग बाझिएमा बाझिएजति स्वतः शून्य हुन्छन् ।

सिद्धान्त तथा मूल्यहरू मार्गदर्शक रूपमा रहने भएकाले सारवान कानूनले नै यसको विस्तृत कार्य आचरण र अनुशासनका आधार दिने गर्दछ । सहकारी ऐन, २०७४ ले सिद्धान्त तथा मूल्यहरूको

विस्तृतीकरण गरी त्यसलाई राष्ट्रिय मूल्य दिएको छ । जस्तो कि, सहकारी संस्था केलाई भन्ने, संस्थाहरूको दर्ता कहाँ गर्ने, दर्ता गर्दा के-कस्ता आधार अपनाउने, सदस्य सङ्ख्या एवम् संरचना र कार्यक्षेत्र कस्तो हुने, संस्था सञ्चालनको मापदण्ड के हुने, विशिष्टीकृत सङ्घको गठन गर्दा कस्तो आधार लिने, सहकारी संस्थाको कार्यक्षेत्र निर्धारण, एकीकरण र विभाजनमा के-कस्ता आधार लिने, संस्थाको मुख्य कारोबार केलाई मान्ने, संस्थाले के-कस्ता क्षेत्रमा लगानी गर्न पाउने, सन्दर्भ व्याजदर निर्धारण कसरी गर्ने, संस्था समस्यामा पर्नबाट कसरी जोगाउने, समस्याग्रस्त सहकारी व्यवस्थापन कसरी गर्ने, संस्थाको वर्गीकरण कसरी गर्ने, कर्जा सूचना केन्द्र कसरी सञ्चालनमा ल्याउने, विभिन्न कोषहरू (स्थिरीकरण, प्रवर्धन, कर्जा सुरक्षण कोष, संरक्षित पुँजी फिर्ता कोष आदि) को व्यवस्थापन र परिचालन कसरी गर्ने, संस्थाका विभिन्न संरचना (साधारण सभा, सञ्चालक समिति, लेखा सुपरिवेक्षण समिति, अन्य समिति, लेखापरीक्षक, व्यवस्थापन समूह आदि) को भूमिका के हुने, संस्थामा आन्तरिक नियन्त्रण र संस्थागत सुशासन कसरी कायम गर्ने लगायतका विषयमा सहकारी ऐनले स्पष्ट उल्लेख गरेको छ । यी प्रावधान अभ्यासमा ल्याएर नै सहकारी संस्थाको नियमन प्रवर्धन गर्न सकिन्छ ।

ऐनको आशय तथा प्रावधानहरूको व्याख्या तथा कार्यविधिगत विस्तृतीकरण नियमावली, निर्देशिका, कार्य मापदण्डजस्ता कार्यकारी आदेशबाट भएका छन् । नियमित रूपमा गर्नुपर्ने काम र विशेष अवस्थामा रजिष्ट्रार र निजको अधिकार प्रयोग गर्ने नियामक पदाधिकारीले दिएका निर्देशनहरू पनि सहकारी नियमन तथा प्रवर्धनका अभिन्न भाग हुन् ।

सहकारीसम्बन्धी मान्य अभ्यास र सहकारी ऐन, २०७४ अनुसार सहकारी विभागको रजिष्ट्रार नै नियामक हो । सहकारीको प्रशासन (नियमन, प्रवर्धन र प्रशासन) तीनै तहका सरकारले गर्ने गरी कानुनी एवम् संवैधानिक व्यवस्था छ । त्यसैले, सहकारी रजिष्ट्रारको अधिकार प्रयोग गर्ने प्रदेश सरकार तथा स्थानीय तहका प्रमुखहरू पनि नियामक हुन् । संविधानतः नियमनको नीति तथा मापदण्डको भूमिकामा सङ्घीय सरकारलाई राखिएकाले सङ्घीय कानून र संविधानको सीमामा रहेर तहगत सरकारले नियमन अभ्यास गर्दछन् ।

आर्थिक वर्ष २०७९/८० को बजेट वक्तव्यमा दोस्रो तहको नियामक निकाय (second tier regulatory institution) को घोषणा गरिएको थियो । आर्थिक वर्ष २०८०/८१ को बजेट वक्तव्यमा बचत तथा ऋण कारोबार गर्ने सहकारी संस्थाहरूको नियमन तथा सुपरिवेक्षणलाई प्रभावकारी बनाउन विशिष्टीकृत नियामकीय निकाय स्थापना गरी सञ्चालनमा ल्याइने उल्लेख गरिएको छ । आर्थिक वर्ष २०८१/८२ को बजेट वक्तव्यमा पनि दोस्रो तहको नियामक निकाय गठन गर्ने उल्लेख छ । साथै, सहकारी क्षेत्र सुधार सुझाव कार्यदल प्रतिवेदन, २०८० ले पनि विशिष्टीकृत नियमन संयन्त्र गठन गर्न विस्तृत खाका प्रस्तुत गरेको छ । यी तथ्यले लामो समयदेखि माग भइरहेको सहकारी नियमनको दोस्रो तहको स्वायत्त नियमनकारी संरचनाको आवश्यकता पूरा होला कि भन्ने भएको छ । तर, अर्कोतर्फ, संरचना मात्र थप्ने तर, व्यावसायिक सक्रियता देखाउन नसक्ने हो भने सहकारी अभियानप्रति भन्नै सन्देह रहने सम्भावना

पनि उत्तिकै छ । सङ्घीय बजेटले मात्र होइन, सबैजसो प्रदेश तथा स्थानीयतहको चालु आर्थिक वर्षको नीति कार्यक्रम र बजेटमा सहकारीलाई व्यवस्थित गर्ने दृष्टिकोण अघि सारिएको छ ।

३.४.४ सहकारीका आर्थिक सामाजिक उपलब्धिका क्षेत्रहरू

अन्तर्राष्ट्रिय सहकारी दशक मनाउन राष्ट्र संघले गरेको आह्वानमा सहकारीका बहुआयामिक भूमिकालाई निम्नानुसारका क्षेत्रमा उल्लेख गरिएको थियो (मैनाली, २०७६):

- सहकारी मार्फत समावेशी विकास,
- सहकारी मार्फत महिला सशक्तीकरण,
- सहकारी मार्फत युवा स्वरोजगार,
- सहकारी मार्फत व्यावसायिक क्षमता विकास,
- सहकारी व्यावसायिक ढाँचामा गरिबी निवारण,
- बचत तथा ऋण मार्फत वित्तीय सेवा,
- सहकारी र सामूहिकताबाट सामाजिक सुरक्षा,
- सहकारीबाट कृषि क्षेत्रमा सशक्तीकरण ।

‘सबैको लागि एक र एकका लागि सबै’ को पवित्र भावनाबाट सुरु हुने सहकारीले जनजीवनका सबै क्षेत्रमा उपलब्धि दिने हैसियत राख्दछ । सामूहिक प्रयासबाट आर्थिक सामाजिक आवश्यकता पूरा गर्न सहज हुन्छ । स्वावलम्बी समाज सहकारीको अभिष्ट हो ।

नेपालमा सहकारी अभियानको सक्रियताको साढे ६ दशकको समयमा प्राप्त उपलब्धिलाई निम्न अनुसार छलफल गर्न सकिन्छ ।

वित्तीय शिक्षा, समावेशिता र पहुँच विस्तारमा सहकारीको भूमिका देखिएको छ । नेपालको अर्थतन्त्रलाई मौद्रीकृत गर्न, वित्तीय साधनमा सर्वसाधारणको पहुँच विस्तार गर्न र वित्तीय समावेशीकरणमा सहकारीले महत्वपूर्ण भूमिका खेलेको छ (Khatiwada, 2014; Dhakal, 2018; Lal, 2019) । बैंक तथा वित्तीय संस्थाहरू प्रायः सहर बजार र ठुलो पुँजीमा केन्द्रित हुँदै आएकामा वि.सं. २०४८ बाट व्यापक रूपमा विस्तार भएका सहकारी संस्थाहरूले वित्तीय शिक्षा र वित्तीय पहुँच एकसाथ बढाएका छन् ।

गरिबी निवारणमा सहकारीहरूले योगदान गर्दै आएका छन् । आर्थिक जोखिममा रहेका गरिब तथा विपन्नहरूको गरिबी निवारण गर्ने बाटाको रूपमा सहकारीहरूको सक्रियता देखिएको छ (Bhardwaj, 2012; Paudel & Acharya, 2022) । आर्थिक प्रतिफल र बजारको सीमितताका कारण निजी क्षेत्र लगानी गर्न नगएको वा नचाहेको ग्रामीण क्षेत्रमा सहकारी नै समुदायस्तरको उत्पादन सङ्गठन र रोजगारी

सिर्जनाको माध्यम बनेका छन् । यसले स्थानीय सम्भावना र ग्रामीण समुदायको सीप एवम् स-सानो पुँजीलाई उत्पादन प्रक्रियामा लगी उपयोगिता सिर्जना गरेको छ ।

सामाजिक सशक्तीकरण र नेतृत्व विकासमा सहकारीको भूमिका छ । सहकारीमा संलग्न सदस्यहरू आफ्ना विषयलाई समूह प्रक्रियामा लैजान र अन्ततः विस्तृत कार्यसूची दिन सफल छन् । करिब ७३ लाख सर्वसाधारण सहकारीमा आबद्ध भई दुई लाखभन्दा बढी सङ्ख्या व्यवस्थापन तहमा पुगेका छन् । नेपालमा सामाजिक मूल्य र संस्कृति समेतका कारण महिलाहरू नेतृत्व विकासमा पछि पर्दैआएका भनिएकामा सहकारी संस्थामा भने महिला सदस्य ५६ प्रतिशत छन् (सहकारी विभाग, २०७७) । साथै, महिला सञ्चालित सहकारी ४ हजार २ सय ७३ पुगेको छ । यसले महिला सशक्तीकरण एवम् नेतृत्व विकासमा पनि योगदान पुऱ्याएको छ । सहकारीतामा संलग्न भएका कारण समेतले पनि सामुदायिक, स्थानीय, प्रदेश र सङ्घीय तहमा महिला तथा पिछ्छिडिएको वर्ग नेतृत्वमा पुगेका हुन् (मैनाली, २०७५) । साथै, सहकारीको नेतृत्वमा रहेका कारणले पनि उनीहरूले सामाजिक र राजनीतिक सञ्जाल निर्माण गर्ने र सशक्तीकरणमा सामेल हुने गरेको देखिन्छ (Poudel & Pokharel, 2017) ।

सहकारी दिगो विकासको आधारको रूपमा स्थापित हुँदैछ । सन् २०३० सम्मका लागि विकासको अन्तर्राष्ट्रिय माग चित्रका रूपमा आएको दिगो विकास लक्ष्यमा नेपालले पनि प्रतिबद्धता जनाएर यसका १७ वटै लक्ष्यहरूमा समयसीमामा लक्ष्य सूचकसहितको कार्ययोजना बनाएको छ । सबै प्रकारको गरिबी र बहिस्करणको अन्त्य (लक्ष्य १), भोकमरी र कुपोषण अन्त्य (लक्ष्य २), सबैका लागि सहज स्वास्थ्य सेवा सुविधा (लक्ष्य ३), गुणस्तरीय शिक्षा र जीवनपर्यन्तको सीप (लक्ष्य ४), लैङ्गिक समानता र महिला तथा किशोरी सशक्तीकरण (लक्ष्य ५), सबैका लागि सुरक्षित पानी र सरसफाइ (लक्ष्य ६), उपभोग तथा उत्पादन प्रणाली सुधार (१२) लगायत सबै लक्ष्य पूरा गर्न सहकारीले समुदाय परिचालन, स्रोत परिचालन, लक्ष्यको स्थानीयकरण गरी दिगो विकासको लक्ष्य लिई योगदान दिइरहेको छ ।

सहकारीहरूले स्वरोजगार सिर्जनामा योगदान गर्दैआएका छन् । युवाहरू सहकारी मार्फत परिचालित भई स्वरोजगार बनिरहेका छन् । सहकारी संस्थाहरूले करिब ९४ हजारलाई प्रत्यक्ष रोजगारी दिई (अर्थ मन्त्रालय, २०८१) लाखौंलाई स्वरोजगार हुने अवसर जुटाएको छ । युवाहरू सुरक्षित भविष्यका लागि विदेशिने क्रम तीव्र छ । जोखिम र असुरक्षाका बाबजुद पनि वैदेशिक रोजगारीमा जान युवाहरू बाध्य छन् । यस अवस्थामा उपलब्ध आर्थिक तथा सामाजिक विप्रेषणको उपयोग गर्न र स्थानीय तवरमा नै श्रमिक कालीगढहरू सङ्गठित भई स्वरोजगारीका अवसरहरू सिर्जना गर्न केही हदसम्म भने पनि सहकारीहरू माध्यम बनेका छन् ।

त्यसैगरी, सहकारी मार्फत गाउँ-सहर अन्तरसम्बन्ध मजबुत बनाउने काम पनि गरेको छ । उदाहरणका लागि दुग्ध सहकारीलाई लिन सकिन्छ । गाउँमा उत्पादित दुध र दुग्ध पदार्थ सहकारी मार्फत सहरमा आइपुगेको छ । यसले उत्पादनको मूल्य सिक्की पनि विकास भएको छ । सहकारी बजार मार्फत गरिबी

निवारणको कार्यक्रमले राजधानीलगायत देशका ठुला सहर बजार वरिपरिका जिल्ला तथा स्थानका तरकारी तथा फलफूलको आपूर्ति व्यवस्थापन गरिरहेको छ । यस प्रकारको कार्यहरू गाउँ सहर आबद्धताका बलिया सूत्र हुने सम्भावना छ ।

स्वनिर्भर अर्थतन्त्र र समाजवाद उन्मुख अर्थव्यवस्थाको आधार निर्माणमा सहकारीले योगदान दिने आधार तय हुँदैछ । स्वनिर्भर वा स्वावलम्बनको अर्थ सबै कुरा आफैँ उत्पादन गर्ने भन्ने होइन र आफैँमा धानिन सक्ने भन्ने पनि होइन । यसको व्यावहारिक अर्थ उपलब्ध प्राकृतिक स्रोत साधनको विवेकपूर्ण उपयोग र स्थानीय सम्भावना (पुँजी, प्रविधि, श्रम र सीप) को अभ्यासमार्फत वस्तु सेवाको उत्पादन मार्फत जीवनस्तर सुधार भन्ने हो । स्वनिर्भरता आफ्नो स्रोत, साधन र सामर्थ्यप्रतिको विश्वासमा उभिएर 'बटम अप अप्रोच' मा विश्वास राख्ने आर्थिक संरचना हो । नेपालको संविधानले 'समाजवाद उन्मुख, स्वतन्त्र र समृद्ध अर्थतन्त्र निर्माण' को लक्ष्य पूरा गर्न सहकारीलाई एउटा महत्त्वपूर्ण माध्यम मानेको छ । के-कति कारण सहकारिता समाजवादको माध्यम बन्न सक्छ ? यसको उत्तर पनि नेपालको संविधानले दिएको छ कि 'साधन स्रोतको अधिकतम परिचालनद्वारा समृद्ध अर्थतन्त्रको निर्माण' र 'आर्थिक सामाजिक न्याय' मार्फत स्वावलम्बी समाजको निर्माण गरी समाजवादको जग दन्धो बनाउन सकिन्छ । संविधानले सरकारी, निजी र सहकारी क्षेत्रलाई साधन, स्रोत र सम्भावना उपयोग गर्ने माध्यमका रूपमा लिएको छ । स्वपरिचालन, स्वअनुशासन, स्वयम् उत्तरदायित्व, आपसिकता, ऐक्यबद्धता र न्यायजस्ता मूल्यवाट निर्देशित रही सहकारीले समाजवाद उन्मुख अर्थव्यवस्था निर्माणमा सहयोग गर्न सक्छ ।

३.५ सहकारीमा समस्या

नेपालमा सहकारी स्थापना र सञ्चालनको सुरुआती समयदेखि नै विभिन्न समस्याहरू देखिई ती समस्याहरूको समाधानार्थ विभिन्न समयमा समिति, आयोग र समूहहरू गठन भई तिनीहरूले कार्य गर्दैआएको सन्दर्भमा यसको विस्तारको चरणसम्म आइपुग्दा उपलब्धिहरू पनि देखिन थालेका विषय माथि छलफल गरिसकिएको छ । यस क्षेत्रले गरेको उपलब्धिका बाबजुद पनि यस क्षेत्रमा समस्याहरू कायमै रहेकामा पछिल्लो समयमा ती समस्याहरू थप जटिल तहमा पुगेको देखिन्छ । यसै सन्दर्भमा सहकारी नियमन तथा प्रवर्धन लगायत सहकारीको गिर्दो सुशासन र धेरैजसो समस्याग्रस्त र सङ्कटापन्न सहकारीहरू लगायत बचत तथा ऋण सहकारी (वित्तीय कारोबार गर्ने सहकारी) को बचत तथा ऋण कारोबारमा देखिएका समस्याहरूबारेमा यस उपशीर्षकमा छलफल रहेको छ ।

३.५.१ सहकारी समस्याको सुरुआत

पञ्चायतकालमा रहेका साभा संस्थाहरू निर्देशित कार्यहरू मात्र गर्दथे । उनीहरूमा सहकारीताको अभाव थियो । त्यस समयमा भएको कडा निगरानीका कारण साभाहरूको कारोबार वेथितिमा थिएन । पञ्चायती व्यवस्थाको अन्त्य भएको सन्दर्भमा र नयाँ राजनीतिक प्रणाली लागु भएको

सन्दर्भमा सरकारको ग्रामीण विकासको दृष्टिकोण, साभा र सहकारीहरूको स्वरूप र संरचना र ती संस्थाहरूले गर्ने कार्यहरू सम्बन्धमा सुभाब लिने उद्देश्यले^३ २०४७ कार्तिक ३० को मन्त्रिपरिषद्को निर्णयबमोजिम राधाकृष्ण मैनालीको संयोजकत्वमा राष्ट्रिय सहकारी महासंघ परामर्श समिति गठन भएको थियो। साभा कानुनलाई सहकारी ऐन, २०४८ ले विस्थापन गरेपछि सहकारी संस्थाहरू व्यापक रूपमा स्थापना हुन पुगे। यस समय सरकारको उदार नीति वातावरण तर कमजोर नियमनका कारण पनि कतिपय सहकारीहरू आफ्ना मर्म मूल्यबाट विषयान्तर हुन थाले। सशस्त्र द्वन्द्वका कारण सहकारी नियमन कमजोर बन्दै थियो, यही समयको कमजोरीबाट लाभ लिन खराब सोचबाट प्रेरित संस्थाहरू मूल्य मान्यताबाट पर हुँदै गए। सरकारले सहकारी मार्फत अनुदान उपलब्ध गराएर उपभोक्ता पसल खोल्ने र विपन्न तथा लक्षित वर्गमा कार्यक्रमहरू सञ्चालन गर्ने नीति लिएपछि केही टाठाबाठाले सहकारीलाई उपयोग गर्ने व्यवहार गरे। यस्ता संस्थाहरूमा बचत ऋण कारोबार गर्नेहरू थिए।

सहकारी ऐन, २०४८ ले विस्थापन गरेपछि सहकारीहरू व्यापक रूपमा स्थापना त भए तर थप कानुनी र संस्थागत व्यवस्थाको अभावमा सहकारीहरू अन्योलकै अवस्थामा रहेका महसुस गरी राष्ट्रिय सहकारी बैंक र बचत तथा ऋण सहकारी संस्थाको सञ्चालनका लागि आवश्यक पर्ने कानुनी तथा संस्थागत व्यवस्था सम्बन्धमा २०६१ सालमा तुलसीप्रसाद उप्रेती र सूर्यरत्न शाक्य रहने गरी एक उच्चस्तरीय समिति गठन गरेको थियो।^४ त्यसैगरी, २०६१ सालमा नै तत्कालीन कृषि मन्त्री होमनाथ दाहालको अध्यक्षतामा गठन भएको उच्चस्तरीय सहकारी क्षेत्र सुधार समितिले सहकारी क्षेत्रमा दिशाबोध नै अस्पष्ट रहेको, यस क्षेत्रको गति अति मन्द रहेको, नीतिगत अस्पष्टताहरू कायम रहेका, सहकारी विकास कोषको परिचालनमा समस्या देखिएको र केही सहकारीहरू रुग्ण अवस्थामा पुगेका भनी समस्याहरू उजागर गरेको थियो।^५ सहकारीहरूमा बढ्दो रूपमा देखिएका समस्याहरूको सम्बोधनार्थ नेपाल सरकारले २०६१ साल साउन ३ गते राष्ट्रिय योजना आयोगका सदस्य डा. युवराज खतिवडाको संयोजकत्वमा ११ सदस्यीय^६ अध्ययन समिति गठन गरी राष्ट्रिय सहकारी बैंक तथा बचत ऋण कारोबार गर्ने सहकारी संस्था सञ्चालनका लागि कानुनी स्वरूप र संस्थागत संरचना सुभाब दिने कार्य सर्त दिएको थियो। यस समितिले प्रमुख रूपमा निम्नानुसारका सुभाब दिएको थियो:

- राष्ट्रिय सहकारी बैंक, नेपाल राष्ट्र बैंकबाट स्वीकृतिप्राप्त बचत तथा ऋण सहकारी संस्थाहरूको नियमन, निरीक्षण तथा सुपरिवेक्षण गर्न दोस्रो तहको नियामक संस्था (second tier institution (STI)) गठन गर्ने,

२. हेर्नुहोस् सहकारी संस्था बचत रकम दुरुपयोगसम्बन्धी विशेष छानबिन प्रतिवेदन, २०८१ को पृष्ठ ६१ <https://na.parliament.gov.np/np/publication/1726814758>

३. हेर्नुहोस् सहकारी संस्था बचत रकम दुरुपयोगसम्बन्धी विशेष छानबिन प्रतिवेदन, २०८१ को पृष्ठ ६२ <https://na.parliament.gov.np/np/publication/1726814758>

४. हेर्नुहोस् सहकारी संस्था बचत रकम दुरुपयोगसम्बन्धी विशेष छानबिन प्रतिवेदन, २०८१ को पृष्ठ ६३

५. हेर्नुहोस् सहकारी संस्था बचत रकम दुरुपयोगसम्बन्धी विशेष छानबिन प्रतिवेदन, २०८१

- STI गठन नहुञ्जेलसम्म राष्ट्रिय सहकारी बैंक तथा नेपाल राष्ट्र बैंकको नियमन, निरीक्षण तथा सुपरिवेक्षणमा रहने व्यवस्था गर्नुपर्ने र नेपाल राष्ट्र बैंकको नियमनमा रहेपछि संस्थागत निक्षेप तथा ऋण तथा सस्तो ब्याजको वित्तीय स्रोत (अन्तर्राष्ट्रिय ऋण तथा अनुदान) समेतमा पहुँच दिन सकिने,
- STI गठन नभए वा सो कार्यमा निकै समय लाग्न सक्ने भए बचत तथा ऋण संस्थाको स्थापना, सञ्चालन, नियमन, नियन्त्रण (गलत कार्य गर्नबाट रोक्न) का लागि र राष्ट्रिय सहकारी बैंकलाई सञ्चालन गर्न र नेपाल राष्ट्र बैंकको नियमनमा राख्न सहकारी ऐन, २०४८ मा आवश्यक संशोधन गर्नुपर्ने,
- बचत तथा ऋण र अन्य सहकारी संस्थाहरूको विकासका लागि सहकारी बैंक ऐनको तर्जुमा गरी लागु गर्नुपर्ने,
- STI गठन भएपछि नेपाल राष्ट्र बैंकले इजाजत प्रदान गरेका सहकारी संस्थाहरूका लागि छुट्टै कुनै व्यवस्था गर्नु नपर्ने तर सो नभएसम्म नेपाल राष्ट्र बैंकले यथावत नियमन, निरीक्षण तथा सुपरिवेक्षण गरिरहनुपर्ने,
- बचत तथा ऋण सहकारी संस्थाले पर्स रेटिङ प्रणाली र अन्य सहकारी संस्थाहरूको हकमा पनि वित्तीय अनुपात (ratio) लागु गर्नुपर्ने,
- बचत तथा ऋण सहकारी संस्थाका सदस्यका लागि आवश्यक योग्यता र सञ्चालकहरूका लागि आचार संहिता लागु गर्ने ।

खतिवडा समितिले दिएको सुझावको आधारमा हेर्दा तत्कालीन समयमा सहकारीहरूको नियमन र निरीक्षणमा समस्या आइसकेका थिए भने दोस्रो तहको नियामक निकाय नबन्ने हो भने सहकारी सञ्चालन र अन्य नियमन लगायतका कार्यहरू राष्ट्र बैंकजस्ता स्थापित संस्थाहरूबाट गरिनुपर्ने सुझाव थिए । साथै, त्यतिबेला नै केही सहकारीहरूको वित्तीय अनुपातमा समस्या आइसकेको देखिन्छ । त्यस्तै, सहकारी संस्थाहरूका सञ्चालन योग्यता र उनीहरूले गर्नुपर्ने आचार संहिताको पालनामा पनि समस्या देखिन थालेको देखिन्छ ।^६

तुलसी उप्रेती र सूर्यरत्न शाक्य रहेको समितिले दिएका प्रमुख सुझावहरूको विश्लेषण गर्दा सहकारीमा नियमन र निरीक्षणको समस्या कायम रहेको, ठुला कारोबार गर्ने राष्ट्र बैंकबाट इजाजत प्राप्त ऋण सहकारीहरूको अन्य सहकारीसहर व्यवहार गर्दा समस्या देखिएको लगायत कर, नियमनकारी सीमा र सहकारी संस्थाको निक्षेप तथा कर्जा सीमा नतोक्नाले समस्या भएको देखिन्छ ।

६. हेर्नुहोस् सहकारी संस्था बचत रकम दुरुपयोगसम्बन्धी विशेष छानबिन प्रतिवेदन, २०८१ को पृष्ठ ६३ <https://na.parliament.gov.np/np/publication/1726814758>

दुवै सुभाब समितिको प्रतिवेदन सरकारले स्वीकारे तापनि सोअनुरूपको संयन्त्र र सञ्चालन विधि कार्यान्वयन भएनन् ।

वि.सं. २०६९ मा अर्थ मन्त्रालयका सहसचिव बैकुण्ठ अर्यालको संयोजकत्वमा बचत तथा ऋण कारोबार गर्ने सहकारी नियमन गर्न सुभाब दिने जिम्मेवारीसहित अर्को समिति गठन गरिएको थियो । यसले नियन्त्रणमूलक र कार्यविधिगत आयाममा रहेर सुभाब दिएको थियो । समितिले यी विषयमा सुभाब दिएको थियो:

- सहरी क्षेत्रमा बचत तथा ऋण सहकारी दर्ता तत्कालका लागि बन्द गर्ने,
- बचत तथा ऋण सहकारी संस्थाको विवरण अद्यावधिक गर्ने,
- सहकारी संस्थाको क्षमता अभिवृद्धि गर्ने,
- ठुला सहकारीहरूको तत्काल अनुगमन तथा निरीक्षण गर्ने,
- सहकारी संस्थाहरूको तत्काल छड्के अनुगमन गर्ने,
- सहकारी विभागको क्षमता विस्तार गर्ने,
- सहकारी संस्थाहरूको लेखापरीक्षण गर्ने,
- बचत तथा ऋणको व्याजदर निश्चित गर्ने,
- बचत सीमा निर्धारण गर्ने,
- प्रारम्भिक सहकारीले प्रारम्भिक सहकारीमा बचत गर्ने काम तुरुन्तै नियन्त्रण गर्ने ।

सहकारी संस्थाहरूमा देखिएका समस्याहरूको पहिचान गर्ने, सुधारका उपायहरूको बारेमा सुभाब पेस गर्ने र आगामी दिनमा त्यस्ता समस्याको न्यूनीकरणको लागि अवलम्बन गरिनुपर्ने विषयहरूको सम्बन्धमा सुभाब पेस गर्ने कार्यक्षेत्र दिई नेपाल सरकारले वि.सं. २०६९ मा नेपाल राष्ट्र बैंकका डेपुटी गभर्नर महाप्रसाद अधिकारीको संयोजकत्वमा समस्याग्रस्त सहकारी बचत तथा ऋण कारोबार गर्ने सहकारी संस्थाको छानबिन समिति गठन गर्‍यो । यस समितिले पनि नियमन, निरीक्षण र स्वनियमनसम्बन्धी संयन्त्र पर्याप्त नभएको, सहकारीहरूको संस्थागत सुशासन कमजोर रहेको, सीमा नतोकिएकाले सहकारीहरूले असीमित बचत परिचालन गर्ने गरेका, सञ्चालकहरूले मापदण्ड विपरीत र स्वार्थ बाझिने गरी वित्तीय स्रोतको उपयोग गरेको, सहकारी सहरमुखी भएकाले उत्पादनमुखी भन्दा पनि व्यापारमुखी भएको लगायत सहकारीहरूले सम्पत्ति शुद्धिकरणसम्बन्धी विवरण पेस गर्ने नगरेको जस्ता समस्याहरू प्रस्तुत गरेको थियो ।^७ यसले संस्थाहरूको निगरानी, आचरण तथा कार्यविधि परिपालन, ठुला सहकारीको विशेष लेखापरीक्षण गर्ने सिफारिस गरेको थियो । यसको पनि समयमा कार्यान्वयन भएन । संस्थाहरू समस्यामा पर्ने क्रम थप बढ्न थाल्यो ।

७. हेर्नुहोस् सहकारी संस्था बचत रकम दुरुपयोगसम्बन्धी विशेष छानबिन प्रतिवेदन, २०८१ को पृष्ठ ६६ <https://na.parliament.gov.np/np/publication/1726814758>

सहकारीको विस्तारसँगै राजनैतिक दलहरू ठुलो सङ्ख्यामा रहेका सहकारी सदस्यहरूलाई आफ्नो भोट बैंकका रूपमा उपयोग गर्ने विभिन्न तरिकाहरू अवलम्बन गर्दै एकातर्फ सहकारीलाई सहयोग गर्ने र अर्कोतर्फ सहकारी संस्था र संघमा दलीय कार्यकर्तालाई नेतृत्वमा ल्याउने रणनीति लिन पुगे । मुलुक संविधान निर्माणको क्रममा रहेकाले राज्य संयन्त्र नरम थियो । यी सबै परिस्थितिको फाइदा उठाएर केही राजनैतिक दलका कार्यकर्ता सहकारीको नाममा व्यक्तिगत कम्पनीको व्यवसाय गर्न सुरु गर्न थाले । परिणामतः सहर बजारका र नीति प्रभावमा पार्न सक्ने व्यक्तिका नेतृत्वमा रहेका सहकारीहरूमा विकृतिहरू बढ्दै गयो ।

सहकारीका सदस्यहरू पीडित भएको गुनासो बढ्दै गएपछि बचत ऋण कारोबार गर्ने समस्याग्रस्त सहकारीहरूको छानबिन गर्न पूर्वन्यायाधिश गौरीबहादुर कार्कीको संयोजकत्वमा वि.सं. २०७० मा जाँचबुझ आयोग गठन भयो । यस समयमा १ सय ३० वटा सहकारी समस्याग्रस्त भइसकेका थिए । सहकारीका हजारौं सदस्य आफ्नै संस्थाबाट पीडित भएको उजुरीलाई समेत आयोगले जानकारीमा लिएर छानबिन गरेको थियो । यस समितिका सुझावहरू कानुनी व्यवस्था गरी गलत गर्नेलाई दण्ड सजाय गर्ने पक्षमा केन्द्रित थिए । किनकि, यस समयमा केही खास समस्याग्रस्त सहकारीहरूको क्रियाकलापलाई आधार मानेर सदस्यहरूबाट धेरै उजुरी पर्न आएका थिए ।

सहकारी ऐन २०७४ जारी भएपछि गौरीबहादुर कार्कीको जाँचबुझ आयोगका सुझावहरू कार्यान्वयनमा आउन थालेको थियो । सहकारीका प्रभावशाली नेताहरू सहकारी ऐनका केही प्रावधानलाई नमान्ने, ऐन बढी नियमनकारी भएको, प्रवर्धनकारी नभएको भन्दै ऐन कार्यान्वयनलाई बाधा पारिरहेका थिए । यही समय सहकारी नियमनको कार्यक्षेत्र तीन तहका सरकारमा विभाजित हुन पुग्यो । नियामक संरचनामा संस्थागत सम्झना र व्यावसायिक सदाचारिताको स्थिति कमजोर हुन पुग्यो । त्यसबेला स्थानीय तथा प्रदेश सरकारमा प्रणाली बनिस्केको थिएन । सहकारीको नेतृत्वमा रहेका केही व्यक्तिहरू देशको महत्त्वपूर्ण राजनीतिक स्थानमा निर्वाचित/मनोनित भए र सहकारीको नियमनलाई प्रभावित समेत गरे जसले गर्दा कानुनका प्रावधान र सहकारीका मूल्य, सिद्धान्त कार्यान्वयनमा आउन सकेनन् ।

सहकारीलाई सङ्घीय संरचनाअनुरूप व्यवस्थापन गर्न तहगत सरकारमा हस्तान्तरण गरिएपछि साविकका सहकारी डिभिजन कार्यालयहरू खारेज भए । डिभिजन कार्यालयले सहकारीको निरीक्षण गर्ने, लेखा विवरणहरू विश्लेषण गर्ने र उपयुक्त निर्देशन दिने कार्य गर्दथे । संविधान जारी भएपछि यो कार्य तहगत नियामक निकायमा हस्तान्तरण भयो । तर, स्थानीय तथा प्रदेश सरकारमा सहकारी शाखा/डेस्क स्थापना र सूचना व्यवस्थापन लगायतका कामले प्राथमिकता पाएनन् । सङ्घीय नियामक निकाय सहकारी विभागले अभिभावकीय भूमिका निर्वाह गर्न सकेन ।

यस समयमा आइपुग्दा सहर बजारका सहकारीहरूको अनौठो कारोबार चक्र सिर्जना भएको देखिन्छ । सहकारीका नाममा संस्था दर्ता गर्ने, संस्थामा पारिवारिक वा स्वार्थ समूहको वर्चस्व कायम गर्ने, सञ्चालक नै कार्यकारी व्यवस्थापक बन्ने वा आफ्नो मानिसलाई व्यवस्थापक बनाउने, सङ्कलित

निक्षेप व्यक्तिगत रूपमा जग्गा तथा अन्य सम्पत्ति खरिद गर्ने, आफन्तलाई ऋण दिने, संस्थाको रकम अन्य कम्पनीमा लगानी गर्ने वा अर्को कम्पनी खडा गर्ने, कम्पनीको सम्पत्ति धितो राखेर ठुलो कर्जा लिने, विदेशमा समेत शाखा खोली अवैधानिक कारोबार गर्ने र नेपालबाट रकम बाहिर्याउने र समस्याग्रस्त भएपछि संस्थाहरूको नाममा हस्तान्तरण गर्ने वा आफैं भागने कार्यहरू भए । यी सबै प्रक्रिया अपारदर्शी रूपमा हुने गरेको देखिन्छ । साथै, यस प्रक्रियामा लेखापरीक्षक, लेखा सुपरिवेक्षण समिति र नियामकहरूको पनि प्रशस्त कमजोरी भेटिन्छ । एक प्रकारले यो समस्या-चक्र साङ्गठनिक अपराधको रूपमा समेत विकसित भएको देखिन्छ । नीति प्रभावी व्यक्तिहरूका कारण सरकारले समय-समयमा गठन गरेका समिति र आयोगका प्रतिवेदन र उजुरीहरू पनि कार्यान्वयनमा आएनन् । गलत क्रियाकलापमा गर्ने सञ्चालकहरू सहकारी अभियान र राजनैतिक तवरबाट संरक्षित हुनुपुगे ।

उल्लिखित अवस्थाले आर्थिक विकासको तेस्रो स्तम्भका रूपमा रहेको सहकारीमा गैरसहकारी अभ्यास, सञ्चालकको मनोमानी, गैरकानुनी सहकारी सञ्चालनमा सरकारी अनदेखा, सहकारी क्षेत्रलाई राजनीतिक र यस क्षेत्रलाई सङ्गठित आवरणमा छिटो धनी हुने माध्यमको रूपमा सञ्चालकहरूले लिएकाले समस्या भाँगीदै गई नेपाली समाजमा नकारात्मक असरहरू देखिन थाले । सहकारीमा व्यक्तिगत, संस्थागत र बाह्य सुशासनको अभाव देखिएकाले संस्थाहरूले आफ्नो प्रमुख र एक मात्र काम सदस्य हित (member value) सिर्जना हुन सकेन बरु सहकारीका मर्म, मूल्य र मान्यताहरूमा निरन्तर खलन हुँदैआएको छ ।

३.५.२ सहकारी समस्याका कारण

सहकारी अभियान अहिले इतिहासकै गम्भीर मोडमा आइपुगेको छ । नहुनेलाई हुने बनाउने पवित्र सामाजिक भावनालाई प्रोत्साहन गर्न संविधानमा नै यसको भूमिका उल्लेख गरिएको अवस्थामा सहकारी अभियान समस्याग्रस्त हुनुमा धेरै कारणहरू छन् । प्रमुख कारणहरू तलका बुँदाहरूमा उल्लेख छन्:

(क) कमजोर स्वनियमन

सहकारी मूलतः स्वनियमन हुने संस्था हो । स्वयम् व्यवस्थापन, स्वयम् निर्णय र स्वयम् नियमन सहकारी व्यवसायका आधारभूत चरित्र हुन् । स्वनियमन आफैंले निर्धारण गरेको नीति सङ्कल्पमा अनुशासित, प्रतिबद्ध रहने, आफ्ना आदर्शप्रति समर्पित हुने कार्य व्यवहार हो । सदस्यहरू आफ्ना हितका लागि आफैं परिचालित हुने भएकाले आफ्नो संस्था र आफ्ना गतिविधिमा आफैं क्रियाशील हुनुपर्दछ । तर, सदस्यहरूमा संस्थाले गरेका क्रियाकलापमा चाख राख्ने, सुपरिवेक्षण गर्ने, सुभाब दिने कामहरूभन्दा वार्षिक रूपमा लाभांश मात्र खोज्ने प्रवृत्ति विकास भयो । साथै, सञ्चालकहरूबाट पनि सदस्यहरूलाई संस्थाका गतिविधिका विषयमा जानकारी दिने, पारदर्शी हुने, सुभाब शिकायतहरू लिने सुनुवाइमा रहने प्रवृत्ति भएन । परिणामतः आधारभूत मान्यताबाट सहकारीहरू विषयान्तर हुन गई एकपछि अर्को संस्था समस्याग्रस्त हुन पुगेका छन् ।

(ख) कमजोर नियमन

सहकारी स्वनियमनमा रहने संस्था भए तापनि स्वयनियमन कमजोर भएपछि बाह्य नियमनको आवश्यकता आउँछ, भलैकि यी प्रतिक्रियामूलक हुन्छन् । सहकारी नियमनको काम सहकारी रजिष्ट्रारको हो तर संविधान जारी भई मुलुक सङ्घीयकरणमा गएपछि नियमनको कार्य क्षेत्र तहगत सरकारमा विभाजित छ । संविधानको अनुसूची ५ (संघको अधिकार क्षेत्र) मा सङ्घीय सरकारलाई चाहिँ आफ्नो कार्य क्षेत्रका सहकारीको नियमनका अलावा समस्त सहकारी क्षेत्रको नियमन मापदण्ड निर्धारणको अधिकार पनि दिएको छ । साथै, अनुसूची ९ (तीनै तहको साभा अधिकार) मा सहकारी मात्र उल्लेख गरी नियामकीय सहकार्यको कार्यक्षेत्र उल्लेख गरेको छ । तर, प्रभावकारी नियमन हुन नसक्दा सहकारीहरू विकृति र विसङ्गतिदर्त गइरहेका छन् । साथै, मूल्य सिद्धान्तमा क्रियाशील सहकारीहरू पनि अभिभावकविहीन हुँदै गएका छन् । खासगरी निम्नानुसारका कारणहरूबाट नियामकीय कमजोरी देखिएको छ :

- सहकारी विभाग, प्रदेश सरकार र स्थानीय सहकारी डेस्कमा कमजोर क्षमता,
- स्वनियमन हुन्छ, स्वयम् नियमित हुन्छन् भन्ने अवधारणाको बोलवाला,
- सूचना तथा जानकारीको अभाव,
- सहयोग समन्वयको अभाव,
- संस्थात्मक सम्भना र जानकारीको अभाव,
- व्यावसायिक सदाचारिताको अभाव,
- नियामकमा विषयविज्ञताको अभाव, जस्तो कि कतिपय संघ तथा संस्थाहरूको वासलातले एउटा तथ्य देखाएको छ तर घोषणा अर्कै गरिएको छ, नाफा नभएको अवस्थामा पनि लाभांश वितरण गरिएको छ, लेखा विवरण र लेखापरीक्षण प्रतिवेदनहरू मान्य सिद्धान्त र विधि अनुसार छैनन् । तर, नियामकहरूले यसको विश्लेषण, तथ्य उजागर गर्ने सामर्थ्य देखाएनन् ।
- नियामकीय संरचनामा राजनैतिक प्रभाव रहन गयो,
- कानूनको अपर्याप्तता (हिनामिना गर्ने सञ्चालक, व्यवस्थापकको सम्पत्ति सरकारी बाँकीसरह असुल गर्ने अर्धन्यायिक अधिकारको अभाव) ।

(ग) सदस्य केन्द्रीयताको अभाव

सदस्यहरूको सशक्तीकरण, सामाजिक पुँजी निर्माण र स्रोत संरक्षण गर्ने अभिष्टबाट सहकारी संस्थाहरू स्थापित भएका हुन्छन् । सहकारी व्यवसायको वरिपरि सदस्यहरू नै हुन्छन्, सदस्यहरूको साभा बन्धन र संकल्पबाट सहकारी चल्दछ, सदस्यको हित र पसिना यसको केन्द्रमा रहेको हुन्छ भने व्यवस्थापनमा सदस्यहरूको स्वामित्व रहन्छ । सदस्यहरूको साभा बन्धन (common bonding) नै

सहकारीको एकमात्र शक्ति र आदर्श हो । सहकारीको लगानी, उत्पादन र यसबाट सिर्जना हुने रोजगारी सबैमा सदस्यलाई नै केन्द्रविन्दुमा राखिन्छ । सहकारीका सिद्धान्त तथा सहकारी विभागबाट जारी निर्देशिकाले पनि सदस्य केन्द्रीयता विधि सूचकहरू स्थापना गरेको छ ।

तर, टाठाबाठा सञ्चालकहरूले सदस्य केन्द्रीयतालाई देखाउने विषय मात्र बनाई स्वार्थ लक्षित कार्यहरू गर्दै गएका छन् । यस अवस्थामा सदस्य र सञ्चालकविचको साभा बन्धन टुटेको छ र सहकारी व्यवसाय सहकारीका नाममा गैरसहकारी कार्य गर्ने अवैधानिक नाफा व्यवसाय बन्न पुगी सतहमा विकृतिहरू देखिएका हुन् ।

(घ) घोषित नीति तथा प्रतिवेदन कार्यान्वयन नहुनु

वित्तीय कारोबार गर्ने सहकारीहरूलाई व्यवस्थित गर्न समय-समयममा कार्यदल, सुभाव समितिहरू गठन हुनुले पनि वित्तीय सहकारीहरू समस्यामा जाँदैछन् भन्ने महसुस सरकारले गरेको देखिन्छ । साथै, भ्रण्डै दुई दशकअघि देखि दोस्रो तहको नियामकीय संयन्त्र (second tier regulatory institute) बनाउने विषयमा सरकारको ध्यान गएको देखिन्छ । तर, ती सुभाव तथा नीतिहरू खासगरी राजनीतिक तदारुकताको अभावमा र प्रशासकीय उदासीनता समेतले कार्यान्वयनमा आएनन् । प्रत्येक आर्थिक वर्ष सहकारी नियमन तथा प्रवर्धन गर्न बजेट माफत घोषणा गरिएका नीतिहरू कार्यान्वयनमा आएनन्, सहकारी संस्थालाई व्यवस्थित गर्न स्वयम् संस्थाहरूले जारी गर्नुपर्ने आन्तरिक कार्यविधि तथा आचरणविधि कार्यान्वयनमा आएनन् र सङ्घीय सहकारी ऐन तथा नियमावलीमा रहेका प्रावधानहरू सरकार तथा अभियान दुवैतर्फबाट कार्यान्वयनमा आएनन् ।

त्यसैगरी, सहकारी संस्थाहरूमा प्रभुत्वशाली व्यक्तिको नेतृत्व/वर्चस्व रहेका कारण नीति तथा विधिको प्रावधानहरू कार्यान्वयनमा आएनन् । विधिभन्दा व्यक्तिको वर्चस्व कायम भयो, अधिकांश कार्यदल तथा सुभाव समितिहरूले विषयवस्तुको गहिराइमा नपुगी सतही दृष्टिकोण साथ सुभावहरू दिइएको पनि देखियो भने नीति, कानुन तथा प्रतिवेदनमा नीति लाभ हडप्ने रणनीति पनि लिइएको छ । जस्तो कि, सहकारी पीडित सदस्यहरूको समस्या समाधान गर्न गठित कार्यदलमा पीडक भनिएका सञ्चालकहरू नै समावेश भए, जसका कारण समस्याको अन्त्यमा पुग्न कार्यदल सक्षम भएन । प्रतिवेदनमा समावेश भएका कुराहरूमा सदस्यको समस्या समाधान गर्नेभन्दा सञ्चालकहरूले आफूलाई सुरक्षित बनाउने सुभाव प्रस्तुत गर्न सक्षम भए ।

घोषित नीति तथा प्रतिवेदन कार्यान्वयन नहुने क्रमले गलत गर्ने सोच भएका सञ्चालक/व्यवस्थापकहरूमा गलत गर्न निरन्तर दुरुत्साहन मिल्दै गयो, राम्रो काम गर्ने सहकारीमा पनि नैराश्यको स्थिति आयो । सहकारी पीडित सदस्यहरूबाट भएको पटक-पटकको आन्दोलनमा सरकारका तर्फबाट भएका सहमति कार्यान्वयनमा आएनन् । यसले गलत सोचबाट सञ्चालित सहकारीका सञ्चालकहरूको मनोबल झनै बढ्यो । परिणामतः संस्थाहरू समस्यामा परे ।

(ड) सहकारी संघहरूको निगरानी र प्रशिक्षणमा कमजोरी

सहकारी ऐन, २०७४ मा प्रारम्भिक सहकारी जसरी नै सहकारी व्यवसाय सञ्चालन, सहकारी शिक्षा र सरकारसँग सहकार्य गर्न सहकारी संघहरू गठन गर्न सकिने प्रावधान छ । कानूनअनुसार जिल्ला विषयगत सहकारी संघ (दफा ४), जिल्ला सहकारी संघ (दफा ५), प्रदेश विषयगत संघ (दफा ६), प्रदेश सहकारी संघ - दफा ७), केन्द्रीय विषयगत सहकारी संघ (दफा ८), विशिष्टीकृत सहकारी संघ (दफा ९) र राष्ट्रिय सहकारी महासंघ (दफा १०) गठन हुने प्रावधानअनुरूप संघहरू गठन भएका छन् । सहकारी संघहरूको गठनपछिको उद्देश्य सहकारी मूल्य, सिद्धान्तको अभ्यासका लागि सहकार्य गरी सहकारी क्षेत्रको सुशासन र प्रवर्धनमा सहयोग गर्नु हो । तर, यी संघहरूका यी कमजोरी रहेका छन्:

- सदस्य संस्थाहरूमा सहकारी शिक्षा दिन सकेनन्,
- क्षमता विकास र सहजीकरणको कार्यमा पछि परे,
- अध्ययन अन्वेषणका कार्यहरू गरेनन्,
- सहकारी समन्वय सञ्जाललाई सक्रिय बनाउन सकेनन्,
- गलत गर्ने सञ्चालकहरूको ढाकछोपमा प्रवृत्त रहे,
- कतिपय सहकारी संघहरूभित्र वित्तीय अनुशासन र संस्थागत सुशासन देखिएन ।

सहकारी संघहरूको सक्रियता र जवाफदेहिताको स्तर कमजोर रहेका कारण संस्था र सरकारबिचको सम्बन्ध सेतु निर्माण भएन भने गलत गर्ने सहकारीलाई कारवाहीको दायरामा ल्याउन पनि सकििएन । सहकारी संघहरू राजनैतिक दलबाट परिचालित भए । लेखाका मान्य अभ्यास र कानूनविपरीत लेखा राख्ने र प्रतिवेदन प्रस्तुत गर्ने कार्य नियन्त्रण हुन सकेन । परिणामतः सहकारी सञ्चालकहरूमा विधिनिर्दिष्ट नबन्दा के हुन्छ र भन्ने भावनाको विकास भयो ।

(च) कानुनी व्यवस्थाको उल्लङ्घन

सहकारी ऐन, २०७४ सहकारीसम्बन्धी सारवान कानून हो । प्रदेश तथा स्थानीय तहबाट प्रशासित हुने सहकारीका लागि पनि मार्गदर्शक आधार यसैले दिएको छ । ऐनले सहकारीका सिद्धान्त, संस्था/संघ गठन, सङ्घटन, कार्यक्षेत्र निर्धारण, मुख्य कारोबारको परिभाषा, कारोबारको क्षेत्र निर्धारण, एकीकरण, विभाजन, सन्दर्भ व्याजदर निर्धारण, समस्याग्रस्त सहकारी व्यवस्थापन, विभिन्न कोषहरूको व्यवस्था, कर्जा सूचना केन्द्र, ऋण असुली न्यायाधिकरण, बचत तथा कर्जा सुरक्षण कोष, दोहोरो सदस्यता लिन नपाउने व्यवस्था, सञ्चालक र कर्मचारी एकै व्यक्ति हुन नपाउने व्यवस्था, विशिष्टीकृत सहकारी संघको व्यवस्था, सहकारी संघहरूको गठन तथा कार्य, लेखा सुपरिवेक्षण समिति, बचत तथा ऋणको मानदण्ड घोषणा, हिसाव जाँच तथा सुपरिवेक्षणको व्यवस्था लगायत सहकारी सुशासन, व्यवस्थापन र नियमनका व्यवस्था रहने प्रावधान राखेको छ । तर, कानूनमा

भएका धेरै प्रावधानहरू सहकारी अभियानबाट परिपालना भएको छैन। एकै व्यक्ति एकभन्दा बढी सहकारीको सदस्य बन्ने, सञ्चालकहरू स्वार्थ भएका विषयमा निर्णयमा संलग्न हुने, सञ्चालक नै कार्यकारी सञ्चालक बन्ने, परिवारका सदस्य र आफन्तहरूलाई लेखा सुपरिवेक्षण समिति लगायत अन्य समितिमा राख्ने कार्यहरू भए। त्यसैगरी, कानुनले लगानी गर्न नहुने भनेको क्षेत्रमा लगानी गर्ने, सञ्चालकहरूले नै ऋण लिने, सहकारीका रकम व्यक्तिगत कार्यमा उपयोग गर्ने, सहकारीले कम्पनीमा लगानी गरी रकम संस्थाबाट बाहिर्याउने, ठुलो कारोबार र अवास्तविक कारोबार गर्ने लगायतका कानूनबाहिरका कार्यक्षेत्रमा कारोबार गर्ने काम भए र तिनले निरन्तरता पाए। साथै, सहकारी ऐन २०७४ ले स्थापना गर्ने भनेको कर्जा सूचना केन्द्र, राजस्व न्यायाधिकरण र कर्जा तथा बचत संरक्षण कोष समयमै स्थापना नगरेर सरकारले पनि कानुनको उल्लङ्घन गरेको छ। यी परिस्थितिका कारण सहकारीहरू सङ्कट र जोखिममा पर्दैआएका छन्।

(छ) तरलताको अभाव

सहकारी संस्थामा उपयोग हुने पुँजी सदस्यको पसिना हो। आवश्यक खाँचो टार्नका लागि सदस्यहरूबाट निक्षेप गरिएको रकम समयमा कर्जा तथा फिर्ता नपाउने स्थिति सिर्जना हुनुले पनि सहकारीहरू समस्यामा पर्दै गएका हुन्। यसप्रकारको तरलताको अभाव हुनुमा निम्नानुसारका कारणहरू देखिएका छन्:

- विपद् तथा महामारीका कारण बचत फिर्ताको मागवृद्धि,
- बैंक तथा वित्तीय संस्थाको नीति व्यवहारका कारण चाप,
- जोखिम ग्रस्त ऋण, ऋण असुलीको समस्या,
- वित्त नीतिबाट बाहिरिएको सहकारी क्षेत्र।

(ज) कर्जा व्यवस्थापनमा अव्यावसायिकता

सहकारीहरू जनताका बैंक पनि हुन्। जनताका बैंक भएकाले सदस्यहरूलाई न्यून ब्याजदरमा विनाजोखिम वित्तीय सेवा पुऱ्याउनु वित्तीय सहकारीको उद्देश्य हुन्छ। साथै, आफ्ना सदस्यहरूलाई स्वच्छ वित्तीय सेवाका लागि कोषको सिर्जना र स्वच्छ कर्जा फिर्ता प्रक्रिया व्यवस्था गर्नु पनि सहकारीको काम हो। यसर्थ, सहकारीहरू विवेकशील वित्तीय सेवाको प्रदायक हुन्। वित्तीय सेवामार्फत सदस्यहरूबिच विषमता घटाई समृद्धि र स्वालम्बन निर्माण गर्नु पनि सहकारीको काम हो। यस कार्यले उच्च व्यावसायिकता र वित्तीय निष्ठाको माग गर्दछ। तर, निम्न कारणले सहकारीको कर्जा व्यवस्थापन जोखिमग्रस्त बनेको छ।

- संस्थाको नगद प्रवाहको ख्याल नगर्नु,
- ऋण दिनुअघि ऋणीको सूचना सङ्कलन नगर्नु,
- ऋणको पूर्वविश्लेषण नगर्नु,

- ऋण वितरणबारे अध्ययन नगर्नु,
- शेयर धितोमा ऋण दिनु,
- सदस्य समूहमा ऋण दिनु,
- अपर्याप्त धितोमा ऋण दिनु,
- भाखा नाघेको ऋण बढ्दै जानु,
- ऋण जोखिम कोषको अपर्याप्तता,
- असुली सूचनाको नियमित प्रवाह नहुनु,
- ऋण पोर्टफोलियोको स्वस्थ अनुगमन नहुनु ।

(भ) बचतको सीमा नतोकिनु

सहकारीहरू स-साना पुँजीमार्फत उन्नयन गर्दै ठुलो व्यवसायमा पुग्छन् भने ठुला बचतकर्ताहरू बैंक तथा कम्पनीमा लगानी गर्न रुचाउँछन् । त्यसैले, सहकारी संस्थामा सदस्यहरूले बचत गर्ने सीमा तोक्ने गरिन्छ । तर, नेपालमा जति पनि रकम सहकारीमा बचत गर्न सकिने प्रावधान छ । स्रोत निगरानीमा कमी तथा वित्तीय व्यवस्थापनका पक्षहरू समेत कमजोर रहेकाले अस्वस्थ वित्तीय कारोबारले बढावा पाई संस्थाहरू समस्यामा पर्न थाले । नीति प्रभावी तर अस्वस्थ कारोबार गर्ने व्यक्तिहरू नै सहकारीका सञ्चालक भएपछि नियमन मात्र कमजोर भएन, नीति नै आफू अनुकूल पनि बन्न पुगे ।

(ज) संस्था एकीकरण कार्यान्वयनमा नआउनु

सहकारीहरू उच्च नियमनमा रहनुपर्ने संस्था हुन् । विस्तारको चरणमा दिइएको प्रोत्साहनका कारण पनि यसको सङ्ख्यामा व्यापक विस्तार भएको छ । यसले नियामकको नियमन क्षमतालाई साँघुर्याएको छ भने अर्कोतर्फ नियमन कमजोरीको फाइदा उठाई गलत सोचबाट काम गर्ने सहकारीहरू थपिने क्रम पनि बढेको देखिन्छ । कार्यक्षेत्र, जनसङ्ख्या र कारोबारका आधारमा पनि सहकारीलाई निश्चित आकारमा ल्याउनु आवश्यक भएको छ ।

सहकारी दिवस मनाउने क्रममा वि.सं. २०७५ मा मौजुदा सङ्ख्यालाई एक तिहाइमा झार्ने घोषणा सरकार तथा अभियानका तर्फबाट भएको थियो । सहकारी ऐनको दफा ८७ मा विषय र कार्य क्षेत्र मिल्ने सहकारीहरू आपसमा एकीकरण हुनसक्ने व्यवस्था गरिएको छ । राष्ट्रिय सहकारी महासंघबाट जारी भिजन ३० मा पनि सहकारी सङ्ख्यालाई १० हजारमा सीमित गर्ने उल्लेख छ । अहिले सदस्यको विश्वास जित्नु, व्यवस्थापन लागत घटाउनु, संस्थाको छवि सुधार गर्न, कारोबार सुरक्षित गर्न र व्यवसायको विस्तार र विविधीकरण एवम् व्यावसायिक सुशासनका लागि पनि एकीकरणको आवश्यकता छ । परिवेशले स्वेच्छक मात्र होइन, बाध्यात्मक एकीकरणको माग गरेको छ । तर, अभियानका तर्फबाट एकीकरण कार्यसूची प्राथमिकतामा राखिएको छैन, न सरकारका तर्फबाट एकीकरणमा प्रोत्साहनको व्यवहार नै गरेको छ । एकीकरण भएका संस्थामा व्यावहारिक समस्या पनि

देखिएका छन् । साथै, एकीकरणले समस्या साधु-याउने र सबलता विस्तार गर्ने आशय राख्छ । तर, यसको विपरीत एकीकरण मार्फत समस्या विस्तार गर्ने, समस्या नभएका संस्थामा समस्या हस्तान्तरण गरेर व्यवस्थापन परिवर्तन गर्नेजस्ता प्रवृत्ति पनि देखिएको छ । स्थानीय सरकारले आफ्नो शासकीय क्षेत्रमा कति सहकारी आवश्यक छ भन्ने चित्राङ्कन गरी एकीकरणलाई सघाउने काम पनि गरेका छैनन् । त्यसैले, समस्यामाथि समस्या थपिएको छ ।

(ट) सहकारी वर्गीकरण नगरिनु

सहकारी संस्थाहरू विषयगत आधारमा मात्र वर्गीकरण गरिएका छन् । जसअनुसार सहकारीहरूलाई बचत तथा ऋण, कृषि, दुग्ध उत्पादक, बहुउद्देश्यीय, उपभोक्ता, मत्स्य, चिया, कफी आदि; सूचना तथा सञ्चार; स्वास्थ्य, बीउ उत्पादक, विद्युत् उत्पादन आदि गरी सामान्य कार्य गर्ने क्षेत्रको आधारमा वर्गीकरण गरिएको छ । तर, संस्थाको अवस्थाका आधारमा वर्गीकरण गरी सुधारका रणनीतिहरू कार्यान्वयनमा ल्याउने काम भएको छैन । संस्थाको जोखिम, व्यावसायिक परिपक्वता र सुशासनका आधारमा सहकारीको वर्गीकरण गर्नु आवश्यक हुन्छ । सहकारी संघहरूले जारी गरेका अनुगमन सूचकका आधारमा पनि आन्तरिक वर्गीकरण गर्न सकिन्छ । सामान्यतः सहकारी दिगोपनाका सूचक, वित्तीय सूचक, व्यवस्थापकीय सूचक, उपलब्धि सूचक र सुशासन सूचकलाई निश्चित अङ्कभार दिई (क) व्यावसायिक रूपमा सबल सहकारी, (ख) व्यावसायिक सबलतातर्फ उन्मुख सहकारी र (ग) व्यावसायिक रूपमा जोखिम उन्मुख वा सङ्कटापन्न सहकारीका रूपमा वर्गीकरण गरी आवश्यक सुधार, शिक्षा र सबलीकरणको रणनीति लिनु पर्दछ । नियामक निकाय र संघहरूको सहकार्यमा यो कार्य गर्नु आवश्यक थियो तर यसले प्राथमिकता पाएको छैन ।

(ठ) भरपर्दो सूचना व्यवस्थापन गर्न नसक्नु

सहकारी कार्यक्षेत्र एकल सरकारमा मात्र रहेको समयमा सहकारी तथा गरिबी निवारणसम्बन्धी व्यवस्थापन सूचना प्रणाली (Cooperative and Poverty-related Management Information System [COPOMIS]) नामको सफ्टवेयर स्थापित गरी सहकारीको सूचना सङ्कलन गर्ने काम सुरु भएको थियो । तर, स्थानीय तथा प्रदेश तहमा सहकारी व्यवस्थापन हस्तान्तरण भएपछि यो काम त्यत्तिकै अलमलियो ।

साथै, समस्त सहकारी संस्थाको कर्जा प्रवाहमा शुद्धता कायम गरी कर्जा प्रवाहसम्बन्धी सूचनाप्राप्त गर्न सरोकारवालाहरूको सहभागितामा कर्जा सूचना केन्द्र स्थापना गर्ने व्यवस्था सहकारी ऐन २०७४ को दफा ८१ मा गरिएको छ । यी दुई व्यवस्था नहुँदा चाहिएको अवस्थामा सहकारीको प्रशासकीय र कर्जासम्बन्धी सूचना प्राप्त हुन सकेको छैन । परिणामतः संस्थाहरूले प्रवाह गरेको कर्जाको स्तर, परिमाण तथा शुद्धता पत्ता लगाउन सकिएको छैन । सहकारी संस्थाहरूको इन्टरनल ट्रेडिङ, बनावटी

कारोबार, अवैधानिक कारोबार र दोहोरो तेहोरो कारोबार नियन्त्रण गर्न सकिएको छैन । परिणामतः संस्थाहरू वित्तीय जोखिममा पर्दै आएका छन् ।

(ड) सञ्चालकहरूको विश्वसनियतामा कमी

सञ्चालकहरू सहकारीका दृष्टी हुन् । त्यसैले, आफ्ना सदस्यको विश्वास जित्नु उनीहरूको कर्तव्य हो । आफूले चुनेका सञ्चालकले सदस्यलाई संस्थाको गतिविधिको निरन्तर जानकारी दिएर, हार्दिकता विस्तार गरेर, हरेक विषयमा सरसल्लाह गरेर परिस्थिति अवगत गराई विश्वास जित्नुपर्छ । काबुबाहिरको परिस्थितिका कारण संस्थाले बचत फिर्ता गर्न नसक्ला तर विश्वास फिर्ता भन्ने गर्न सकिन्छ । सञ्चालकहरूले आफ्नै सदस्यलाई विश्वास दिलाउन संवदेनशील भई काम गरेका छैनन् । सहकारीको आन्दोलनले सम्पूर्ण सहकारीको भावनालाई समेट्न पनि सकेको छैन । सदस्यहरूको आधारमा संस्था स्थापित हुने, उनीहरूकै मतका आधारमा निर्वाचित हुने तर अभियान भन्नाले सञ्चालक मात्रै भएको सन्देश जाने गरी आन्दोलन समेत भयो । सञ्चालकहरूको संदिग्ध व्यवहार र आलटाले प्रवृत्तिले समस्या भन्नै गुजुलियो र थप जटिल बन्दै गयो ।

३.५.३ सहकारीमा देखिएका समस्याका असर

औपचारिक र अनौपचारिक स्वरूपमा लामो इतिहास बोकेका नेपालका सहकारीहरूले सामाजिक मान्यता र जनजीवन तहबाट मान्यता पाएपछि एक प्रकारले यो नेपाली जीवनशैली बन्न सफल भएको थियो । सरकार र बजार नपुगेको क्षेत्रमा सामाजिक पुँजी परिचालन गरी सामाजिक तहबाट आर्थिक संरचना निर्माण र समावेशी संस्कृति विकासमा यसले महत्त्वपूर्ण भूमिका लिइसकेको थियो । अहिले आएको सहकारीको समस्या र वेथितिका कारण यसमाथिको स्थापित विश्वासमा स्खलन आएको छ । सहकारीप्रति विधि निर्माताले राखेको अपेक्षामाथि प्रश्न उठेको छ ।

सहकारी क्षेत्रमा आएको समस्याले समग्र अर्थतन्त्रमा समेत वित्तीय तनाव थप्ने सङ्केत देखाएको छ, भन्ने ७३ लाख ८३ हजार सदस्यलाई एकैचोटि वित्तीय जोखिममा पुर्‍याएको छ । नेपालीको सबैभन्दा ठुलो वित्तीय सञ्जालमा आएको समस्याले वित्तीय सङ्कट ल्याउने सम्भावना छ । सङ्घीय सरकारले २० ठुला सहकारीहरूलाई समस्याग्रस्त घोषणा गरिसकेको छ, जसमा आबद्ध हजारौं सदस्यहरूको बचत फिर्तामा समस्या आएको छ । पचासजति संस्थाविरुद्ध सदस्यले केन्द्रीय जाँच ब्यूरोमा उजुरी गरेका छन् । दिनहुँजसो सयौं सङ्ख्यामा सदस्यहरूले सञ्चालकविरुद्ध निगरानी तथा अनुसन्धान निकायमा उजुरी दिइरहेका छन् । यसले सदस्यहरूको उपभोग, लगानी, उपचार, व्यवसाय र दैनिक आवश्यकतालाई प्रत्यक्ष असर पारेको छ, सदस्य व्यवसायमार्फत निर्माण भइरहेको स्वावलम्बन संस्कृतिलाई भत्काएको छ । जनस्तरमा पुगेको सहकारी अभियानको छवि स्खलन भएको छ र विश्वासमा सङ्कट देखिएको छ । सहकारी सदस्यहरू आर्थिक, सामाजिक र भावनात्मक रूपमा असुरक्षित बन्दै गएको महसुस गरिरहेका

छन् । सहकारी क्षेत्रबाट अर्जित सामाजिक, राष्ट्रिय र अन्तर्राष्ट्रिय पहिचान अस्तित्वको खतरामा छ । शासकीय तहहरूले ठुलो ध्यान यस क्षेत्रमा दिनुपर्ने अवस्था सिर्जना भएको छ ।

सहकारी नेपाली समाजको सबैभन्दा ठुलो सामाजिक अभियान भएकाले यस क्षेत्रमा आएका र आउने असरले अनुमान नगरिएका प्रभावहरू देखिन सक्छन् । सबै राजनीतिक दलहरूको कुनै न कुनै रूपको संलग्नता सहकारीमा रहेको देखिएको छ । सहकारीहरू समस्यामा पर्दा, सहकारीका सदस्यहरू संस्थाबाट शोषित हुँदा समाजले राजनैतिक दलप्रति राख्ने दृष्टिकोण बदलिँदै गएको छ । सहकारीमा सुशासनको अभावका कारण पीडित सदस्यहरूले सरकारलाई हेर्ने दृष्टिकोण बदलिँदै छ, सरकार र समग्र शासकीय प्रणालीको प्रभावकारिता र विश्वासमा प्रश्न उठेको छ । सहकारी संस्थालाई मात्र होइन, सहकारी क्षेत्रलाई नै सडकटग्रस्त क्षेत्र घोषणा गर्ने विषयले संसदीय समितिमा प्रवेश पाई राजनीतिक तहसम्म पुग्ने गरी कानुनी कारवाहीको सुरु हुनुले सहकारीका वैथितिहरू राजनीतिमा समेत जोडिएको विषयहरू उजागर हुन थालेका छन् ।

३.६ निष्कर्ष र सुझावहरू

३.६.१ निष्कर्ष

सहकारीको विकास र विस्तारले नेपालको राष्ट्रिय जीवनमा बहुआयामिक प्रभाव देखिन थालेको छ । नेपालको सहकारी विकास र विस्तारले वित्तीय शिक्षा, समावेशिता र पहुँच विस्तार भएको छ, गरिबी निवारणमा योगदान गरेको छ, उपभोक्ता सशक्तीकरणको विस्तार भएको छ भने सामाजिक सशक्तीकरण र नेतृत्व विकासमा समेत टेवा पुगेको छ । त्यसैगरी, यसले गरिबमुखी वृद्धि तथा समावेशी विकास र दिगो विकासमा योगदान पुगेको छ भने सामाजिक सांस्कृतिक मानक परिवर्तन गर्न योगदान गरेको छ । स्वरोजगार सिर्जना, सार्वजनिक सेवामा सहकार्य, स्वच्छ विकासको संवाहकको भूमिका खेल्दै उत्पादन र उपभोग केन्द्रविचको सेतु बन्नु र स्थानीय आर्थिक संरचना सिर्जना गरी स्वनिर्भर अर्थतन्त्रको आधार निर्माणमा पनि सहकारीहरूको योगदान रहेको छ ।

उल्लिखित सकारात्मक प्रभावका बाबजुद पनि सहकारी क्षेत्रमा यसको विकासक्रमसँगै देखिएका समस्याहरू पछिल्लो समयमा थप जटिल रूपमा देखिएका छन् । ‘आफूलाई सहयोग सबैलाई सहयोग’, ‘एकका लागि सबै र सबैका लागि एक’ को पवित्र भावनाबाट समाजमा संस्थागत हुँदैआएको सहकारीले स्वावलम्बन र समावेशी संस्कृति निर्माण गर्दछ । तर, मूल्य सिद्धान्त र विधि प्रक्रियाबाट विषयान्तर भएकाले जनस्तरमा पुगेको सहकारी अभियानमाथि प्रश्न उठेको छ ।

कमजोर स्वनियमन र नियमन, सदस्य केन्द्रीयताको अभाव, घोषित नीति तथा प्रतिवेदनहरू कार्यान्वयनको अभाव, कानुनी व्यवस्थाको उल्लङ्घन, अव्यावसायिक कर्जा व्यवस्थापन, बचतको सीमा नतोकिनु, संस्था एकीकरण कार्यान्वयनमा नआउनु र सहकारीहरूको वर्गीकरण नगरिनु समस्याका प्रमुख कारणहरू देखिएका छन् ।

सहकारीका सदस्यहरू आफ्ना हितका लागि आफैं परिचालित हुने भएकाले आफ्नो संस्था र आफ्ना गतिविधिमा आफैं क्रियाशील हुनुपर्दछ । तर, सदस्यहरूमा संस्थाले गरेका क्रियाकलापमा चाख राख्ने, सुपरिवेक्षण गर्ने, सुझाव दिने कामहरूभन्दा वार्षिक रूपमा लाभान्ना मात्र खोज्ने प्रवृत्ति विकास भएको छ । त्यसैगरी, टाठाबाठा सञ्चालकहरूले सदस्य केन्द्रीयतालाई देखाउने विषयमात्र बनाई स्वार्थ लक्षित कार्यहरू गर्दै गएको अवस्थामा सदस्य र सञ्चालकबिचको साझा बन्धन टुटेको छ । सहकारी व्यवसाय सहकारीका नाममा गैरसहकारी कार्य गर्ने अवैधानिक नाफा व्यवसाय बन्न पुगेकाले सदस्य केन्द्रीयतामा समस्या देखिएका हुन् ।

सहकारी ऐन, २०७४ सहकारीसम्बन्धी सारवान कानून हो तर यस कानूनमा भएका धेरै प्रावधानहरू सहकारी अभियानबाट परिपालना भएनन् । एकै व्यक्ति एकभन्दा बढी सहकारीको सदस्य बन्ने, सञ्चालकहरू स्वार्थ भएका विषयमा निर्णयमा संलग्न हुने, सञ्चालक नै कार्यकारी सञ्चालक बन्ने, परिवारका सदस्य र आफन्तहरूलाई लेखा सुपरिवेक्षण समिति लगायत अन्य समितिमा राख्ने, कानूनले लगानी गर्न नहुने क्षेत्रमा लगानी गर्ने, सञ्चालकहरूले नै ऋण लिने आदि गैरकानुनी अभ्यासले सो कानून कार्यान्वयन प्रभावकारी हुन सकेन । आफ्ना सदस्यहरूलाई स्वच्छ वित्तीय सेवाका लागि कोषको सिर्जना र स्वच्छ कर्जा फिर्ता प्रक्रिया व्यवस्था गर्नु पनि सहकारीको काम हो तर यसमा देखिएका समस्याहरूले समग्र सहकारी सञ्चालनमा नै समस्या देखिए ।

त्यसैगरी, सहकारी संस्थामा सदस्यले बचत गर्ने सीमा तोक्ने अन्तर्राष्ट्रिय अभ्यास रहेकामा नेपालमा भने जति पनि रकम सहकारीमा बचत गर्न सकिने प्रावधान रहँदै आए र स्रोत निगरानीमा कमी तथा वित्तीय व्यवस्थापनका पक्षहरू समेत कमजोर रहेकाले अस्वस्थ वित्तीय कारोबारले बढावा पाई संस्थाहरू समस्यामा पर्न थालेका छन् ।

दिगोपना, वित्तीय र व्यवस्थापकीय सूचक, उपलब्धिहरू, सुशासन आदि सूचकलाई निश्चित अङ्कभार दिई सहकारीहरू वर्गीकरण गरिनुपर्नेमा सो कार्यले प्राथमिकता नपाएकाले सहकारीहरूमा समस्या देखिएका हुन् । समस्त सहकारीको संस्थाको कर्जा प्रवाहमा शुद्धता कायम गरी कर्जा प्रवाहसम्बन्धी सूचना प्राप्त गर्न सरोकारवालाहरूको सहभागितामा कर्जा सूचना केन्द्र स्थापना गर्ने व्यवस्था सहकारी ऐनको दफा ८१ मा गरिएको सन्दर्भमा सो हुन सकेन र सञ्चालकहरूले आफ्नै सदस्यलाई विश्वास दिलाउन संवदेनशील भई काम गर्न नसकेकाले पनि सहकारीको आन्दोलनले सम्पूर्ण सहकारीको भावनालाई समेट्न सकेन ।

विशेषगरी, सूक्ष्म तहमा हेर्दा, सहकारीका नाममा संस्था दर्ता गर्ने ती संस्थामा पारिवारिक वा स्वार्थ समूहको वर्चस्व कायम गर्ने, सहकारीका सञ्चालक नै कार्यकारी व्यवस्थापक बन्ने वा आफ्नो मानिसलाई व्यवस्थापक बनाउने, सङ्कलित निक्षेप व्यक्तिगत रूपमा जग्गा तथा अन्य सम्पत्ति खरिद गरी अपचलन गर्ने, संस्थाको रकम अन्य कम्पनीमा लगानी गर्ने वा अर्को कम्पनी खडा गर्ने, कम्पनीको सम्पत्ति धितो राखेर ठुलो कर्जा लिने, विदेशमा समेत शाखा खोली अवैधानिक कारोबार गर्ने र

नेपालबाट रकम बाहिर्याउने र समस्याग्रस्त भएपछि संस्थाहरूको नाममा हस्तान्तरण गर्ने कार्यहरू प्रकाशमा आएका हुन् । यस प्रक्रियामा लेखा परीक्षक, लेखा सुपरिवेक्षण समिति, नियामकहरूको पनि प्रशस्त कमजोरी भेटिए । यस्ता समस्या समाधानार्थ गठित आयोग या समितिहरू समेत नीति प्रभावीत भई गलत क्रियाकलाप गर्ने सञ्चालकहरू सहकारी अभियान र राजनैतिक तवरबाट संरक्षित हुँदै आएका गुनासाहरू आउन थालेको पाइयो ।

समग्रमा यस्ता वेथितिहरूका कारण जनस्तरमा पुगेको सहकारी अभियानको छवि स्खलन भएको छ, सहकारीहरूमा सदस्यको रूपमा संलग्नहरू र सहकारी सञ्चालकको जिम्मेवारीमा रहेका सदस्यहरूबिच स्थापित सामाजिक मूल्य प्रणाली धरापमा परेका छन्, सहकारीमा सुशासनको अभावका कारण पीडित सदस्यहरूले सरकारलाई हेर्ने दृष्टिकोण बदलिँदै छ, सरकार र समग्र शासकीय प्रणालीको प्रभावकारिता र विश्वासमा प्रश्न उठेको छ भने स्थानीय आर्थिक संरचना र वित्तीय समावेशीकरणको प्रक्रिया अल्मलिन पुगेको छ ।

३.६.२ सहकारी सुधारका उपायहरू र नीति सिफारिस

सहकारी क्षेत्रमा सुधार ल्याउन समग्र अभियानलाई शुद्धीकरणमा ल्याउनुपर्ने आवश्यकता छ । कतिपय सुधारहरू प्राथमिकताका साथ तत्काल गर्नुपर्ने आवश्यकता छ भने दीर्घकालीन रूपमा गर्नुपर्ने नीति, नियमन संरचना पनि सुधारका पर्खाइमा छन् । सुधार गर्नुपर्ने प्रमुख क्षेत्रहरू निम्नानुसार छन् ।

३.६.२.१ नीति संरचनामा सुधार गरिनुपर्ने

संविधानले सहकारी क्षेत्राधिकारलाई तीन तहमा विभाजन गरेको र संघ र प्रदेश तथा संघ, प्रदेश र स्थानीयका साभा अधिकार क्षेत्रमा पनि सहकारीलाई उल्लेख गरेको सन्दर्भमा:

- एकल अधिकार क्षेत्रमा भएका अधिकार र साभा कार्यक्षेत्रका अधिकारको थप व्याख्या र स्पष्टता आवश्यक छ । साथै, सहकार्यको अभ्यास गर्दा पनि स्पष्ट कार्यविवरण र जिम्मेवारी निरूपण आवश्यक छ । यसलाई कार्य विस्तृतीकरणको परिमार्जन मार्फत स्पष्ट पार्नु पर्दछ ।
- सङ्घीय सहकारी ऐनका केही विद्यमान व्यवस्थाहरूको संशोधन आवश्यक छ । जस्तो कि सहकारी संस्थाको दर्ता, कार्यक्षेत्र निर्धारण, दर्ता गर्नुअघि परीक्षण गर्नुपर्ने विषय, संघहरूको सङ्ख्या र कार्यक्षेत्र, लेखाविधि र लेखापरीक्षणसम्बन्धी प्रावधान परिमार्जन गर्नु आवश्यक छ । नेपाल सरकारले निर्धारण गरेको सहकारी क्षेत्रको लेखामान र महालेखा परीक्षकले निर्धारण गरेको लेखापरीक्षणमानको परिपालनाबाट वित्तीय सुशासन कायम गर्न तत्तत् प्रावधानमा थप व्याख्या चाहिन्छ । लेखापरीक्षणबाट औल्याएको सकारात्मक तथा 'एडभर्स' मन्तव्यको कार्यान्वयनका लागि लेखा सुपरिवेक्षण समिति र सञ्चालक समितिलाई जिम्मेवार बनाउने प्रावधान थप गर्नुपर्दछ । गलत लेखा विवरण प्रस्तुत गर्ने पदाधिकारीलाई तत्काल कारबाहीको दायरामा ल्याउने व्यवस्था गर्नुपर्दछ ।

- सहकारी ऐन, २०७४ ले सहकारीको पुँजी तथा सम्पत्ति व्यवस्थापनका लागि विभिन्न कोषहरूको व्यवस्था गरेको छ जुन कार्यान्वयनमा त्यति आएका छैनन् । ती कोषहरू सहकारीका सिद्धान्त अनुसार कार्यान्वयनमा ल्याउन सञ्चालक समितिलाई बाध्य पार्ने प्रावधान थप गर्नुपर्छ । साथै, सहकारीले आफ्ना विनियमहरूमा उल्लेख गरेअनुरूप मुख्य कारोबार नगरेमा संस्था नवीकरण नगर्ने व्यवस्था गर्नुपर्दछ । सहकारी संघहरूले सदस्य संस्थाले गर्ने कारोबार गर्ने कि अभिभावकीय भूमिकामा रहने भन्ने सैद्धान्तिक पक्ष स्पष्ट पार्नु आवश्यक छ ।
- सञ्चालकहरूले कारोबारको विवरण नियमित रूपमा सदस्यहरूलाई स्वयम् खुलासा गर्ने र त्रैमासिक रूपमा सार्वजनिक सुनुवाइ गर्ने अनिवार्य व्यवस्था कायम गरी पारदर्शी संस्थाको अवधारणा अभ्यासमा ल्याउने थप प्रावधान कानुनमा समावेश गर्नुपर्दछ ।
- सहकारी ऐन, २०७४ को दफा १०४ लाई परिमार्जन गरी समस्याग्रस्त घोषणा भएको दिनदेखि संस्था/संघको सम्पूर्ण दायित्व समितिले लिने र सञ्चालक तथा व्यवस्थापक र उनीहरूको परिवारको सम्पत्ति रोक्का राख्ने, स्थानहद नियन्त्रण गर्ने, सरकारी बाँकीसरह सम्पत्ति तथा दायित्व फछ्यार्उने अधिकार समितिलाई दिनुपर्दछ । समितिमा सङ्घीय तहमा मात्र राखेर ३० हजारभन्दा बढी सहकारीको समस्या व्यवस्थापन गर्न सकिने सम्भावना रहदैन । समितिमा वित्त विश्लेषकहरू समेत राख्ने व्यवस्था जरुरी छ । ऐनको दफा १३१ परिमार्जन गरी दफा १२४ अनुसार हुने कारबाही सहकारी रजिष्ट्रारलाई दिनुपर्दछ ।
- सहकारी क्षेत्र विस्तृत भएको छ भने कार्यक्षेत्रका आधारमा सहकारी व्यवस्थापनमा पनि विशिष्टता ल्याउनुपर्ने आवश्यकता छ । वित्तीय सहकारीहरूले छुट्टै क्रेडिट युनियन ऐनको माग पनि गरिरहेका छन् । विषय क्षेत्रको विशिष्टताका आधारमा छुट्टै क्रेडिट युनियन ऐन जारी गर्नु आवश्यक हुन्छ । यदि त्यसो नगरिएमा सहकारी ऐनलाई छाँटा ऐनका रूपमा लिई क्षेत्रगत विस्तृत नियमहरू (क्रेडिट युनियन नियमावली, कृषि मत्स्य, दुग्ध) सहकारी नियमावली, बहुउद्देश्यीय सहकारी नियमावली, विशिष्टकृत सहकारी नियमावली र श्रमिक सहकारी नियमावली) जारी गर्नु आवश्यक छ ।
- सहकारी संस्थामा सदस्यले बचत गर्ने अधिकतम सीमा तोकिने व्यवस्था कानुनमा नै गरिनु पर्दछ । यसले वित्तीय जोखिम कम गर्न सघाउँछ ।
- सहकारी व्यवसायलाई स्पष्ट रूपमा नस्वीकाने विभिन्न ४७ ऐनका सम्बन्धित प्रावधानलाई विशिष्ट प्रावधानबाट अनुकूलित बनाई सहकारीमैत्री कानुनको व्यवस्था गर्नु पर्दछ ।
- निश्चित ओहोदाभन्दा माथि (पालिका वडा अध्यक्षको पदभन्दा माथि) र राजनैतिक कार्यकारीको कुनै तहमा रहेका व्यक्ति सहकारीको सञ्चालक र व्यवस्थापक बन्न नपाउने व्यवस्था आवश्यक छ । नीति नियमन र व्यवस्थापनलाई छुट्याउन यस्तो व्यवस्था गर्नुपर्दछ ।

३.६.२.२ नियामकीय संयन्त्रमा सुधार गरिनुपर्ने

सहकारीहरू स्वनियमनमा रहने संस्था हुन् । तर, कमजोर स्वनियमनबाट संस्थाहरू सहकारीका आधारभूत सिद्धान्त, मूल्य र मर्मबाट विषयान्तर हुन जाने सम्भावना देखिँदै आएकोले विद्यमान नियामकीय संरचनालाई परिवर्तन गर्नु आवश्यक छ । विगत दुई दशकदेखि बचत तथा ऋण कारोबार गर्ने संस्थाहरूलाई विशेष मापदण्डबाट नियमन गर्ने, सहकारीको नियमनका लागि दोस्रो तहको नियमन संरचना स्थापना गर्ने सम्बन्धमा सरकारले सुझाव स्वीकार गरेको छ । बजेट वक्तव्य तथा राउत कार्यदल, २०८० ले पनि यस प्रकारको संयन्त्रको आवश्यकता महसुस गरेको छ ।

यसर्थ, दोस्रो तहको नियामक संयन्त्रको घोषणा गरी यी क्षेत्रमा स्पष्ट व्यवस्था गर्ने:

- ▶ सहकारी रजिष्ट्रार र दोस्रो तहको नियामक (second tier institution) को कार्य विभाजन र सम्बन्धको परिभाषा,
- ▶ दोस्रो तहको नियामकले प्रयोग गर्न पाउने नियामकीय अधिकार र कारबाहीको क्षेत्र,
- ▶ नेपाल राष्ट्र बैंक र सहकारी विभागको कार्य सम्बन्ध,
- ▶ तहगत सरकारको नियामकीय भूमिकाको कार्य सम्बन्ध,
- ▶ सहकारी विभाग (अन्य नियामक) र संघहरूको सहकार्य खाका ।

३.६.२.३ सहकारी शिक्षाको व्यवस्था थप बलियो बनाइनुपर्ने

- ▶ सहकारीका विषयमा आम सर्वसाधारणको बुझाइ मात्र कमजोर रहेको होइन, सहकारी अभियानभित्रै पनि सहकारी शिक्षा कमजोर देखिएको छ । सहकारी शिक्षा सहकारीको आधारभूत सिद्धान्तको बुझाइ हो । सदस्यहरू आपसमा सङ्गठित भई संस्था गठन गर्न, कारोबारलाई विशिष्टीकरण र विविधीकरण गर्न सहकारी शिक्षाको आवश्यकता पर्दछ । सहकारी संस्थाहरूले आफ्ना सदस्यहरू, निर्वाचित प्रतिनिधि, व्यवस्थापक एवम् कर्मचारीलाई संस्थाको विकासमा प्रभावकारी ढङ्गले योगदान गर्न सक्षम गराउन सहकारी शिक्षा र तालिमको आवश्यकता छ । सहकारीको प्रकृतिअनुसार व्यवसाय फरक हुन्छन् । सोको जानकारी दिन संस्था गठनपूर्व, सञ्चालन र नियमन गर्दा शिक्षा आवश्यक छ । साथै, सहकारी विचारको विस्तार र सामाजिकीकरण गर्न पनि सहकारी शिक्षा आवश्यक छ ।
- ▶ नेपालमा सहकारी संस्था गठन गर्दा सदस्यहरूको सहकारी शिक्षाको स्तर हेर्ने र आकलन गर्ने गरिँदैन । दर्ता गर्दा दर्ता पदाधिकारीले गैरमध्यस्थ सदस्यताको सर्त, सेवा उपयोगको सर्त, सदस्य केन्द्रीयताको सर्त, नाफामा असहभागिताको सर्त, सहभागितामूलक लोकतन्त्रको सर्तजस्ता आधारभूत सर्तहरूको विवेचना गर्नुपर्दछ । साथै, नियामकीय सरोकारको विषय, सहकारी विधि सम्मतिको जाँच, सुशासकीय विधि मानकको जाँच, पहिलो प्रारम्भिक भेला र दोस्रो प्रारम्भिक भेलाका निर्णयहरू, व्यावसायिक कार्ययोजनाको रूपरेखा, स्वघोषणापत्र, सदस्यहरूको अन्य

योग्यता लगायतका कुराहरू विश्वस्त हुनेगरी हेर्नु पर्दछ। यसले सदस्यहरूमा सहकारी शिक्षा र सहकारी भावनाको स्पष्टता दिन्छ। सहकारी शिक्षाको स्तरले संस्था सञ्चालनमा सहकारी भावनाको अभ्यास संस्थागत गर्ने आधार सिर्जना हुन्छ। यसले साभा बन्धन, सदस्य केन्द्रीयता, स्वनियमन र यसर्थ सहकारी शिक्षा निम्नानुसारका विभिन्न तहमा आवश्यक भएकाले कानुनले त्यसलाई स्पष्ट पार्नु पर्दछ:

- सहकारी सदस्य र सञ्चालकहरूमा,
- सहकारी व्यवस्थापक कर्मचारीहरूमा,
- सहकारी नियामक निकायमा,
- सहकारी विचार प्रवर्धनका लागि सहकारी व्यवस्थापनभन्दा बाहिर (विद्यालय, विश्वविद्यालय, राजनीति र समुदायमा)।

३.६.२.४ संस्थागत सुशासन र स्वनियमन

समग्र सहकारी सुशासनको एउटा भाग संस्थागत सुशासन हो भने स्वनियमन त्यसप्रतिको स्वयम् प्रतिबद्धता हो। सदस्य तथा सञ्चालकहरूमा व्यक्तिगत तहको असल आचरण र व्यावसायिक निष्ठा विस्तारले संस्थागत सुशासनको पहिलो आधार तयार गर्दछ।

- सदस्य केन्द्रीयता, लोकतान्त्रिक नियन्त्रण, स्वनियन्त्रण, स्वयम् परिचालित र स्वयम् उत्तरदायी व्यवस्थापनका लागि आन्तरिक सुशासन, संरचनागत पक्ष, व्यवस्थापकीय कुशलता, सन्तुलितपना र जवाफदेहिता निर्वाह गराउन आन्तरिक निगरानी पद्धतिले संस्थागत सुशासन कायम गराउनु पर्दछ। यसका लागि सहकारी संस्थाका सदस्य, सञ्चालक समिति, लेखा सुपरिवेक्षण समिति र अन्य समिति तथा साधारण सभा स्वयमनियमनका पात्रका रूपमा जवाफदेहिताको सिक्रीमा बाधिन पर्दछ। यसको मूल्याङ्कन भने नियामक निकायले गर्नु पर्दछ। सूचना सञ्चार हुने कार्यमूलक प्रणाली स्थापना गर्न संस्था तथा नियामक बिच सहकार्य चाहिन्छ।
- सहकारी संस्थाले आवधिक रूपमा सदस्यहरूसित अन्तरक्रिया र आवश्यक पर्दा सार्वजनिक सुनुवाइ गर्ने अनिवार्य व्यवस्था गर्नुपर्छ। यसले स्वविवेचनालाई प्रवर्धन गरी संस्थागत सुशासन बढाउने काम गर्दछ।

३.६.२.५ संघहरूको भूमिका र नियामकसँगको सहकार्य बढाउनुपर्ने

- नेपालमा सयौँका सङ्ख्यामा रहेका सहकारी संघहरूको जवाफदेहिताको स्तर निकै न्यून छ। संघहरूले आफ्ना सदस्य संस्थाहरूको कार्य प्रणालीको सबलीकरण, व्यावसायिकता विकास र सुशासनका लागि अभिभावक, उत्प्रेरक, क्षमता विकासकर्ता, सुपरिवेक्षक, अनुगमनकर्ता, सहजकर्ता र समस्या समाधान कर्ताको भूमिका खेल्न सकिरहेका छैनन्। कतिपय संघहरू आफैँ

सुशासनका प्रश्नमा छन् । यसर्थ, निर्देशिका तथा आचार संहिता व्यवस्था गरेर निम्नानुसारका कार्यहरू माफत संघहरूको कानुनी भूमिकामा जवाफदेही बनाउनु पर्दछ ।

- संघहरूको सङ्ख्या र कार्य पुनरावलोकन गर्ने,
- संघहरूको सुशासनको मापन गर्ने सूचक निर्धारण गर्ने,
- संघहरूको वित्तीय स्रोतको अभाव पूरा गर्न आधार, मानक र सूत्र निर्धारण गरी सङ्घीय सरकार, प्रदेश सरकार तथा स्थानीय तहबाट अनुदान दिने,
- क्षमता विकास र प्रविधि उपयोगका लागि अन्तरनिकाय सहकार्य र बाह्य सहायता परिचालन गर्न तालुक मन्त्रालयबाट सहजीकरण गर्ने,
- महासंघले मन्त्रालयसँगको सहकार्यमा संघहरूको कार्यसम्पादन मूल्याङ्कनको प्रक्रिया बसाल्ने, उत्कृष्ट कार्यसम्पादन सूचकका आधारमा प्रोत्साहन गर्ने,
- राष्ट्रिय सहकारी महासंघले नियमितरूपमा समकक्षी संघ र निकायहरूसँग छलफल, विचार विमर्श गरी असल अभ्यासको आदान-प्रदान गर्ने, महासंघ समकक्षी पुनरावलोकनको मञ्चको रूपमा क्रियाशील बन्ने,
- सम्बद्ध विषयगत संस्थालाई सम्बन्धित संघमा अनिवार्य सदस्य बन्न प्रोत्साहन गर्ने, त्यसपछि संस्थाहरूको आन्तरिक सुशासन, मूल्य सिद्धान्तको अभ्यास भए-नभएको विषयमा सम्बन्धित संघहरूलाई जिम्मेवार बनाउने,
- संघहरूको कार्यसम्पादनको वार्षिक प्रतिवेदन तहगत नियामकमा उपलब्ध गराउने ।

३.६.२.६ क्षमता विकासमा थप प्रयासहरू हुनुपर्ने

- नियामक निकायको कमजोर क्षमता र अपर्याप्त सङ्गठन संरचनाका कारणले नियमन प्रभावकारी छैन भन्ने प्रवर्धनमा पनि ध्यान गएको छैन । तिनै तहका नियामक निकाय (र अब स्थापित हुने दोस्रो तहको नियामक संयन्त्र) मा क्षमता विकास गर्न यी कार्य गर्नु आवश्यक छः
 - सहकारीहरूको एकीकृत र खण्डीकृत तथ्याङ्क सङ्कलन,
 - नियामक निकायमा रियल टाइम तथ्याङ्क प्रवाह हुने स्वचालित प्रणाली निर्माण,
 - तहगत सरकारबाट सहकारी नियामक संयन्त्रमा जनशक्ति आपूर्ति,
 - जनशक्तिका लागि तालिम र अभिमुखीकरण,
 - तहगत नियामकविच सहकार्य,
 - जनशक्तिको व्यावसायिक सदाचारिता परीक्षण विधि स्थापना ।

- क्षमता विकासको पाटो सहकारी संस्थाहरूमा पनि कमजोर छ । राष्ट्रिय सहकारी महासंघले सहकारी क्षमता विकासको डिप्लोमा कोर्स र सहकारी प्रशिक्षण केन्द्रले सामान्य सैद्धान्तिक तालिम दिंदैआएको छ । सहकारी व्यवस्थापक र कर्मचारीहरूमा अभियानको रूपमा विशिष्टीकृत तालिमा सञ्चालन गर्नु आवश्यक छ ।
- सञ्चालकहरूबाट सदस्यहरूसँग हार्दिकता विस्तार र विश्वास दिलाउने काम गर्ने, सहकारी अभियान सदस्यको मन जित्नेगरी परिचालित हुने, सदस्य अभिमुखीकरण गर्ने, आन्तरिक कार्यक्रममा सदस्यलाई निरन्तर सहभागी बनाउने, संस्थाका अवस्था जानकारी दिने र पारदर्शिता विस्तार गर्ने, नेतृत्व एकदमै विश्वासिलो बन्ने ।

३.६.२.७ सहकारी सञ्चालकहरूको सम्पत्ति छानबिन गरिनुपर्ने

साठीको दशकदेखि सहकारी संस्थाहरू जोखिममा पर्न थालेका र त्यसको प्रमुख कारण सञ्चालकहरूले सहकारीका नाममा गर्ने गैरसहकारी कार्य हो भन्ने तथ्य यसअघि उल्लेख गरिएका विश्लेषणबाट स्पष्ट हुन्छ । सहकारीका सबै सञ्चालकहरू मूल्य, सिद्धान्त र कानूनभन्दा बाहिर छैनन् । तर, अन्य सञ्चालकहरूले गरेका अस्वस्थ गतिविधिका कारण उनीहरूको पनि पहिचान, प्रतिष्ठामा आँच आएको र समग्र सहकारी अभियानमाथि प्रश्न खडा भएको छ । यस विषयमा सत्य तथ्य बाहिर ल्याउन निश्चित समयसीमा राखेर त्यसपछिका सहकारी सञ्चालक र व्यवस्थापकको सम्पत्ति तथा हैसियत न्यायिक छानबिन गरी अस्वस्थ गतिविधि सञ्चालन गर्ने र गैरकानुनी आर्थिक हैसियत कायम गर्नेलाई तत्काल कारवाहीमा ल्याउनुपर्छ । यसले गलत गर्नेले सजाय पाउँछन्, सिद्धान्त र विधिमा रहनेले प्रोत्साहन पाउँछन् । छानबिनलाई सरल बनाउन पचास करोड रुपैयाँभन्दा बढी वार्षिक कारोबार गर्ने र वडाअध्यक्ष भन्दा माथि र राजनैतिक दलको स्थानीय तहको कार्यकारी जिम्मेवारीमा रहेको व्यक्तिलाई छानबिनको दायरामा ल्याउनुपर्छ । साथै निम्नानुसारका कार्यहरू तत्काल गर्नुपर्छ:

- संस्थाको स्थितिपत्र (स्वेतपत्र) जारी गरी तीन महिनाभित्र कर्जा उठाउन र बचत फिर्ता गराउन सकिने परिमाणको जानकारी दिने,
- सरकारको सहयोगमा पाँच लाखभन्दा घटी निक्षेप भएका सदस्यहरूको बचत फिर्ता गरी पाँच वर्षभित्र सरकारलाई उक्त रकम संस्थाले फिर्ता दिने प्रयोजनका लागि राष्ट्रिय सहकारी बैंक र विषयगत केन्द्रीय संघहरू परिचालित हुने व्यवस्था आर्थिक वर्षको बजेट कार्यक्रमले घोषणा गर्ने ।
- गैरसदस्यमाथि कारोबार गर्ने र गैरकानुनी कारोबार गर्ने व्यक्तिलाई सङ्गठित अपराधका रूपमा लिई फौजदारी अभियोगमा कारवाही गरी संस्थाको ऋण सरकारी बाँकीसरह घरघराना र आफन्त समेतको सम्पत्तिबाट असुल गर्ने एवम् कारवाहीको विवरण सार्वजनिक गर्ने ।

३.६.२.८ सुधार कार्यको अनुगमन हुनुपर्ने

दिइएका सुभावहरूको नियमित अनुगमन गर्ने काम सहकारी रजिष्ट्रारको हो। सहकारी विभागको रजिष्ट्रारले प्रदेश तथा स्थानीय तहका सहकारी हेर्ने डेस्क/शाखालाई अनुगमन कार्यमा उपयोग गर्नु पर्दछ। साथै, सहकारीका विषयगत संघ र राष्ट्रिय सहकारी महासंघले अनुगमनमा सहजीकरण गर्नु पर्दछ। अनुगमन कार्यको वार्षिक कार्ययोजना तयारी गरी कार्यान्वयनमा ल्याउनु पर्दछ। भूमि व्यवस्था, सहकारी तथा गरिबी निवारण मन्त्रालयले नीतिगत तहको मार्गदर्शन मार्फत अनुगमनमा सहजीकरण गर्नु पर्दछ। प्रधानमन्त्री तथा मन्त्रिपरिषद् कार्यालयमा सम्माननीय प्रधानमन्त्रीको अध्यक्षतामा रहेको अन्तरप्रदेश परिषद् र राष्ट्रिय समन्वय परिषद्ले सहकारी सुधार र नियमनको स्थायी कार्यसूचीका रूपमा लिनुपर्दछ। साथै, प्रत्येक चौमासिकमा राष्ट्रिय योजना आयोगले गर्ने विकास तथा सुशासन समीक्षामा सहकारीलाई पनि छलफलको विषय बनाउनु पर्दछ।

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CHAPTER 4

NEPAL TAXATION: EXPERIENCES AND FUTURE ROADMAP

Dr. Chandra Mani Adhikari

Abstract

This chapter provides an overview of the revenue policies and taxation initiatives introduced in Nepal during the 1990s, evaluating their implementation, achievements and challenges within the broader political and economic context. It assesses how these policies impacted the national economy and highlights key successes and ongoing issues in the taxation system.

Based on quantitative and historical trend analysis the chapter points out that the key issues the country is facing include - a low tax base, decreasing share of non-tax revenues, existence of high marginal tax rates, low tax elasticity, low voluntary compliance leading to increasing tax leakages, a heavy dependency on import-based revenues and an inability to increase the share of income tax in total revenues. Revenue collection often falls short of targets, and there are challenges in improving the VAT system to protect the national tax base. The situation is further exacerbated by rising internal debt and a low proportion of direct taxes. Business tax exemption provisions are vague and confusing. The national taxing capacity is inadequate compared to the country's expenditure needs and there is a lack of coordination and cooperation between the three levels of government in tax powers. Overall, tax administration is inefficient and the enforcement of tax rights by the three levels of government is weak.

In this context, this chapter proposes necessary reforms aligned with modern taxation practices to enhance revenue generation and ensure fiscal sustainability. It concludes by recommending a comprehensive reform roadmap for Nepal, focusing on the next generation of reforms on strengthening the country's taxation framework and economic growth.

4.1 Introduction

Politically and socioeconomically, reform is an ongoing process as the dynamism of development constantly demands changes in policy and system in certain periods. Nepal started economic and development reforms in 1956 via a periodic plan approach with many policy initiatives, including revenue and taxation (Khanal et al., 2005). The Panchayat regime continued this approach of development for the next three decades (Khadka, 1991). In the 1980s, Nepal opened some sectors for domestic and foreign private investment, especially banking and air services (Nepal Rastra Bank, 2018). However, the scope of such reform initiation was not that

broad. After the restoration of democracy in 1990, the country started some major economic reforms within the framework of political economy in line with the global path of economic liberalization initiated in the 1980s based on the Washington Consensus (Khanal & Bracarense, 2022).

Nepal embraced a liberalized economic roadmap in the 1990s, deviating from a centralized, regulated and license-based economic policy that was followed in the past. Taxation is an important part of the economic roadmap that provides resources to meet the state's responsibilities towards the citizens (Bräutigam, 2008). Taxation is closely linked to economic growth, public policies, government finance and international trade. It is shaped by a country's economic ideas, tax rules, international trends and lessons from past tax reforms (Ramsey, 1927). The fiscal policy of a country is related to public spending and taxation (Horton & El-Ganainy, 2012). These in turn influence macroeconomic indicators such as aggregate demand, employment, inflation and economic growth. So, before starting a discussion on good taxation and the direction of tax reforms, understanding the relationship between development, economics, fiscal policy, revenue management and public finance is essential.

Nepal was in the primary stage of tax policy development and reform until the 1970s. No comprehensive measures were applied for reforms till then; nor had there been any tax reform commissions formed (Khanal et al., 2005). Some reforms were performed on a piecemeal basis by using the tools of the Finance Acts and tentative and haphazard changes in the existing Acts and regulations. In the 1980s, the world was stepping into an open market economy with the emerging rationale in mind that the government should play the role of facilitator rather than conduct trade and industries by itself (Rankin, 2004).

During the period, Nepal's economy was characterized by high budget deficit, increased public debt, weak balance of payment, risk building up in the financial sector, scattered and unscientific tax incentives and high tax rates (Bajracharya, 1990). In this context, with the realization that the existing tax system was complicated due to high marginal tax rates, lower compliance and a narrow tax base, the Government oriented the country towards a liberalized and open market system. So, the Government also initiated the tax system reform strategies with domestic efforts as well as in coordination with international organizations.

In 1995, the Ministry of Finance, HMG/Nepal, constituted a Task Force under the chairmanship of Professor Madan Kumar Dahal for reviewing the Taxation (Dahal,

2004). In 1997, another committee was formed, also by including the tax experts of Harvard University, United States of America. The Committee submitted the final report titled 'Tax Reform in Nepal: A Comprehensive Review' on May 30, 1997, to the Ministry of Finance, Government of Nepal (Jenkins, 1997). Major recommendations of this report were related to (a) reducing the marginal rates and number of brackets, (b) broadening of tax net, (c) introducing effective withholding in income tax provisions, (d) minimizing the numbers of tax returns through broader application of final withholding, (e) neutralizing the tax as far as possible, (f) simplification of system and procedures, (g) consolidating the information and accounting system, (h) harmonizing the tax system with international tax practices, (i) replacement of sales taxes with Value Added Tax (VAT) as well as (j) simplification of litigation procedure.

Based on the aforesaid reports and recommendations, the Government introduced VAT and enforced the new Income Tax Act 2058 (2002). These instruments removed the cascading effect of tax by replacing the Acts on sales, hotels, entertainment and contracts. The Income Tax Act 2002 introduced new provisions not covered by the Income Tax Act 1974 (Government of Nepal, 2002). It codified the income tax-related provisions in a single Act, in the case of income-related taxes. It also incorporated the tax rates as well as tax deduction and payment provisions, rather than governing those issues by the annual Finance Acts. The Income Tax Act 2002 also introduced several provisions related to modern taxation in consideration of international tax practices. The Act broadened the tax base and harmonized tax rates and concessions to some extent. During the period between the 1960s and 1990s, tax rates were changed via the Finance Acts. Through annual finance Acts, several measures were introduced, such as changes in tax rates, advance tax deduction lists and rates, presumptive tax for small taxpayers, advance ruling provisions by the department, rules on deferred expenditure, and deductions for spending on pollution control devices (Kandel, 2003).

In November 2015, the Government constituted another High-Level Tax System Review Commission headed by Roop Khadka. The main objective of this Commission was to review and recommend measures to make the tax system of Nepal compatible with international practice, modern and workable in the federal system. This Commission submitted its report in July 2015, which covered federal fiscal arrangements, VAT, income tax, customs duty, excise duty, property tax, vehicle tax, social security tax and non-tax revenue. It also recommended developing effective fiscal arrangements, ensuring a proper division of revenue rights among

levels of government and making VAT the backbone of revenue by reducing exemptions, raising the threshold and simplifying the refund system. Other recommendations include increasing the share of income tax in total revenue, raising capital gains tax rates, improving management control and tax relations, minimizing customs duty exemptions, making the customs valuation system more realistic and scientific and also reducing the list of goods subject to excise duty.

As per the Constitution of Nepal, basically, the power of levying and collecting the major taxes (customs duty, excise duty, corporate income tax, personal income tax and remuneration tax) goes to the Federal Government.¹ Taxing on house rent income is under the power of the Local level² and taxing on agricultural income³ is under the power of the province/state. The Government uses the Income Tax Act of 2002 to levy and collect income tax as a federal tax.

The evolving reforms discussed above were meant for abolishing ‘tax planning and tax avoidance’, minimizing the collection and compliance costs, attracting foreign direct investment and harmonizing Nepal’s taxation system with international practices through VAT, self-declaration and self-assessment in income taxation. Also, other objectives included making tax laws and systems more transparent, faceless and simple enough for the ordinary citizen to calculate payable taxes by themselves within a minimum time and cost.

Despite the initiative, the direction of reform did not yield as expected. Starting in 2010, without any policy logic, exemption schemes were introduced again in the system. Accordingly, the number of exemptions in VAT and income tax increased, the list of excise duties applicable was extended and, in some cases, the source of investment was also not sought. These initiatives were not in line with the policies declared in the 1990s when the first-generation reform was initiated.

In the current federal political establishment, resource mobilization has been an issue as the fiscal gap has widened. Various taxes are levied at three levels and taxpayers are compelled to visit different levels of government for taxes. Moreover, double taxation exists and people are compelled to pay tax twice or three times for the same transactions. For example, income tax is paid to the federal government and for the same sales and transactions, the business tax is payable to the local government. Similarly, income tax is paid to the federal government, while for the

1. The Constitution of Nepal, Article 57, Schedule 5

2. The Constitution of Nepal, Article 57, Schedule 9

3. The Constitution of Nepal, Article 57, Schedule 6

advertising tax, taxpayers have to visit the local levels. This reality has inconvenienced the citizens.

The VAT has not implemented fully as per its original spirit. Also, the limit or threshold of VAT has helped to result in many tax distortions (Acharya, 2016). This arrangement was introduced for a short period, but it has been three decades since and no significant reforms have been made to make the threshold scientific. So, to remove the tax distortions, two rates VAT system should be introduced, with standard rate and subsidized/basic rate. This makes taxation productive and social justice-friendly, based on the nature of goods and services. More than two dozen countries including United Kingdom, Germany, France, Austria, Finland, Thailand, India, Indonesia, Vietnam, Bangladesh have been practicing two rates VAT.

In this context, the next generation of comprehensive tax reform is necessary, which focuses on fair, transparent, predictable, faceless, investment-friendly and digital taxation, specifically because of the following reasons.

- i) Changing scenario in global tax practices before and after COVID-19, especially in changes in corporate tax rates, ICT-based taxes, and property-based taxes;
- ii) Completion of about a decade of federalism that demands the review of three-tier tax arrangements and making the resource distribution more effective, and
- iii) Making VAT fully functional by removing the threshold and reducing the list of VAT exemptions, as well as making the excise duty taxation more productive and principle-based.

In the aforesaid contexts, the main objectives of the chapter are as follows:

- i) To assess the initiatives, achievements, challenges and the overall political and economic environment vis-à-vis revenue policies and taxation,
- ii) To provide an overview of the revenue policies and taxation initiated in the 1990s,
- iii) To propose required reforms in the sector based on global development in taxation and recommend an appropriate reform roadmap that Nepal needs to follow.

4.2 Understanding Taxation

Taxation is an act of levying and collecting taxes by a valid public authority. It includes all theories and principles, defining tax rate and base, administrative organization, procedures, collection and deposition, judicial system and harmonization with the international system regarding taxes (Salanié, 2011). Tax policy deals with its various dimensions, such as tax base, tax rates (nominal and effective) and structure, tax administration, cost of collection, judicial system in taxation and tax-related international issues, tax treatises and government spending. Taxes are levied and collected by governments (central, state, or local) based on the laws approved by the concerned legislatures (Shome, 1995).

Therefore, tax can be defined as ‘levied, imposed and collected by the government under the constitution, statutes or laws made by the authorized legislatures, executive or the government, to achieve certain objectives, including public interest or development work whereas the payment must be made by a person, firm, organization or company, without immediately providing any direct benefit, income, expenditure (Adhikari, 2022). Tax is the amount or source collected following certain procedures and standards for the possession or use of property.

Based on the burden and shifting character, taxes are divided into direct and indirect taxes. Income tax is an example of a direct tax, whereas VAT is known as an indirect tax. Based on the roles, taxes can be classified as taxes on production and imports, taxes on income and wealth, as well as taxes on capital gain and according to whether they are payable by producers or final consumers, or whether these are of a revenue or capital nature. So, taxes are classified into six categories: (i) taxes on income, profits, and capital gains; (ii) taxes on payroll and workforce; (iii) taxes on property; (iv) taxes on goods and services; (v) taxes on international trade and transactions; and (vi) other taxes (IMF, 2014). So, it contains certain goals and objectives behind tax mobilization.

4.2.1 Purpose of Taxation

Usually, taxation has mainly two basic objectives: the economic objective to meet the governmental expenditure and the social or redistributive objective. Based on universal tax principles and obligations of the governments, tax objectives can be summarized as:

- 1) The revenue objective – its motive is to maximize the state treasury.

- 2) Redistribution objective - the purpose is to redistribute the public financial resources based on social justice and to minimize the gap between haves and have-nots.
- 3) Re-pricing objective - the motive is to re-price the goods and services to discourage the consumption and use of those that are harmful to human health and the environment.
- 4) Representative objective - the theme is to direct the resources for the development of the country or to provide the resources to respond to the demand of the people through elected representatives.
- 5) Reinvestment objective - this objective is to motivate people to save money for capital formation and to encourage investing in productive sectors. For example, providing the facility of reducing certain premium amounts for a life insurance policy.

So, while designing a good tax system, the authority should be clear about the given tax objectives and the proportionate weight of each objective, with a priority basis that makes the tax system good and fair.

4.2.2 A Good and Fair Tax System

Taxation is a political, economic and social issue (Profeta, 2017). The tax system may be coined as good, fair, ideal, or popular. A good tax system means an effective tax system that serves the objectives of national taxation, fair rather than popular. A fair and ideal system can easily address the issues of social justice as well as the productivity of the economy by raising essential revenue without excessive government borrowing, without discouraging any economic activities and without too much deviation from tax systems or without erosion in neutrality. However, the ideality does not always work equally. Hence, it should be reconciled with the level of awareness of the society, the administrative capacity of the government and the application of technology to make it more effective in implementation and support of the government to enhance the level of tax compliance. In addition, a good tax system always keeps the space for tax elasticity and tax flexibility.

In the twenty-first century, the taxpaying capacity principle is more popular and looks more just (Piketty, 2014). This principle believes that the payment of taxes should be based on the ability of the person to pay the tax, not based on the services or benefits received by the person concerned, although it is more useful in the implementation of direct taxes. However, it is also applicable to taxes paid on expenditure or consumption. Under this principle, wealth, expenditure, or

consumption and income are supposed to be indicators/tools to measure the paying capacity.

Hence, the tax system should be fair and carry the features of being economically efficient, administratively effective, and politically and socially equitable. Hence, the canons of social justice, certainty or predictability, ease and simplicity, economy, neutrality, efficiency, policy flexibility, transparency, coordination, productivity and diversity should be considered while formulating the tax policy and laws.

4.3 Resource Mobilization in Nepal's Budgetary System

Revenue, foreign aid and internal debt have played a major role as the sources of expenditure in Nepal's annual budgets. The revenue structure of Nepal is made up of tax and non-tax revenue, while foreign aid includes multilateral and bilateral aid. In terms of tax revenue, VAT, income tax, customs duty and excise duty are major. In recent decades, the contribution of tax on special services (on health and educational services) as well as tax on infrastructure services has increased and has recorded around five percent of total tax amounts (Adhikari, 2020). Income tax, social security tax and property taxes are part of direct taxes and VAT, customs duty and excise duty are known as indirect taxes. In total revenue, the contribution of non-tax revenue is going down and recorded at eight percent in 2022 from one-third of total revenue in 2005 (Ministry of Finance, 2005 & 2022).

The main part of the foreign aid is taken as loans, while the rest is received as grants. In the 1970s, the proportion of grants in foreign aid was around one-third and the rest was covered by external debt (Adhikari, 2014). In the 1990s, this percentage changed from around 55 to 45 percent, loans and grants, respectively (Adhikari & Awasthi, 2021). Currently, the ratio of debt has again increased to more than 80 percent (MoF, 2021/22).⁴

Looking at past trends, especially until the beginning of the 1990s, the share of general expenditure was one-third and the share of development expenditure was two-thirds of the total expenditure. However, due to an unscientific definition of development expenditure, a large portion of recurrent expenditure was also included under development expenditure. In recent decades, general/recurrent expenditure has increased rapidly and there has been a relaxation in spending towards development. Most of the budget amount is spent on security and defense, general services, debt services, social security purposes, remuneration, pensions, grants and

4. Annual Financial Statement (FY 2021/22) and Economic Survey, FCGO/(MoF/GoN)

subsidies. Thus, a significant share of mobilized revenue goes to recurrent expenditure as management cost; the investment/capital expenditure is day by day dependent on foreign aid and internal debt. In this concern, both edges of the budget, revenue and expenditures, need to be made sharp through the mobilization of additional revenue as well as cutting the unproductive spending (Table 4.1).

4.3.1 Role of Revenues in the National Economy

Nepal is all set to graduate to a developing country from the least developed country by 2026. After graduation, the size of soft loans from development partners may go down. In that context, to take large amounts of loans from abroad in the name of carrying out development and construction programmes at a higher cost may cause instability in both the internal and external sectors of the economy and the country may fall into the trap of foreign debt. The internal debt may also cross the optimum limit; the private sector may suffer from low resource availability at a reasonable cost.

On the other hand, at present, the collection of revenues is lower than targeted. For example, for the FYs 2019/20 and 2020/21, the estimations of revenues are NPR 1,112 billion and 1,012 billion, respectively. For the same fiscal years, the collections of revenues are NPR 841 billion and 976 billion (Financial Comptroller General Office, 2021 & 2022). In recent years, the government revenue covers around eighty percent of the total expenditure; the majority of collected revenue goes towards recurrent expenses (Table 4.2).

In some cases, there may exist a situation of revenue deficit and internal borrowing may be required even for recurrent/general expenses.. This will make it difficult to achieve the goals of sustainable development, especially reducing poverty and hunger.

So, it is the right time to concentrate all efforts on both the policy and functions to maximize the mobilization of tax and non-tax revenues at three levels of government.

4.3.2 The Overall Macroeconomic Situation

Apart from the discussion above, this subheading references some comparative figures and trends of changes that occurred during the period of first-generation reform and discusses them in further detail. The macroeconomic indicators based

trends cover the period between the FYs 1990/91 and 2021/22 as placed in Table 4.1, which shows a scenario of action and results for three decades.

The trends indicate that before the restoration of democracy, the base of revenue was comparatively low. The coverage of revenue in total government expenditure was lower than 50 percent; for example, for the FY 1990/91, it was only 45.6 percent, while the ratio of fiscal deficit to total expenditure was 45.2 percent.

On the expenditure side, up to the FY 2000/001, the accounting of the government was divided into general and development expenditures. For a better understanding of the periodic scenario, the data of FYs 1990/91 - 2021/022 is presented as the base year of initiation of first-generation reform and after that, 10-year intervals, five-year intervals and onward of 2014/15 or after implementation of the Constitution of Nepal in 2015.

Table 4.1: Major Macroeconomic Indicators (1990-2022)

Headings/Fiscal Year	1990/91	2000/01	2005/06	2010/11	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
GDP growth rate	6.3	4.7	3.4	3.9	0.4	8.98	7.6	6.7	-2.4	4.8	5.6
Inflation rate	15.5	2.5	8.0	9.6	9.9	4.5	4.2	4.6	6.2	3.6	6.3
Non-tax/total revenue	24	21	33	22	13	9	9	11	12	7	8
Direct tax/tax revenue	17	47	24	28	31	30	27	26	31	26	26
Revenue/ expenditure	45	61	78	77	80	73	67	75	73	78	81
Total expenditure/ GDP	20	20	17	19	23	27	31	29	28	28	27
Recurrent expenditure/GDP	7	11	10	11	14	17	20	19	20	20	20
Capital expenditure /GDP	14	9	5	7	5	7	8	6	5	5	4
Capital expenditure/total expenditure	68	46	27	35	21	25	25	22	17	19	16

Headings/Fiscal Year	1990/91	2000/01	2005/06	2010/11	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Recurrent expenditure/total expenditure	32	54	60	58	62	62	64	65	72	71	73
Revenue/GDP	9	12	13	15	18	20	21	21	20	22	22
Tax/GDP	7	10	9	11	16	18	19	19	18	20	20
Total debt/GDP	57	66	50	32	24	23	27	27	36	41	41
Internal debt/total debt	26	23	29	42	38	41	43	43	43	46	49
Outstanding debt/revenue	622	533	382	222	130	115	126	126	179	186	189
Revenue growth rate	16	21	3	12	19	26	19	14	-4	18	14
Expenditure growth	20	19	8	14	13	40	30	2	-2	10	9
Revenue expenditure growth rate		11	9	13	9	40	34	3	9	8	13
Development/capital expenditure growth		7	8	17	39	69	30	-11	-22	21	-6

Source: Developed and arranged by the author based on absolute figures

The figures reveal that inflation has often exceeded the growth rate. The contribution of revenue to total expenditure ranged from 45 percent to 81 percent. The tax-GDP ratio increased at all times. However, an increase in the tax GDP ratio and the share of revenue in total expenditure could not show an impact on growth because revenue is based on imports and consumption and a significant share of revenue is spent on recurrent expenditure rather than capital and development expenditure.

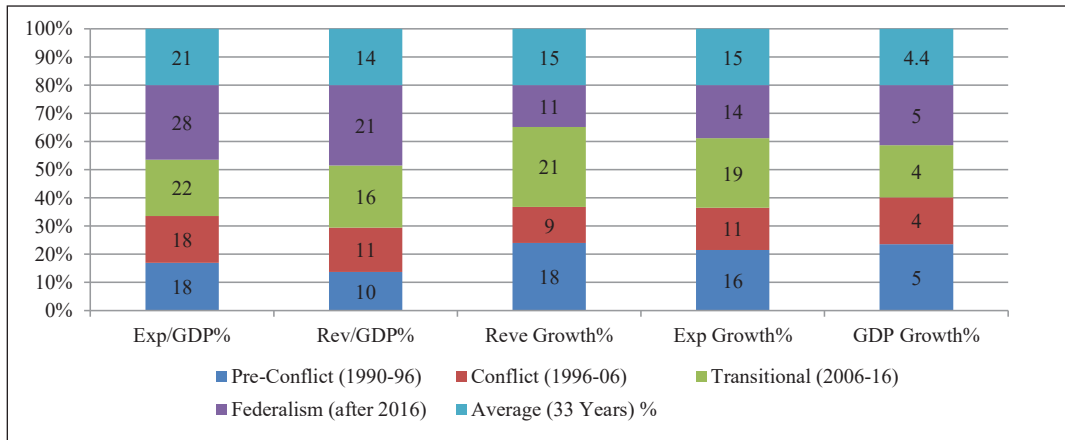
In the FY 1990/91, the total revenue collected by the Government was NPR 10.72 billion; in FY 2021/22, it amounted to NPR 967.9 billion (Table 4.1). During these three decades, it increased by 90 times. In the meantime, the amount of direct tax increased by 189 times and reached NPR 260 billion from NPR 1.37 billion. Similarly, the total expenditure reached NPR 1,309.9 billion from NPR 23.54 billion, jumping 56 times. However, the development and capital expenditure increased by less than 30 times. Further, the total outstanding debt of the

Government increased by 186 times and recorded at NPR 2013.3 billion. Similarly, the external and internal debts increased by 158 and 225 times, respectively.

Similarly, the GDP increased by 37 times and reached NPR 4851.6 billion from NPR 116.13 billion. However, the capital expenditure did not increase in the same proportion as the current expenditure. It seems that the growth of the domestic product is low compared to the increase in revenue and expenditure. Also, the ratio of revenue to GDP increased from 9 percent to 23 percent, while the ratio of total expenditure increased from 20 percent to 31 percent. However, the ratio of capital expenditure decreased from nine percent to five percent. During the period, the average annual economic growth was 4.4 percent, while the average annual price growth (inflation) was 6.1 percent, which has weakened the competitiveness of the economy. Likewise, the average growth rate for the last 33 years is 4.4 percent. The average inflation rate during this period is above 6.1 percent. Similarly, the average growth of revenue and expenditure during this period is 14.5 and 14.9 percent, respectively.

For visual convenience, a figure consisting of growth rates, inflation rate, revenue to GDP ratios and trade deficit GDP is presented in Figure 4.1, which shows the general trends of such indicators and the relationship between the indicators. The Figure shows that inflation is always at a higher level than the economic growth rate and the revenue to GDP ratio is inclined to trade.

With reference to the armed conflict waged against the State by Maoist rebels, the period since the restoration of democracy in 1990 can be divided into four sub-periods such as the pre-armed-conflict period, conflict period, transitional period and federal era. During the pre-conflict period (1990-1995), the average growth rate was 5.2 percent. Similarly, the average revenue and expenditure growth were 17 and 16 percent, respectively. During the conflict (1996-2006), the growth of both the average revenue and expenditure was less than 10 percent, whereas the growth rate was only 3.1 percent. In the transition period (2006-2015), revenue increased by 21 percent annually and expenditure by 18 percent. In the federal period (2016-2023), average economic growth, revenue growth and expenditure rates are 4.6 percent, 11 percent and 14 percent, respectively. For a total 33-year period, the average GDP growth is 4.4 percent; revenue GDP and expenditure GDP are 15 percent and 21 percent, respectively. During the period, expenditure and revenue both increased by 15 percent on average (Figure 4.1).

Figure 4.1: Growth and Ratios

Overall, the macroeconomic indicators presented in Figure 1 show increasing internal debt/GDP ratios, constant budget deficit/GDP ratios, decreasing share of foreign grants, a large share of revenue used for current expenses, and the annual growth of revenues is overtaken by expenditure growth. The contribution of the VAT to total tax revenue reached almost one-third, the contribution of income tax exceeded the customs duty, and the contribution of direct tax to the total tax revenue was only around a quarter. The base of revenue is consumption and expenditure rather than income and property, although the ratio of revenue to gross domestic product increased. Similarly, the proportion of tax did not increase, but the trade deficit experienced an increase.

The scenarios presented in Figure 4.1 also raise questions about the challenges of an increase in purchasing power, economic growth rate, the quality of expenditure and the ability to use revenue. Adequate growth in GDP is essential, but balance, expansion and sustainability in growth are equally important. At least, the rate of economic growth should be more than the inflation rate of the country.

4.4 Taxation and Tax Reform Models in Nepal

The general principle of tax is to fulfill the government's need to carry out its essential functions (Salanié, 2011). Over time, however, this concept has changed and is used broadly. Over time, the scope of government has broadened, so the scope of spending and revenue has widened too. Accordingly, taxation is taken in modern perspectives with consideration of principles such as neutrality, progressiveness and simplicity. As in other democratic countries, taxes are levied

based on consumption, expenditure, income and property held and owned with consideration of the principles of productivity, simplicity and fairness. Simplicity is understood as being easier to understand and equity is known as fairness. These days, in developing countries, major tax policy issues are concerned more with defining the tax base, changing tax rates and tax administration. However, there exist problems in these processes, including in measuring income, reaching the best choice of rates, allowances and deductions and collection of taxes (Prest, 1985).

In a democratic country, taxes are levied and collected according to laws made by the representative authority. Similarly, tax revenue can be mobilized only within the limits of the constitution and laws formulated accordingly. In this context, the designing and drafting of such laws is also a very important action. This approach is based on the principle of 'No Taxation without Representation'. In principle, only the legislature, which has representatives elected by the people, can make tax laws; since taxes are not voluntary purchase payments but mandatory impositions, payable in line with whatever tax statute has been legislated (Musgrave et al., 1989).

The Constitution of Nepal recognizes the representation-based tax principle. The Constitution stipulates that 'no tax shall be levied and collected except by law' (Articles 115, 203 and 228). The Bill related to levying and collecting taxes is known as a Money Bill and such a Bill can be submitted in the House of Representatives or the Lower House only. In Nepal, as per the Constitution, every year, the Minister of Finance presents to the joint meeting of parliament (Legislature) the estimate of revenue and expenditure on behalf of the GoN, which is considered a budget arrangement or annual budget that includes also the Finance Bill. After approval of the President, the Finance Bill is known as the Finance Act, which also has provisions on the rates of revenue and the method and procedures of revenue collection.

The Budget Speech of the Finance Minister spells out the tax-related policies and policy objectives for the fiscal year and the Finance Act is designed accordingly. The GoN levies and collects taxes based on the provisions made by the Finance Act and other regular and special Acts and regulations related to tax revenues. Hence, it is necessary to understand the theoretical concept of taxation and related policies, which are built based on theoretical concepts. In addition, matters of tax elasticity, buoyancy and tax incidence should be considered while designing tax policies.

Tax reforms in Nepal are carried out through different approaches and models. In practice, mainly three kinds of approaches are familiar. These include regular/

incremental, incidental and specific purpose reforms, and broader/comprehensive reform approaches (Adhikari, 2020, p 453).

Regular tax reform is the traditional way of reform, mostly carried out in a piecemeal and incremental approach that does not serve long-term reform objectives. The specific purpose of the reform is focused on a particular area or sector and its sub-sectors. The tax rebates provided to the industries, specifically those established in the special economic zones (SEZ) or some other particular areas of the country, can be taken as an example.

Incidental reform is used to solve short-term problems. For example, tax incentives were given in the post-earthquake and post-COVID-19 periods.

Comprehensive tax reform is a long-term and strategic tax reform that serves the objective to make the whole tax system simpler, fairer, investment-friendly and efficient from an administrative and cost compliance point of view. This approach usually covers all areas of taxation, including objectives, base, tax and revenue-yielding capacity of the tax system. It considers all issues, such as tax policy and systems; long-term tax goals (e.g., revenue/GDP ratio, tax structures) and several taxes, institutional arrangements, intergovernmental tax rights and relationships, impact of tax on investment and distribution. The other issues covered include the use of technology, as well as trends in international taxation and domestic needs.

4.4.1 Tax Policy, Laws and Administration

Tax policy in Nepal is influenced by the Constitution as well as the policies aligned with economic and other sectors in the country, globalization, regionalization, provisions of the World Trade Organization and regional free trade, among others. Reducing tax rates, revising and improving customs and income tax rates to international levels and improving tax systems and organizations are therefore also considered as part of the revenue policy, whereas the income tax policy is based on source residence and worldwide acknowledged principles. Consumption and expenditure tax levied on goods and services is based on value addition and the impact of such goods and services on the health of human beings. Customs duty is levied based on the real transaction value and collected at customs points.

The main objective of revenue policy these days is to reduce the dependence on external resources by sustaining the internal resource mobilization system. On theoretical grounds, the effective utilization of internal resources helps to meet the demand of increasing government expenditure, increase investment and minimize

the amount of foreign aid. Such a goal can only be achieved when there are timely changes in the structure of the revenue and tax system.

In the 1990s, Nepal made efforts to improve the customs assessment and make it truly transaction-based and the list of items subject to excise duty was changed. More scientific measures were adopted. VAT was introduced by adjusting the taxes levied on sales, consumption and expenses in many forms and types. The rate structure, tax structure and organizational structure were also reformed by amending and unifying the tax laws (Acts and regulations) related to customs, VAT, income tax and excise duty. However, so many issues and challenges related to making tax administration fairer, efficient and revenue-yielding await being addressed by the Government.

The GoN adopted several policies to reform and simplify the customs administration - Customs Reform and Modernization Strategies and Action Plan (CRMSAP), Automated System for Customs Data (ASYCUDA World), Nepal National Single Window (NNSW) and many more. Nevertheless, they have not yielded results as expected. The link between the customs administration and other tax agencies is not so strong when it comes to the exchange of information, nor have there been appropriate mechanisms in place to ensure information flows directly from the customs checkpoints and other revenue agencies. The customs checkpoints are not strengthened as committed in policy documents. The checking and inspection systems are still traditional and operate manually. The impact of this can be felt in collections of income taxes, VAT and excise duties.⁵

The main objective of the macroeconomic policy of Nepal is to ensure equitable distribution of financial resources through achieving high economic growth supported by increased production and productivity, whereas tax policy aims to advance the economy towards industrialization. The Government, considering these policy priorities, has adopted policy instruments and initiated, for the last decade, modernization efforts such as the adoption of a scientific tax system, conversion of tax administration to an online system, creation of an investment-friendly environment and trade facilitation. However, the revenue bodies are yet to be equipped with state-of-the-art physical and technological facilities.

Also, the major reforms and interventions announced as revenue policies in the past two decades have perceived non-tax revenue as an important source, made the VAT

5. See the ADB report via this link - <https://www.adb.org/sites/default/files/linked-documents/44143-01-nep-oth.pdf>

a major internal instrument or the main source of income, made taxation simpler, comprehensive and flexible, widened its scopes and put efforts to make income tax administration efficient and taxpayer-friendly (Koirala, 2022). Despite these efforts, the revenue sector is not free of challenges. On the one hand, the volume of revenue is very low compared to that of other countries, especially in South Asia, although the revenue to GDP ratio is comparatively high due to low economic growth. Similarly, the share of income tax fails to occupy a significant share of the tax revenue. The share of direct tax in the total tax revenue is only around a quarter (Table 4.2). Comparatively, the share of direct tax in total taxes in India has increased from one-third and recorded 51 percent of the total tax collected by the Central Government (Union Budget Estimates, 2023, DoFS/MoF/GoI). The direct tax-to-GDP ratio of India is more than six percent, while the figure in the case of Nepal is less than five percent in 2021. In terms of direct taxes, the share of institutional and personal taxes also determines the effectiveness of the tax structure. By corporate and personal ratio in the case of Nepal, the contribution of corporate income tax is higher than the contribution of personal income tax (Table 4.2 and Table 4.3).

4.4.2 Major Tax Policies

The main sources of revenue (tax and non-tax) policies and laws are the Constitution, the strategic plans and periodic plans of the country. Article 25 (1) of the Constitution of Nepal stipulates that the state may levy taxes on the income and property of a person with the concept of progressive taxation and that the main income tax and property tax policies should be designed based on the progressive principle. Concerning resource distribution among three levels of government, the federal, provincial and local levels may impose, as clarified in Annexes 5, 6, 7, 8 and 9 of the Constitution, taxes on matters falling within their respective jurisdiction and collect revenues from the resources. In addition to levying and collecting taxes, the Constitution stipulates that no tax shall be levied and collected except in accordance with law. The provision is applicable at all levels of government, which is based on the universal principle of no taxation without representation.

The Fifteenth Plan (FY 2019/20-FY 2023/24) provisioned to expedite the formalization of the economy through strengthening integrity, accountability and competition in all activities of the economy, also through reforms in the tax system. It also aimed to protect the national tax base through economic growth and equity-friendly tax policy by widening the base and scope of taxation, as well as initiating social security tax and gradually forming direct tax and service delivery as the base for tax revenues. Other main commitments made by the Plan included the review of

corporate income tax rates to make the rates competitive with the tax system of neighboring countries, ensuring the vertical and horizontal equity in the personal income tax, review of customs rates to protect national industries improvement of tax efficiency by widening the base of VAT according to the principle of tax neutrality, encouraging the authorities at federal, provincial and local levels to adopt a growth-friendly tax system in tax rates (National Planning Commission, 2020).

The vision and goals of the Plan were to build a prosperous economy through the development of a strong and progressive revenue system and increase revenue to one-third of the GDP by increasing taxes based on domestic production and income. To serve the vision and goals declared, the main objective is to mobilize the revenue to the maximum through production, investment, business, and a taxpayer-friendly, clean, neutral, transparent and progressive taxation system, and voluntary participation in taxation.

The GoN has also approved the Sixteenth Plan and has come into implementation from the FY 2024/25. The Plan, being a thematic and indicative one, does not delve into details regarding revenue, tax policies and programmes. It just mentions two thematic strategies: transformation of revenue structure and promotion of the capacity of the revenue system (National Planning Commission, 2024). These strategies emphasize preserving traditional sources of revenue as well as identification/innovation of new sources, promotion of internal production and internal sources of taxes, increasing the tax net of the service sector, to make the tax system more resilient and sustainable, making the tax system more predictable, strengthening the tax institutions and administration, including customs points.

The revenue policy declared for the FY 2023/24 also directs the country towards utilizing the tax system for economic and social justice. Based on the declaration, the primary objective of the revenue policy is to make revenue mobilisation sustainable, reliable, systematic and predictable, aiming to generate necessary resources for the country's infrastructure development and to ensure citizen welfare and socioeconomic justice. Also, it aims to improve the standard of living by enhancing investment in and expanding citizen access to fundamental services and facilities, including education and health. To achieve these objectives, specific revenue policies are provided, which include transforming the import-based revenue structure towards direct tax, enhancing entrepreneurship, attracting internal and foreign investment and protecting and promoting domestic industries. They also involve improving the industrial and business environment by ensuring stability in tax policy, broadening the tax base by bringing all taxable transactions under the

net, safeguarding taxing rights and discouraging informal or illegal economic activities and abuse of policy loopholes. In addition, the policy focuses on enhancing voluntary tax participation and compliance by making the revenue system technology-friendly, automatic, transparent and taxpayer-friendly, while maintaining effective coordination between agencies responsible for revenue leakage control.

For the FY 2024/25, the GoN has declared some revenue-supportive programmes related to motivating investment by incentives, exemptions and trade facilitation, tax system reforms, tax base broadening, optimum use of information technology in tax administration, as well as controlling the tax leakages. These programmes are guided by the objectives of expansion of economic activities, investment promotion, giving priority to domestic products and industries, expansion of tax base, developing an equitable and transparent tax system, promotion of tax compliance and controlling the revenue leakages (Ministry of Finance, 2024).

4.4.3 Prevailing Tax Laws

Various Acts, regulations, directives, procedures and manuals are developed to operate the overall tax administration. Contemporary Tax Realization Act 1955, Income Tax Act 2002, the VAT Act 1995, Revenue Leakage (Investigation and Control) Act 1995, Customs Act 2008, Excise Duty Act 2002, and Tax Settlement Commission Act 1976 and their corresponding regulations are major laws in practice. Annual Finance Acts play a vital role in collecting revenue through annual changes in rates, concessions and other necessary provisions.

In addition, various directives, guidelines and manuals are issued by concerned authorities. For example, every year the Department of Customs issues the Integrated Customs Tariff Manual, and the Inland Revenue Department (IRD) issues Income Tax and VAT directives. The circulars issued by the IRD that explain the provisions of the Acts are also considered to have the force of law. The verdict given by the Supreme Court and judicial precedents are other laws that equally prevail. Although various laws exist, the inadequacy of provisions in the laws and the lack of required periodic updates and amendments to the laws remain issues. For example, the amendment in the Tax Settlement Commission Act 1976 is highly required to make it factual and scientific by defining the basis and criteria to settle the tax cases that demand heavy amendments.

4.4.4 Tax Authorities and Agencies

The Ministry of Finance (MoF) is the main responsible body for collecting financial resources and managing public expenditures. The Department of Customs, Inland Revenue Department (IRD) and Public Finance Management Training Center (PFMTC) work under the MoF. The responsibilities of the PFMTC are conducting training to make the human resources in public finance skilled, conducting interactions, seminars and workshops on contemporary issues and conducting studies and research in the field of public finance (PFMTC, 2077).

The Department of Customs is responsible for contributing to economic and social prosperity by providing professional and quality-assured customs services. Its mission is promoting and facilitating legitimate trade, protecting society and collecting revenue; in customs points in the form of customs duty, VAT and excise duty as well as income tax on source. The Department uses a harmonized tariff system to identify and determine the duty rates and collect revenues. Duty on imports is the main source of customs duty. Under the Department, more than 170 customs offices and units run the tax administration. Many units under the customs revenue-cost points are unable to collect enough to maintain administrative costs, so it is high time the Government should review and revise the organizational structure of the Department.⁶

The IRD is responsible for the implementation, administration and enforcement of income taxes, VAT, excise duty, social service taxes and some non-tax revenues based on related laws. Its main objective is to enhance tax growth with a focus on the utilization of innovative practices to deliver efficient and better services to taxpayers. Under the Department, 84 revenue offices (including Large Tax Payers' Office-1, Medium Tax Payers' Office-1, 43 Inland Revenue Offices and 39 service offices) are in operation (Inland Revenue Department, 2022).

The Department of Revenue Investigation (DRI) is another vital agency under the Office of the Prime Minister and Council of Ministers, working with four investigation offices. Earlier, from 1993 to 2018, it was under the Ministry of Finance. The overall mandate of the DRI is to control and investigate revenue leakages and economic crimes. Another assignment of DRI is to investigate the abuse of foreign exchange. The Department is authorized to perform the assignments based on the Revenue Leakage (Investigation and Control) Act 1995, Revenue

6. See the report by ADB via this link - <https://www.adb.org/sites/default/files/linked-documents/44143-01-nep-oth.pdf>

Leakage (Investigation and Control) Regulation 2013 and Foreign Exchange (Regulation) Act, 1962, Foreign Exchange (Regulation) Rule 1963.

Under the MoF, the Revenue Management Division works on policy matters. This division is responsible for the formulation and revision of revenue policy and revenue-related laws, including setting annual revenue targets, monitoring of collection and coordination between and among revenue administrations. So, the Division and the IRD should work in close coordination to improve the tax policy and enhance the tax elasticity based on the capacity of the economy.

4.4.5 Scope, Base and Rates of Taxes

The taxes in Nepal are levied based on economic activities such as consumption, investment, expenditure, production, import, export, earnings, incomes and acquiring and disposing of property. VAT is based on consumption and expenditure or sales of goods and services where the value is added. VAT is also applicable on imports if the goods are taxable on cost, insurance and freight (CIF) as well as customs duty value. Some goods and services are included in the VAT-exempt list (Schedule 1, VAT Act, 1995).

The customs duty is collected on the transaction amounts of import or export, at a rate defined by the concerned laws at customs points. The duty is generally assessed on the cost and CIF value. The customs duty rates depend on the nature of goods - what they are made and where they are imported - based on the product's code under the Harmonized System of Nomenclature (HSN) (Brenton & Imagawa, 2005). However, the customs laws are still to be updated based on the commitment made by Nepal in international forums, such as the World Customs Organization (WCO) and the World Trade Organization (WTO), as well as the nature of cross-border transactions, which are value-added and trade-based.

Excise or production duty is levied on those goods or services that are harmful to human health and the environment and collected at customs points if those are imported and, at production points if those are produced in the territory of Nepal.

All individual and corporate incomes are taxable, except for that exception. The income tax is levied and collected on net income after deductions and reductions in income from gross receipts. Gain on the disposal of the property is another base of tax that is known as capital gain tax. Rental value, gain on share transfer, dividend received and investment or deposits are bases for investment taxes; these are known as rent tax and interest tax.

The base and scope of taxes in Nepal are gradually expanding. As of the end of the FY 2022/23, the number of taxpayers holding a permanent account number (PAN), including business, personal and tax withholding agencies, has reached 5.54 million. As of the FY, 308,000 are registered in VAT and 117,000 for excise duty. The percentage of PAN holders is about 20 percent of the country's population (IRD, 2021). However, conversely, both the number of non-filers and the amount of tax credits in the VAT system have shown an increasing trend over the past decades. Registration gap/compliance gap, return gap, and collection gaps have widened in income taxes as well as VAT. In FY 2022/23, non-filers accounted for 48 percent of income tax and 38 percent of VAT, compared to 44 percent and 30 percent, respectively, in FY 2016/17 (IRD, 2021).

Regarding the tax rates, the VAT Act 1995 and the Finance Act 2022 rule that the standard rate of VAT is 13 percent, whereas the zero rate applies to export transactions. The rates of customs/import duty range from 5 percent to 105 percent. Excise duty is charged basically on a quantity basis using the Ad Valorem method and the rate varies from 5 percent to 80 percent.

The rates of income taxes are different for individual and corporate incomes. Income Tax Act, 2058 (2002) and, the Finance Act 2025 have it that the individual income tax rate varies from one percent to 39 percent. Based on the Income Tax Act 2058 (2002), a one percent band of tax is only applicable for employment income, except for others, for which the minimum tax rate starts from 10 percent. The rate for corporate income is 25 and 30 percent; 25 percent is for general company income except where a 30 percent rate is applicable. Banks and financial institutions, insurance companies, entities engaged in financial transactions, alcohol products, petroleum products and commodity markets, among others, are liable to pay a tax of 30 percent on their business incomes. For cooperatives, discounted rates are applicable, from 5 percent to 20 percent.

During the three decades from 1960 to 1990, the marginal tax rates came down to 25 percent from 56 percent (in the case of individuals) and to 25 percent from 35 percent in the case of entities (Adhikari, 2011). However, since the 2010s, the trend of hiking tax rates has existed, especially in income tax and excise duty (Adhikari, 2020).

4.4.6 Tax Projection and Estimation

Revenue projection is an action of forecasting the revenue amounts that can be collected for the forthcoming years. The revenue forecasts define the budget envelope and form the base for effective medium-term planning. The objective of

revenue projection is to make it easier for the government to implement the annual budget effectively with an actual estimation of financial resources. The common forecasting models used by many countries, institutions and authorities are linear regression, time series, bottom-up, and top-down calculations. However, no single model is fit for all; the best way to perform revenue forecasting is by combining multiple models to benefit from each of them as per the country's perspective and the availability of related data and information that influence revenue mobilization. Furthermore, transparency of forecasting processes is a key to creating accountability in the revenue collection process, as manipulation of forecasts can conceal governance problems (Danninger et al., 2004). The revenue projection, being a very complex and technical job, should be performed very carefully and in a realistic way. To make the revenue projection scientific, the projection of the potential revenue amount to be mobilized in the coming years should be calculated based on the results obtained by analyzing the possible contraction or expansion of the economic activities connected with the revenues.

In many countries, such as the United States, the United Kingdom, Canada, Australia, and India, the projection of taxes is based on the tax flexibility percentage and the increase or decrease of the tax, since the elasticity, buoyancy and incidence remain of great importance in forecasting tax revenue. Tax elasticity is the ratio of the change in tax revenue after cost adjustments to the percentage change in income or gross domestic product (Dahal, 2009). The automatic response to changes in income or tax base without any change in the tax structure is considered a natural characteristic of tax elasticity. On the other hand, tax buoyancy is the interrelationship between changes in taxes and changes in production. The change in net tax amount due to changes in production or income and tax rate is called tax buoyancy. It reflects both changes in tax revenue and discretionary changes in revenue (Dahal, 2009). Therefore, it is clear that the relationship between tax changes and changes in gross domestic product is important in tax policy. If the tax elasticity is more than one, the percentage change in tax revenue will be more than the percentage change in GDP; this is called tax elasticity. If the tax elasticity is less than one, it is understood that the percentage change in tax revenue will be less than the percentage change in gross domestic product, and the tax is said to be inelastic, and such a situation is considered unstable. Tax incidence is related to the tax burden, who ultimately bears the burden and what the effect of the tax burden is on such persons. Splitting the tax burden between the producers, traders and consumers in a balanced way is the vital duty of the tax policy (Salanié, 2011).

Hence, while projecting the taxes, tax elasticity, buoyancy and incidence should be analyzed in-depth. This helps to explain the overall structure of a tax system and serves as a valuable analytical tool for designing tax policy as well as projecting taxes.

In Nepal, the MoF plays a central role in revenue forecasting when preparing the budget and in determining a revenue target, with support from Nepal Rastra Bank (NRB). The Fiscal Affairs Department (FAD) at the IMF often offers low-income nations guidance on how they can use systematic forecasting as a tool to improve budget preparation, including Nepal (Kyobe & Danninger, 2005). Although the tax system is widely discussed in the context of Nepal, the practices of forecasting are not yet formalized and it relies on a limited set of methods influenced by legacy systems.⁷ This overdependence on narrow approaches minimizes efficiency and little progress has been made to instate an effective channel of revenue forecasting or the participation of the privately owned institutions in government revenue forecasting. As a result, there is often an over-estimation or underestimation of the revenue of the government (Koirala, 2012).

Reliable, valid and adequate data and information are required to make the revenue projection more scientific and result-oriented. The analysis should cover issues such as the potential for increased production of goods and services, growth in imports, changes in consumption patterns, purchasing power, and cost of living. It should also consider possible fluctuations in foreign exchange rates, inflation, and the risks of economic contraction or deflation. This will help ensure that the projections are scientific and realistic. Based on the analysis, the Government may be able to ensure the relationship between revenue collection, its annual growth and the relationship with GDP growth. The analysis may not be able to make a projection one hundred percent correct, but it will help to minimize the risk of uncertainty of resources in the coming years. In the 1990s, such challenges were seen in the United States' income projection (Allan J.A. 1999). However, the factual projection provides more ease to the government in the correct implementation of the budget. Formulas are also used for this.

7. Tax rates and bases in Nepal are often modified in a discretionary manner and the revenue is primarily estimated by traditional methods like incremental or normal growth method. Rough expenditure estimates are made followed by foreign aid projections after which revenue numbers are projected. Estimates are then requested from revenue offices, but these tend to be extrapolations of previous tax increase trends with gross adoptions, without clear indicators or analysis of sustainability. Critical variables such as policy development, management enhancement and revenue potential are not considered systematically. Thus, the process is very informal.

Hence, for the revenue projection, a database with details of the model, quantity and price should be developed. It deals with the data and issues around goods and services produced, imported and consumed in the previous years and that may be produced, imported and consumed in the coming years.

4.4.7 Tax Mobilization Status and Structures

Tax is the ultimate source of sustainable public financing. So, total tax amounts, tax structure, growth of taxes and ratios of different taxes with GDP keep meaning and importance. In the case of Nepal, the scope, amounts and base of taxes are increasing every year. In the FY 1990/91, the total tax amount collected was NPR 8.17 billion and the share of tax revenue of total revenue was 76 percent. In the FY 2012/13, this amount increased by 26 times and was recorded as NPR 211.7 billion, with 85 percent of total revenue. Similarly, in the FY 2021/22, the figures of total tax amount and share with total revenue and tax GDP ratios stood at NPR 984.3 billion, 92 percent and 20.3 percent, respectively.

Tables 4.2, 4.3 and 4.4 show the picture of tax structure, growth and the ratios with GDP starting in the FY 2012/13 to 2021/22.

Table 4.2: GDP, Tax Collection and Tax Structure (FY 2012/13 to FY 2021/22)

SN	Fiscal Years/ Headings	GDP (NPR, Billion)	Tax Revenue (NPR, Billion)	Direct Tax (NPR, Billion)	Indirect Tax (NPR, Billion)	VAT (NPR, Billion)	% of Indirect Tax on Revenue	VAT on Revenue (%)	VAT on Indirect Tax (%)
1	2012/13	1949.3	258.92	71.4	187.52	83.4	72.4	32.2	44.5
2	2013/14	2232.5	312.4	84.7	227.7	101.1	72.9	32.4	44.4
3	2014/15	2423.6	356	98.5	257.5	112.5	72.3	31.6	43.7
4	2015/16	2608.2	421.1	130.6	290.5	122.4	69.0	29.1	42.1
5	2016/17	3077.1	553.9	167.3	386.6	161.1	69.8	29.1	41.7
6	2017/18	3455.9	659.5	179.2	480.3	206.8	72.8	31.4	43.1
7	2018/19	3858.9	738.7	194.5	544.2	240.1	73.7	32.5	44.1
8	2019/20	3888.7	700.1	219.7	480.4	224	68.6	32.0	46.6
9	2020/21	4277	870.1	228.4	641.7	282	73.8	32.4	43.9
10	2021/22	4851.6	984.3	260	724.3	314.3	73.6	31.9	43.4
Average growth/year		-	14.3%	13.8%	14.5%	14.2%	-	-	-

Table 4.3: GDP and Tax-Related Ratios (percentage) of the Period Between FY 2012/13 and FY 2021/22

SN	Headings/ Fiscal Years	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
1	Tax/GDP (Percentage)	10.9	14.0	14.7	16.1	18.0	19.1	19.1	18.0	20.3	20.3
2	Direct tax/ total tax	27.6	27.1	27.7	31.0	30.2	27.2	26.3	31.4	26.2	26.4
3	Direct tax growth		16.6	16.3	32.5	28.1	7.1	8.5	13	3.9	13.9
4	Direct tax/ GDP	3.7	3.8	4.1	5.0	5.4	5.2	5.0	5.6	5.3	5.4
5	Indirect tax growth		21.4	13.1	12.8	33.1	24.2	13.3	-11.7	33.6	12.9
6	Indirect tax/ GDP	9.6	10.2	10.6	11.1	12.6	13.9	14.1	12.4	15.0	14.9
7	VAT/GDP	4.3	4.5	4.6	4.7	5.2	6.0	6.2	5.8	6.6	6.5

Source: Economic Surveys/Consolidated Financial Statements/Budget Division/FCGO/MoF, Table/Ratios: Arranged by the Author.

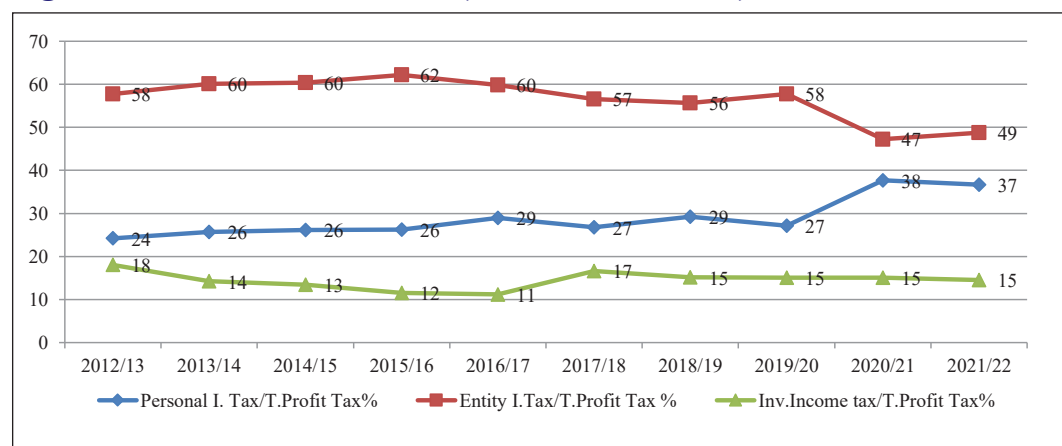
Table 4.3 shows that during the period, total tax amounted to NPR 984.3 billion from NPR 211.17 billion with an average growth of 16.4 percent per annum. In this period, the share of tax revenue in total revenue registered at 91 percent from 80 percent, which means every year the share of non-tax revenue is decreasing. In a given period, the average growth of direct and indirect taxes is less or more the same; direct tax increased by 15.5 percent and indirect tax by 14.6 percent annually (Table 4.3). During the decade, the tax/GDP ratio doubled from 10 percent to 20 percent. However, this ratio for indirect taxes rose to 15 percent from 9 percent, with 16.6 percent annual growth in VAT (Table 4.3). In the meantime, the VAT/GDP ratio amounted to nearly seven percent from four percent. This means the growth of VAT in comparison to other taxes is more, but not as desired by the policy declaration.

4.4.7.1 Direct Taxes

The total direct tax collected in the FY 2021/22 is NPR 260 billion, while this figure for the FY 2012/13 was NPR 71.24 billion. During the period, the annual

average growth rate of direct tax was 14.9 percent. The contribution of direct tax to total tax ranges between 26 percent and 30 percent, with an average of 28.1 percent. In this period, the direct tax GDP ratio ranged between 4 and 5 percent. With direct tax, out of the total tax collected in the FY 2021/22, almost all the tax is from income-based taxes. Out of total income taxes, 97 percent is collected from business income and the rest is from remuneration income (Table 4.3 and 4.4; and Figure 4.3).

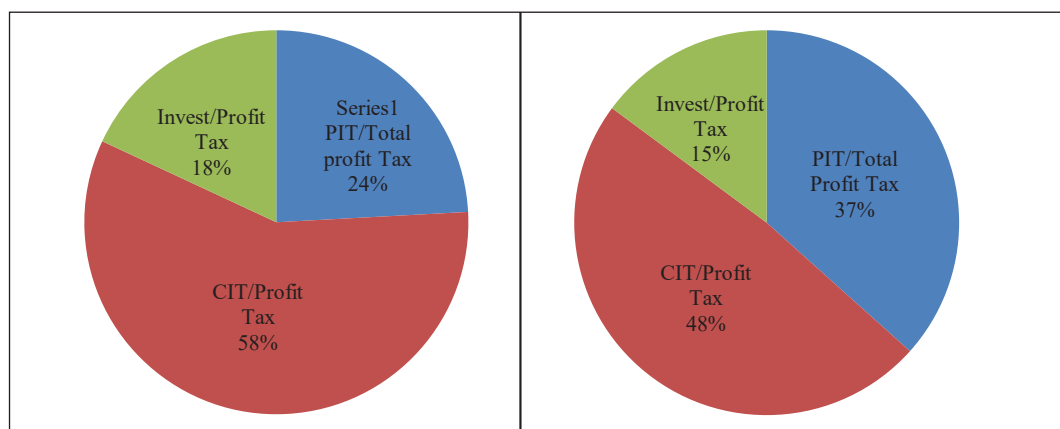
Figure 4.2: Direct Tax Structure (FY 2012/13-2021/22)



Source: Budgets, Economic Surveys for corresponding FYs, MoF

During the period from the FY 2012/13 to 2021/22, entity-based corporate income tax covered more than 50 percent of income tax; the average contribution of personal income tax is around one-fourth. However, the share of business-based personal income tax (PIT) recorded at 38 percent from 24 percent; the rest is covered by investment-based income tax. Figures 4.2 and 4.3 show the structure of income tax for the years 2012/13 and 2021/22, where the share of personal income tax recorded 38 percent from 24 percent, the share of corporate tax decreased to 9 percent from 49 percent and investment-based income tax amounted to 18 percent from 15 percent. The trend of direct tax is moving towards the personal income tax, but the pace is slow and still, the direct tax is dominated by corporate taxes, especially by public limited companies. For example, in the FY 2021/22, out of a total corporate income tax (CIT) of NPR 123 billion, the shares of public limited and private limited companies were 45 and 39 percent, respectively; the rest of the amount is collected from others.

Figure 4.3: Income Tax Structure (2021/22)

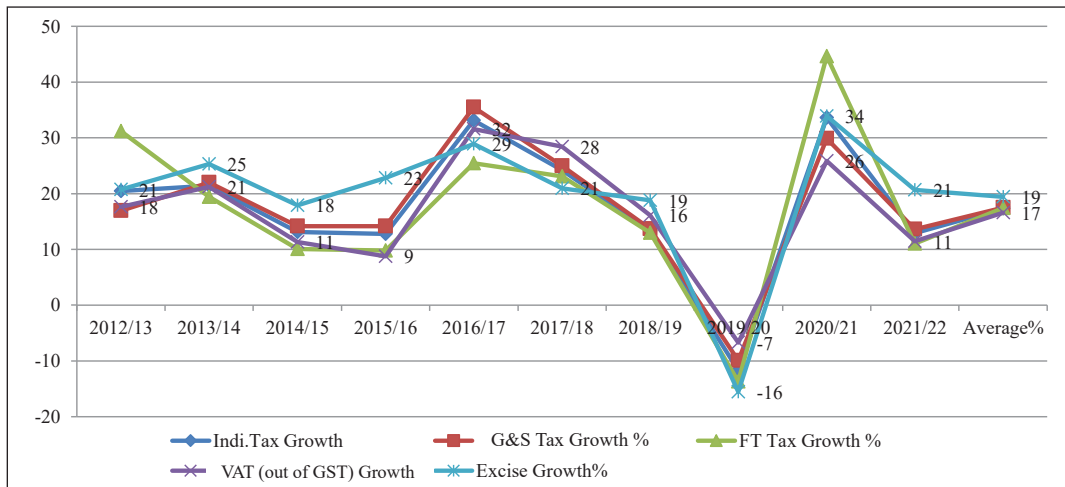


Source: Annual Budgets and the economic surveys for corresponding years (MoF); calculated by the author

4.4.7.2 Indirect Tax Structure

The total indirect tax collected in the FY 2021/22 was NPR 724.30 billion, while the figure for the FY 2012/13 was NPR 187.52 billion; during the period, the annual average growth rate of indirect tax was 14.6 percent. The contribution of indirect tax to total tax ranges between 70 percent and 74 percent, with an average of 71.9 percent. In this period, the indirect tax GDP ratio ranged between 10 and 15 percent (Figure 4.4). Concerning indirect tax, out of the total tax collected, NPR 724 billion, in the FY 2021/22, most of the taxes were from VAT and the remaining 55 percent was covered by the customs and excise duties (Table 4.2).

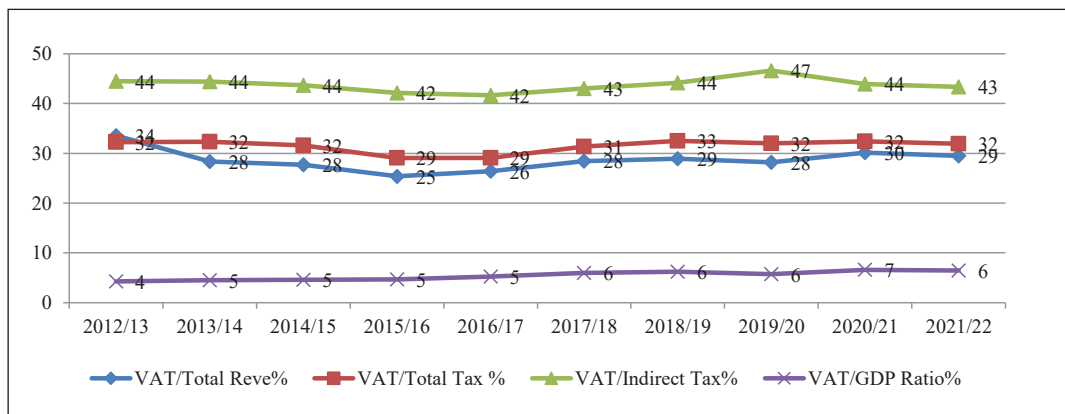
The contribution of customs duty (foreign trade tax-FTT) to total indirect tax ranges from 26 percent to 30 percent. For the FY 2021/22, the contributions of VAT and customs duty were 43.4 and 27.4 percent; these ratios for the FY 2012/13 were 44.5 and 30.4, respectively. The rest is covered by excise duty, special taxes and infrastructure taxes. During the period, the average annual excise duty grew to 19 percent; the rest of the taxes increased by 17 percent annually. Except in the FY 2019/20, in all (of the FY between 2012/13 and 2021/22), all indirect taxes grew in parallel with relatively higher growth in excise duty in the later period. The overall trend of growth of indirect tax stagnated. In comparison to other taxes, VAT contributes largely, but the ratios of VAT are not increased as policy declaration develops it as a main source of revenue. During the period, the contribution of excise duty increased by four percent and rose to 23 percent.

Figure 4.4: Indirect Tax Rates (FY 2012/13 - 2021/22)

Source: IRD, FCGO/MoF, graph arranged by the author

4.4.7.3 Contribution of VAT

Between the FYs 2012/13 and 2021/22, the contribution of VAT to total revenue, total tax and total indirect tax remained over 25 percent, 29 percent and 43 percent, respectively. The VAT/GDP ratio ranged between 5 percent and 7 percent. The contribution from import-based VAT amounted to around two-thirds of the total VAT collection.

Figure 4.5: Ratio of VAT to GDP by Total Tax (FY 2012/13 - 2021/22)

Source: IRD, FCGO/MoF, graph arranged by the author

4.4.7.4 International Scenario of Rate Structure and Tax/GDP Ratios

The tax rates and tax GDP ratio may be different among the countries. Tax rates depend on the economic status and the need for expenditures, the level of investment, the degree of tax compliance, taxpayers' paying capacity, the scope and volume of social security services provided by the government and overall fiscal policy adopted by the country.

Table 4.4 shows the personal income tax (PIT) rates, corporate income tax rates, VAT rates, rates of capital gain taxes and tax/GDP ratios of selected countries, including all South Asian countries, for the year 2022. Different countries have different rates; no single optimum tax rate applies to all countries. However, in a few countries, the same rates for corporate income and individual income are applicable, e.g., Bhutan and Afghanistan. Nepal, India, the Maldives, Sri Lanka, China and Australia have two corporate tax rates: a general rate and a specific rate, based on the nature of business. In terms of individual income tax, India and Nepal apply the highest marginal rate of 39 percent, whereas the Maldives levies only 15 percent. India has replaced the VAT with Goods and Services Tax (GST) and the marginal rate of GST is 28 percent. Except for India, Pakistan has the highest VAT rate in South Asia and Bhutan has the lowest. In the given advanced countries, Denmark has the highest VAT rate and Singapore has the slowest. In the USA, no VAT is applicable; States may collect sales tax and rates range from 2.9 percent to 7.25 percent (Table 4.4).

Different countries may have different tax GDP ratios, which depend on the volume of tax collection and tax policy adopted by the country, also depending on the development level (Table 4.4). For example, tax/GDP ratios, in the year 2020, in most of the European countries varied from 33 percent to 46 percent. In South Asia, it was 14.54 percent in the year, the highest in Nepal at 20.3 percent and the lowest in Bangladesh at 9.1 percent. But, it can be expected that similar economies should have similar tax rates and tax-to-GDP ratios. As per the study of the ADB, out of 28 countries from Asia and the Pacific, only four countries have a proportion of indirect taxes over 60 percent; these include Bangladesh, Cambodia, Kyrgyzstan and Nepal (ADB 2018, p 60). In Asia, the ratio of direct tax in Pakistan also falls within the 40 percent limit.

While comparing the tax rates and tax/GDP ratios of similar economies, the corporate tax rate of Nepal is higher than that of other South Asian Countries except Sri Lanka; it is equal to that of Australia and Sri Lanka. The marginal individual tax

rate of Nepal is the highest in South Asia except India. Apart from differences in geographical location and access to the sea, Nepal and Vietnam have similar economic and resource characteristics. Nevertheless, Vietnam's tax rates, including VAT, and its tax-to-GDP ratio are comparatively lower.

Table 4.4: Marginal Tax Rates and Tax-to-GDP Ratios of Selected Countries

SN	Countries	Income Tax Rates	Corporate Rates	Capital Gain	VAT/ GST	Tax/GDP Ratios
1	Nepal	39	30	7.5	13	20.3
2	Bangladesh	32	25		15	9.12
3	Bhutan	26	25		7	10.7
4	India	39	25	15	28	18.08
5	Pakistan	35	29		17	12.5
6	Sri Lanka	36	30		12	10.6
7	Maldives	15	18		8	20.5
8	Afghanistan	20	20		10	
9	China	45	25	45	13	17.5
10	Hong Kong	15	17	0	0	14.1
11	UK	32	25	28	20	33.3
12	USA	37	21	20		27.1
13	Australia	45	30	45	10	27.8
14	Vietnam	35	20		10	18.6
15	Singapore	22	17		8	10.1
16	France	30	25	19	20	46.2
17	Denmark	52	22	22	25	46

Source: IMF, WB and other concerned agencies, Heritage.org (n.d.) <https://www.heritage.org/index/pages/all-country-scores>

Another issue to ponder is the corporate tax rate. In 2023, including OECD and EU countries, more than 140 countries committed to implement a global minimum tax deal/agreement aimed at ensuring multinational companies pay a minimum rate of tax of 15 percent on corporate profits and more than 55 countries amended their laws to implement the provision from 2024 (World Economic Forum, 2024). The purpose of this deal was to end the practice of multinational companies shifting profits to low-tax countries and territories, even though the income was generated

elsewhere. The tax haven countries, including Ireland, Luxembourg, Switzerland, and Barbados, have agreed to implement the minimum rates.

4.4.8 Taxing Powers of Different Levels of Governments in Nepal

As per the Constitution of Nepal, the federal, provincial, and local governments can impose taxes and collect revenue on matters that fall within their respective jurisdictions. However, for matters listed in the Concurrent List or not included in any list, the Government of Nepal will determine how taxes are imposed and revenues collected. The jurisdiction of tax and non-tax revenue imposition and collection of the three levels of government (Article 57) is arranged in different schedules. The schedule-wise arrangements are given in Table 4.5.

Table 4.5: Arrangement of Revenue Rights (Article 57 and Schedules 5, 6, 7, 8 and 9 of the Constitution of Nepal)

Federal - Schedule 5.9	State (Province)– Schedule 6.4	Local** – Schedule 8.4
Customs duty	Ago-income tax	Wealth tax
VAT	House and land registration fee,	House and land registration fee
Excise duty	Motor vehicle tax	Motor vehicle tax
Corporate income tax	Entertainment tax	Entertainment tax
Individual income tax	Advertisement tax	Advertisement tax
Remuneration tax	Tourism tax	Business tax, House rent tax, Land revenue (Malpot)
Non-tax revenue rights		
Federal – Schedule 5	State – Schedule 6	Local – Schedule 8
Nontax revenue		
Service charge and fee	Service charge and fee	Service charge and fee
Penalty	penalty	penalty
Tourism fee		Tourism fee
Passport fee		
Visa fee		
Schedule – 9 (Concurrent list of Federation, States and Local – Service fee, charge, penalty, royalty from natural resources and tourism).		
Note: **The wealth tax, house rent tax, house and land registration fee and motor vehicle tax are collected at the local level as local taxes.		

Source: *The Constitution of Nepal, adapted by the author based on Adhikari (2020).*

Under the Federal jurisdiction, six types of central taxes – customs duty, VAT, excise duty, personal income tax, corporate income tax and remuneration tax – are incorporated. These taxes are levied by the Government as federal taxes under Federal law. As per Schedule 5 of the Constitution of Nepal, under the non-tax jurisdiction of the Federation, tourism fees, visa fees, passport fees, service charge fees and penalties are included.

Houses and land registration fee, motor vehicle tax, entertainment tax, advertisement tax, agriculture income tax and tourism tax are included in the jurisdiction of the Province (Article 57, Schedule 6 of the Constitution and Section 3.2, Schedule 2(a) of the Inter-Governmental Financial Management (IGFM) Act). By nature of taxes, Provinces are authorized to levy three types of taxes: (i) income-based (tax on agricultural income), (ii) property/resource-based (motor vehicle, house and land registration fee) and (iii) service-based (entertainment tax, advertisement tax and tourism tax). Provinces may impose and collect non-taxes, such as service fees, charges and penalties.

In the jurisdiction of the local level Government, eight types of taxes (house/land registration fee, motor vehicle tax, entertainment tax, advertisement tax, house rent tax, property tax, land tax/*Malpot*, and business tax) are included (Schedule 8 of the Constitution and Section 3.3, Schedule 3(Ka)) of the IGFM Act). Local governments may levy and collect three types of non-tax revenues: tourism fees, service charges and penalties (Article 57, Schedule 8, Section 3.3, Schedule 2(b), IGFM Act). Under their jurisdiction and right, local levels are entitled to make laws to impose and collect the taxes and non-taxes (Section 3.3, Schedule 2(b), IGFM Act). However, there remains some confusion and complications in Provincial and Local level taxation. These confusions and complications have existed basically in business taxes, taxes on agricultural incomes, rental income and advertisement incomes.

Income tax is the power of the Federation, but the business tax is levied and collected at the local level. Put simply, business tax is created due to business activities that create the space for levying the corporate tax (corporate income tax), sales tax, VAT, excise, turnover tax and sometimes withholding tax payments created due to business activities. Income taxes, corporate tax, VAT and excise duties are collected by the Federation. Here, on the same type of activity, local governments impose taxes based on investment and economic transactions (section 58, Local Government Operation Act). This shows that double taxation is being practiced and also reveals a lack of clear guidelines for levying taxes at the local level. The aspects such as the nature and location of the business, volume of transactions, and the income earned

are not clearly addressed. Hence, no minimum uniformity is maintained among the local levels. The issue of double taxation also arises in relation to advertisement and entertainment taxes levied by the Province. In addition, tax policy, tax administration skills, and capacity at the Provincial and Local levels are weaker than the revenue-related responsibilities assigned to them.

In the case of rental tax, the authority to levy house rental tax lies exclusively with the local level; however, it is not specified whether the tax applies specifically to individual rentals or corporate rentals. The IRD has been claiming that it is for corporate rental income taxation and therefore, conflict between the Federation and the local level is ongoing. The issue is raised in agricultural income, too. So, to make tax administration compliance-friendly, some conceptual and explanatory clearance is required; the capacity should be enhanced.

Also, the federal government issues the Permanent Account Number (PAN) and administers VAT registration. The local levels also have their own taxpayer registration system and have created their revenue models. This means that the taxpayer number of the federal government and the taxpayer number of the local government are different. So, to minimize hassles related to these and obtain integrated information or to integrate the information somewhere, a common Taxpayer Identification Number (TPIN) mechanism needs to be developed. For that, the PAN or VAT registration number of the federal government should be expanded.

4.4.9 Global Trend of Tax Reforms

During tax reform initiatives in the past decades, many countries, including India, Australia, Canada, New Zealand and Singapore, adopted the approach of lowering tax rates and reducing the number of taxes by integrating them under a single system, such as the GST. Some governments of countries such as the United Kingdom, Japan, France and the United States showed interest in modifying the existing tax principles in a new context (for example, shifting to a territorial approach from the global system regarding corporate tax and income tax. Thus, in previous times, the act of introducing new taxes (for example, pollution tax) and shifting the tax structure towards consumption taxes existed as significant reform actions. Other priorities of tax reforms focused on narrowing down tax brackets, tax slabs and bands of the personal income tax and re-managing and reducing the corporate and business income tax exemptions. After the COVID-19 pandemic, many low-and middle-income countries extended pandemic-related tax measures to create fiscal space for responding to the impact of the pandemic (OECD, 2022).

However, improvement in tax administration and reduction of compliance and administrative costs were common to all.

As other countries initiated the programmes individually or collectively, the OECD countries also continued the programmes of tax reforms. In recent decades, the tax reform programmes of the OECD member countries have tended to reform personal income tax, social security contributions, corporate tax, wage and labor tax, tax on property and capital gain, and environmental taxes. These countries are continuing with the actions of narrowing the base of PIT and social security contribution (SSC) due to equity and affordability concerns of the low-income class (OECD, 2023)⁸, moderation and increment in capital gain and dividend tax and stabilization of the standard rate of VAT, as well as broadening the digitalization of the tax system. The introduction of a minimum global corporate tax rate is another step to enhance the scope of taxation.

With the beginning of the 21st century, the tax system shifted to lower tax regimes from the regime's high marginal tax rates, especially in the case of personal incomes and corporate incomes. In recent years, the trend of penetrating various types of tools to achieve the objectives of social justice through individual income taxation has been considered significant. However, in general, the act of reforming social security taxes is limited. Also, the least developed and developing countries have introduced various schemes of social contributions, and these changes will continue to reform labor-based income-related taxes in many countries.

Currently, tax reforms have been the priority action of the governments and some of them have eased their fiscal stance to stimulate the economy by lowering taxes, increasing government spending, or have taken both measures. The focus of the most recent tax reforms is on cutting taxes to boost investment, consumption and labor market participation⁹; Argentina, France, Latvia and the United States of America are examples. These countries introduced significant tax reform packages with a strong focus on supporting investment and some measures to enhance fairness.

The USA reduced the corporate tax rates in 2017 to 21 percent from 35 percent ("How did the", n.d.). As per the Taxation Laws (Amendment) Act of India, in 2018, India also reduced general corporate tax to 22 percent from 30 percent and for new manufacturing industries to 15 percent from 25 percent, excluding the cess and

8. Tax Policy Reforms 2023: OECD and Selected Partner Economies, Tax Policy Reforms.

9. <https://www.oecd-ilibrary.org/sites/d8bc45d9-en/index.html?itemId=/content/publication/d8bc45d9-en>

surcharges. Before this step, the introduction of the GST in 2017 was one of the biggest tax reforms in India (Budget Speech 2017/MoF/GoI). The GST is a comprehensive indirect tax levied on the manufacture, sale and consumption of goods as well as services at the national level. It replaced all indirect taxes levied on goods and services by the Central and State Governments.

Indonesia and South Africa initiated the reform through fiscal policy and tax reforms, intending to stimulate the economy. Further, efforts have also been made to broaden tax bases and to continue the fight against international corporate tax avoidance by introducing a 15 percent global minimum corporate tax. Thus, in recent years, the Social Security Contributions/National Insurance Contributions and PIT have become the main sources of tax revenues, followed by VAT and corporate tax. Other notable reforms are related to the tax base, such as the expansion of depreciation allowances, aiming to support investment (Adhikari, 2020).

In conclusion, the worldwide trend of the tax system is changing its direction from various points of view. The measures include lowering the tax rates and broadening and re-managing the base, increasing the number and scope of tax treaties, and attempting to discourage the trends of minimizing the tax liability by multinational companies through unnecessary tax planning with the use of high-level professionals, broadening the scope and advocacy of social justice through taxation, digitalization of taxation and focusing for transparency. However, the system is not challenge-free; new issues are on the horizon due to the impact of COVID-19 and ongoing conflict and tensions in global power politics.

4.5 Conclusions

Taxation is a part of the national life and economy, so it is subject to revision with changes in the socioeconomic scenario of a country. The foundation of taxation is tax theories and principles, which is why the tax policy and system should be designed and changed accordingly. After the restoration of democracy in 1990, Nepal initiated some major changes in the framework of political economy in line with the global path of reforms based on economic liberalization. In the meantime, as in other sectors and areas, taxation also came in the movement of change and many initiatives were taken, including changes in the tax base, rates, administration, and technology to be used. The reforms provided many positive results, including a broadening of tax bases and tax amounts, as well as the introduction of modern versions of taxes and tax management-related technologies.

Despite the reform in the taxation system, the sector is not problem-free and challenge-free. So, it is high time to review the impacts of such reforms as well as new dimensions and dynamics that have existed in the development path of the country, which will make the tax system good, fair and equitable. On this ground, some issues and challenges are also identified. Relatively low tax base, decreasing share of non-tax revenues, high marginal tax rates, low tax elasticity, low voluntary compliance, increasing tax leakages, high dependency on import base revenues, inability to increase the share of income tax in revenues, and lower revenues collected in comparison to the target are tax-related major issues. Improving the tax indicators in favor of the national treasury and people's interest, improving national and individual tax capacity, identifying optimum tax potentiality of the country, bringing all economic activities within the range of taxation and reducing compliance and collection costs, harmonizing the revenue structures in accordance with the federal structure and making the taxation national economy friendly, good, just, neutral and ideal are tax related key challenges.

These challenges can be addressed through a scientific and comprehensive tax reform that will be helpful to make the tax system radically simpler, fairer, productive and transparent. This kind of scientific tax reform programme can serve the motives related to tax policy goals and objectives. In addition, it is essential to review the GDP computation considering the issue relating to the tax/GDP ratio in comparison to other countries of South Asia and the average ratio of developing countries based on the national tax capacity in relation to Nepal. People's perception and their psychology, as well as trends and quality of public spending, should also be considered to motivate the people to take ownership of the national tax system, since only a good tax system and adequate resource mobilization can develop a civilized society and a self-sustained economy.

4.6 Recommendations

Based on the review of policy, system and reference literature and analysis of data and information, some reform measures for improving the overall system are suggested as follows:

4.6.1 Policy and Overall Reforms

- 1) Carry out a comprehensive study on the national revenue/tax-yielding capacity and, based on the findings, analyze how much can be mobilized in Nepal.

- 2) Design tax systems with clear tax objectives, and each objective should be assigned a proportionate weight with a priority basis.
- 3) Establish a long-term tax strategy aligned with SDGs, the middle-income target of 2030, and the goal of becoming a developed country by 2043.
- 4) Broaden tax bases by taxing all economic activities and reducing informality.
- 5) Strike the right balance in taxation between productivity and social justice.
- 6) Make the tax system investor-friendly, simple, fair and predictable.
- 7) Streamline and professionalize the work of the revenue administration and make it more efficient, honest and transparent.
- 8) Reform tax administration within the framework of federalism and coordinate taxation between the three government levels.
- 9) Standardize the national tax code to simplify the administration, minimize compliance expenses, and stabilize it.
- 10) Ensure inter-party consensus on tax reforms to ensure that they are long-term.

4.6.2 Administrative and Institutional Reforms

- 1) Develop a mechanism to detect and track tax loopholes throughout the entire cycle (registration, filing, reporting, payment, collection) and develop specific programmes to reduce them.
- 2) Ease the compliance burden with automation, electronic services and procedures that are easy-to-use by taxpayers.
- 3) Enhance the technical and human resource capability of the tax administration by mainstreaming digital tools and technology.
- 4) Enhance organizational autonomy of revenue bodies to ensure accountability and innovation in the collection of revenue.
- 5) Implement a single taxpayer identification number (TPIN) that is used at all levels of government and integrated data systems.
- 6) Increase the amount of the central billing monitoring system (CBMS) and make issuing real invoices mandatory.
- 7) Implement QR-coded tax clearance certificates and electronic submission of customs documents.
- 8) Enhance enforcement capabilities against tax evasion, commercial fraud, and the use of fake invoices.

4.6.3 Income Tax Reforms

- 1) Streamline corporate tax arrangements so that it is not inferior to regional standards and attract private investment.
- 2) Periodically re-align and update personal income tax bands and rates with the cost of living and inflation and make them progressive and socially justifiable.
- 3) Increase the direct tax base, particularly the income and property taxes, so as to enhance equity and minimize reliance on consumption-based taxation.
- 4) Re-examine and streamline tax exemptions and rebates, connecting them to productivity, investment and employment.
- 5) Enforce legislation against aggressive tax avoidance, transfer pricing and profit shifting (BEPS).

4.6.4 VAT and Indirect Tax Reforms

- 1) Expand the VAT base and improve compliance through audits, research and information systems.
- 2) Adopt a two-rate structure (standard and reduced rates) and retain zero-rating on exports to enhance efficiency.
- 3) Progressively eliminate VAT thresholds and minimize exemptions, only in relation to the necessary services (healthcare, emergency services, postal, and financial).
- 4) Be prepared to move towards a GST model to consolidate duplication of taxes at different levels of government.
- 5) Minimize the amount of consumption and expenditure-based taxes across the three levels of government to ease administration.

4.6.5 Customs Reforms

- 1) Develop new customs laws and regulations according to the World Customs Organization, WTO and the revised Kyoto Convention.
- 2) Re-define customs duty rates with a distinction between finished goods, intermediaries and raw materials.
- 3) Introduce an online valuation-integrated database to ensure realistic, transaction-based customs valuation.
- 4) Automate tax refunds to bank accounts for compliant taxpayers and diplomatic missions.

4.6.6 Excise Duty Reforms

- 1) Refund VAT and excise duty levied on the raw materials used in the industries producing exempted export goods.
- 2) Raise excise duties on harmful products and tighten the enforcement of illegal trade.
- 3) Re-evaluate and rationalize the list of excisable goods, aligning rates by productivity, cost and social impact.

4.6.7 Non-Tax Revenue Reforms

- 1) Develop a non-tax revenue umbrella code that enables the system to be transparent, cost-effective, and systematic.
- 2) Periodically re-evaluate non-tax rates of revenue depending on the nature and cost of the services.
- 3) Ensure increased monitoring and accountability of non-tax revenue collection.

4.6.8 Taxation Reforms Under the Federal Context

- 1) Establish general policy directions regarding provincial and local taxation in coordination with federal policy.
- 2) Clarify how to handle rental and lease income to eliminate the conflict between local and federal authorities.
- 3) Clearly define the foundation of local business taxes (turnover, income, or nature of business).
- 4) Review the possibility of taxation on agriculture.
- 5) Clarify rights over tourism-related taxes and fees to prevent duplication of jurisdictions.
- 6) Resolve double taxation issues (business, advertisement, and entertainment taxes) between the three levels of government.
- 7) Improve provincial and local government capacity in tax policy design, rate determination and technology utilization.

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Appendix 4.1

Table 4.6: Major Macroeconomic Indicators (1990-2022, NPR, billion)

Headings/ FYs	1990/91	2000/01	2005/06	2010/11	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Total revenue	10.7	48.9	86.1	199.8	482.0	609.2	726.7	829.6	793.7	935.9	1066.3
Tax revenue	8.2	38.9	57.4	156.3	421.1	553.9	659.5	738.6	700.1	870.1	984.3
Non-tax revenue	2.6	10.0	28.7	43.5	60.9	55.3	67.2	91.0	93.6	65.8	82.0
Direct tax	1.4	18.5	14.0	44.3	130.6	167.3	179.2	194.5	219.7	228.4	260.0
Recurrent expenditure	7.6	42.8	67.0	151.0	371.3	518.6	696.9	716.4	784.2	846.2	954.3
Capital/ development expenditure	8.5	37.1	29.6	90.2	123.5	208.7	270.7	241.6	189.1	228.8	216.1
Financing	-	-	14.3	18.4	105.4	109.9	119.7	152.5	117.9	121.7	139.5
Total expenditure	16.1	79.8	110.9	259.7	600.2	837.2	1087.3	1110.5	1091.1	1196.7	1309.9
Internal outstanding debt	17.3	60.0	94.7	184.2	239.0	288.6	391.0	453.0	613.7	802.9	987.5
External outstanding debt	49.4	200.4	234.0	259.6	388.8	413.7	526.3	596.2	805.3	934.7	1025.9
Total outstanding debt	66.7	260.4	328.7	443.8	627.8	702.3	917.3	1049.2	1419.0	1737.6	2013.3

Headings/ FYs	1990/91	2000/01	2005/06	2010/11	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Gross domestic product	116.1	393.6	654.1	1369.4	2608.2	3077.1	3455.9	3858.9	3888.7	4277.0	4851.6
Per capita income (US\$)	185	241	34	791	888	1039	1176	1204	1166	1277	1399
Trade deficit	15.9	60.1	116.9	327.3	703.5	917.1	1163.7	1321.4	1099.1	1398.7	1720.4

Source: Economic Surveys/Consolidated Financial Statements/Budget Division/FCGO/MoF

CHAPTER 5

EXTERNAL FINANCIAL FLOWS TO NEPAL: FDI AND REMITTANCE

Nara Bahadur Thapa

Abstract

This study examines the impact of Nepal's policy reforms on stabilizing its external economy and proposes a roadmap for the next generation of reforms. It evaluates the outcomes of the first wave of reforms, particularly in foreign direct investment (FDI) and remittances, based on critical analysis of secondary data and literature thereby identifies critical areas for improvement. Key recommendations this paper makes include addressing trade deficits, bridging resource gaps, revitalizing agro-based manufacturing through private sector engagement, and creating a competitive environment for FDI comparable to other South Asian countries. This study highlights the need to resolve barriers such as complex entry processes, inadequate digital infrastructure, poor regulatory coordination, restrictive investment policies and inconsistencies in applying national treatment and most-favored-nation (MFN) status.

5.1 Introduction

5.1.1 Issues Related to External Flows to Nepal

The external sector serves as a barometer to measure a nation's economic well-being. As is the case with other countries, the sector's vital signs, including international trade, tourism, remittances, and foreign investment, determine Nepal's economic and development trajectory besides working as compass points for policymakers. Challenges that emerged in the external sectors for a long time have plagued the country persistently. While foreign investment has contributed to propel progress in some sectors of the country's economic spheres such as banking, telecommunications and energy, stagnation in agriculture and industry has compounded the trade deficit. Particularly glaring is Nepal's struggle to attract Foreign Direct Investment (FDI), which pales in comparison to the substantial remittance inflow that surpasses both FDI and Official Development Assistance (ODA) combined. While commendable efforts have been made in the sectors under the first wave of structural reforms over the past decades, especially since the 1990s, their outcomes have been mixed for the country. Finding answers to the causes of this reality calls for a deeper dive into its dynamics beyond merely a comparative study of them.

5.1.2 Objectives of the Study

This paper aims to assess Nepal's external sector policy trade-offs by addressing three interconnected questions: How have Nepal's structural reforms, applied henceforth by the country, affected resource flows to Nepal? How have these flows contributed to the country's economic development? And, what role do Nepal's initial conditions play in perpetuating persistent external trade imbalance? Examining these questions informs evidence-based policy responses that address concerns over widening trade deficits, low levels of FDI, and the sustainability of remittance inflows.

5.1.3 Methods of the Study

This study uses an empirical approach to evaluate the impact of Nepal's first generation of reforms on trade, FDI and migrant workers' remittances. It, for this purpose, uses available literature on FDI and remittances received from migrant workers and reviews current legislative and institutional arrangements around the issues with the help of an analytical framework of external sector accounts. Specifically, this paper uses thematic evidence-based analysis to uncover patterns across trade, FDI, and remittances using secondary data presented in simple descriptive statistics.

Quantitative data on macroeconomic indicators is collected from official sources, including the Nepal Rastra Bank (NRB), the Department of Industry (DoI), and the Ministry of Labour, Employment and Social Security (MoLESS), among others. These entities were selected because they are the primary official sources of reliable and up-to-date data on foreign direct investment and related macroeconomic indicators in Nepal. The NRB provides comprehensive data on the balance of payments, foreign exchange reserves, and overall FDI inflows. The DoI maintains detailed records on FDI approvals, sectoral distribution, and the origin of investments. The MoLESS offers insights into the labor market, employment trends and the impact of foreign investment on job creation. Using data from these institutions ensures more accuracy, consistency, and alignment with government-reported figures.

5.1.4 Analytical Framework of the External Sector

Robust macroeconomic analysis tests the strength and nature of the interdependence within and across economies. The review of the earlier generations of reforms and identification of areas for the next generation of reforms require the analytical

framework of macroeconomic accounts in general and the external sector accounts in particular. Some of the terms that apply when it comes to frameworks for the external sectors are discussed below very briefly.

5.1.4.1 Balance of Payments

From a macroeconomic management and policy-making perspective, the Balance of Payments (BoP) is one of the four main sets of macroeconomic statistics alongside national accounts, monetary and financial, and government finance statistics (International Monetary Fund, 2007). Particularly, the external sector establishes points of interaction between an economy and the rest of the world (RoW). The points of interaction are reflected in transactions and positions between residents of a country and the RoW during a certain period (International Monetary Fund [IMF], 2009).

BoP and International Investment Position (IIP) capture a snapshot of an economy's interactions with the RoW. Both of these external sector statistical frameworks are used to record transactions of one country with all other countries and group them systematically into specified accounts and statistics. By providing the structure and links with other sectors of the economy, they form the basis of economic analysis and policy formulation. BoP accounts for all international transactions of residents with non-residents during a certain period, while IIP aggregates a country's stock of financial assets and liabilities with the rest of the world at a specific point in time. Understanding both is crucial for developing a policy perspective that can address pressing external sector issues.

Broadly speaking, BoP has three major accounts:

- a) Current account,
- b) Capital and financial account, and
- c) Reserve (BoP) account.

5.1.4.2 Current Account

The current account covers the flow of goods, services, primary income, and secondary income. Merchandise is goods imported and exported, while services include transportation, insurance, tourism, royalties, wages, house rentals, government purchases, as well as expenditures of foreign contracts such as embassy services, government purchases, and house rentals (IMF, 2009). At times, both merchandise and services accounts are subsumed under trade accounts. The income

account includes labour income as well as investment income. Transfers include grants, remittances, pensions, gifts and donations (IMF, 2009).

The current account mirrors the economy's saving-investment gap. It embodies past economic activities, so current account transactions do not inherently give rise to future claims. The current account balance is identical ex-post to the economy's resource gap as measured by the difference between economy-wide saving and investment. Symbolically,

$$S - I = CAB = X - M + Yf + Tr \dots\dots\dots (1)$$

Where, S = Savings, I = Investment, CAB = Current account balance, X = Export of goods and services, M = Imports of goods and services, Yf = Foreign income, Tr = Current transfers.

Alternatively, the current account reflects the gap between income and absorption in the economy. Symbolically,

$$GNDI - A + CAB \text{ or } GNDI - A = CAB \dots\dots\dots (2)$$

Where, GNDI = Gross national disposable income, A = Absorption (consumption, private investment and government expenditure), CAB = Current account balance

5.1.4.3 Capital Account

Capital accounts represent changes in foreign asset ownership. These comprise two primary elements. The first element is the acquisition or disposal of non-produced non-financial assets, such as leasing agreements, mineral rights, trademarks, copyrights and land sold to embassies, among other things. The second element is capital transfer, which includes debt forgiveness and conditional grants for capital projects, such as foreign aid to construct roads, dams and schools. Additionally, the capital account also incorporates the transfer of goods and financial assets by migrants leaving the country, which may involve the transfer of fixed assets (IMF, 2009).

The financial account encompasses distinct functional categories such as FDI, portfolio investment, borrowing, trade credits, tradable financial derivatives and exceptional financing (IMF, 2007). FDI includes equity capital and reinvested earnings. Portfolio investment covers long-term debt and equity securities, along with money market instruments. Borrowing is a significant component, spanning the borrowing activities by the general government, external sector commercial borrowing (ECB) by the private sector, and borrowing by multinational firms from

their parent countries. Fourth, trade credits encompass both export and import trade. Fifth, tradable financial derivatives cover currency and interest rate swaps. Lastly, exceptional financing involves activities like the rescheduling of existing debt, addressing arrears on debt servicing, and issuing bonds for BoP support. Analyzing these categories guides the process of implementing second-generation reforms.

5.1.4.4 Reserve Account

Classified as ‘below the line’, the reserve account acts as a balancing item. It records the activity of the nation’s central bank. Symbolically,

$$CA + \text{Capital account} + FA + \text{Balancing item} = 0 \dots\dots\dots (3)$$

A surplus in the BoP leads to the accumulation of foreign exchange by the central bank. Technically speaking, when a BoP is in surplus, the balancing item will carry a negative sign. Likewise, when a BoP is in deficit, the balancing item, i.e., reserve account, will carry a positive sign.

5.1.4.5 International Investment Position

The International Investment Position (IIP) is an important statistic that reflects the position of the external sector of a country. The financial crises of the 1990s underscored the significance of stock data in assessing a country’s external vulnerability. IIP represents the balance sheet of an economy’s financial assets and liabilities concerning the rest of the world (RoW). IIP comprises four components, namely External Debt Statistics, Direct Investment, Portfolio Investment, and International Reserves. The net IIP represents the net worth of the economy. The BoP Manual Sixth Edition (BPM6) 2008 is the statistical framework used for compiling external sector accounts. However, Nepal Rastra Bank (NRB) has been compiling and publishing BoP statistics using both BPM5 (1993) and BPM6 (2008) on a parallel-run basis for a smooth transition.

The International Reserve Position indicates the level of international liquidity buffer a country has at a given point in time. The BoP and a country’s international reserves have a close relationship, as the latter is a stock variable that depends on the BoP’s position over a period. The sign of the balancing item (reserve account) indicates a surplus or a deficit in the BoP at any given period. When the BoP is in surplus, the country accumulates and adds to its international reserves. On the other hand, when the BoP is in deficit, the country loses its international reserves. Thus, the accumulation and depletion of a country’s international reserves are closely linked with its BoP position.

5.1.5 Limitations of the Study

This paper does not apply quantitative techniques in establishing the relationship between the first generation of reforms and their impact on the economy due to the lack of authentic data available for all the research issues related to this study. Therefore, the study falls short of establishing the causal relationship between reform measures and the corresponding sector-specific developments. Moreover, the scope of this study is limited to reviewing the specific policies, legislations and institutional arrangements as well as identifying the policy gaps and offering suggestions to close the policy gaps identified. As a pathway for future research, subsequent papers could explore the application of quantitative techniques (such as regression models, structural equation modeling, or time-series analysis) to examine the relationship between reforms and their economic impact.

Hence, this paper is expected to contribute to the existing literature by empirically examining the impact of policy reforms undertaken by the country so far and laying the groundwork for future reforms to stabilize Nepal's external economy. Towards this end, it first assesses the broad impact of the 'first generation' of reforms, focusing on FDI and remittances and then proposes the second wave of reforms, considering the national objectives and international commitments. Finally, it recommends targeted policies that the country has to adopt to overcome constraints in FDI and remittances.

5.2 Balance of Payment and the First Wave of Reforms

BoP imbalances are common in a dynamic economy, but persistent deficits deplete international reserves and can trigger financial and economic crises. Such kind of macroeconomic challenges can precipitate currency and cause financial and economic crises.

Since the establishment of the NRB in 1956, Nepal encountered BoP deficits on 11 occasions up to the FY 2023/24, as shown in Table 5.1. Among these deficit years, the period spanning from the FYs 1982/83 to 1984/85 witnessed a critical macroeconomic juncture marked by low and declining international reserves. The severe BoP deficits from 1982 to 1985 necessitated urgent macroeconomic and structural reforms. The adverse external sector situation during the mid-1980s marked the genesis of the first wave of reforms in Nepal. Over the consecutive three fiscal years from the FYs 1982/83 through 1984/85, Nepal grappled with a deficit in its BoP.

Consequently, the Government of Nepal (GoN) was compelled to initiate a Structural Adjustment Programme (SAP) in collaboration with the International Monetary Fund (IMF) and subsequently with the World Bank.

Table 5.1: BoP Deficits by Years

SN	FY	Deficit (NPR, in million)	Foreign Exchange Coverage
1	1965/66	82.1	5.6 months
2	1974/75	422.5	6.8 months
3	1982/83	675.0	5.0 months
4	1983/84	126.0	4.6 months
5	1984/85	866.0	2.9 months
6	1994/95	313.9	6.9 months
7	1995/96	1080.0	6.0 months
8	2001/02	3342.9	9.8 months
9	2009/10	3325.7	10.0 months
10	2018/19	67400.5	8.9 months
11	2021/22	255259.0	6.9 months

Source: Compiled and calculated based on data presented in NRB's Quarterly Economic Bulletins - <https://www.nrb.org.np/category/economic-bulletin/>

In response to external sector imbalances, Nepal initiated radical reforms towards macroeconomic stabilization and economic liberalization, including opening up the economy to the private sector. These reforms included reducing the fiscal deficit and public debt, managing monetary growth, controlling inflation and stabilizing currency. Primarily, monetary and fiscal discipline, trade liberalization, currency devaluation, financial sector deregulation, revenue mobilization and privatization were the key areas of the first-generation reforms. From a BoP perspective, the primary focus of these reforms was on liberalizing the current account.

In the international contexts, especially in India, the microeconomic reforms entailed the abolition of 'License Raj' – a situation whereby licensing was required for the establishment, expansion, or diversification of industrial enterprises and business - and the introduction of an Open General License (OGL) system for international trade. In Nepal, except for a few sensitive items, importers were no longer required to seek government approval for trade. Importers could just go to

banks to open letters of credit (L/C), which simplified the export-import process in Nepal. Rationalizing tariffs on imports and dismantling quantitative restrictions further streamlined international trade.

Nepal's accession to the World Trade Organization (WTO) in 2004 facilitated additional reforms in international trade. As a result, imports as a ratio of GDP have gone up significantly. Despite notable progress, challenges persist, particularly in boosting exports due to inadequate investment in key sectors such as agriculture, industry, energy, tourism, and information and communication technology. Barriers to FDI also remain a concern.

The wave of the first generation of reforms is instrumental in reshaping Nepal's economic landscape. While initiated under the SAP with the IMF in the mid-1980s, it was later accelerated through the Extended Structural Adjustment Facility (ESAF) and embraced more fully by the country's Eighth Plan in the early 1990s. Notably, the IMF played a pivotal role in spearheading these endeavours. Moreover, these reforms were rooted in the narrative of the Washington Consensus, which evolved during the 1980s and was refined in the 1990s. Under the Consensus, Nepal adopted neo-liberal policy frameworks and a liberalized economy. Also, financial and trade liberalization were started and the country utilized foreign aid and institutional support.

Nepal has made significant progress in liberalizing its current account, allowing free exchange of foreign currency for trade and remittances. However, capital account liberalization, which involves the free movement of investment capital in and out of the country, remains restricted, reflecting the cautious approach taken due to concerns about financial stability and regulatory capacity. Implementing reforms incrementally by bits and pieces paved the way for a significant achievement in the first-generation reforms in February 1993 in terms of attaining current account convertibility and dismantling foreign exchange controls for current account transactions. This milestone contributed to the country obtaining Article VIII status from the IMF in May 1994, which obliged Nepal to keep its commitments towards current account convertibility. However, Nepal has not fully kept its commitment toward this end. Therefore, a lot of reforms are yet to be done – completing these reforms will mark the turning point of the next phase of reforms.

The following discussions are the reforms initiated by Nepal in FDI, migrant workers and remittances.

5.2.1 FDI- Related Reforms

The 1980s marked Nepal's opening up to FDI. Although the history of FDI inflows dates back to 1951-52, when the joint venture Nepal Commercial Corporation was established with 67 percent equity by Indian investors, concerted policy efforts to attract FDI began in the 1980s (Nepal Rastra Bank, 2017). Notably, Nepal initiated a Structural Adjustment Programme (SAP) and sought foreign private capital primarily to bridge resource gaps. With this objective in mind, Nepal introduced the Industrial Policy in 1981, which included provisions specifically tailored to facilitate FDI. For example, it introduced the concept of a one-window policy and designated the Department of Industries (DoI) as the central agency for all FDI-related processes.

Subsequent legislative reforms expanded Nepal's scope for foreign investment. In line with the objectives of the Industrial Policy of 1981, the Foreign Investment and Technology Transfer Act (FITTA) was enacted in 1981. Furthermore, the enactment of a revised version of FITTA in 1992 opened up several sectors that were previously barred from foreign investment. The provisions relating to facilities and services by the Ministry of Finance (MoF), NRB and the Department of Immigration were to be delegated to the One-Window Committee under the DoI. Approval processes were streamlined with DoI designated as the primary agency for approvals, repatriation, tax incentives and visa facilitation. The Industrial Enterprise Act of 1992 and the Privatisation Act of 1994 were also introduced to catalyze private sector-led economic development by bridging the resource gap and stimulating both private and foreign investment.

Foreign capital and technology are constitutionally recognized as vital for national development. With the abolition of the monarchy on May 28, 2008, Nepal switched to a republic with political and fiscal federalism through the Constitution of Nepal in 2015. The transition through the 2015 Constitution further enshrined the importance of foreign capital and technology for export promotion, import substitution, and infrastructure development. For instance, in Article 51 (d) (10), the Constitution states that the State will encourage foreign capital and technological investment in areas of import substitution and export promotion, in consonance with the national interest and encourage and mobilize such investment in infrastructure building. Moreover, the Constitution underscores the need for coordination between provinces and the federal government in industrial corridors, special economic zones (SEZs) and projects involving foreign investment to drive economic growth and development.

5.2.1.1 Major Policy Revisions

Policy revisions were spurred to align with the Constitution. As per the policy of the State defined in the existing Constitution of Nepal, certain economic and industrial laws had to be revised to harmonize with the federal Constitution. Consequently, the GoN introduced several key legislative measures, including the FITTA 2019, the Federal Industrial Enterprise Act (FIEA) 2020, the Special Economic Zone (SEZ) Act 2016 and the Public Private Partnership and Investment Act (PPPIA) 2019. These acts serve as the regulatory framework overseeing both domestic and foreign investment in Nepal, with FITTA 2019 serving as the primary legislation governing foreign investment.

Foreign Investment and Technology Transfer Act

Foreign investment in Nepal can be of multiple shapes and sizes. The FITTA 2019 delineates foreign investment into three categories: Investment in shares, reinvestment of earnings from shares and project loans from financial institutions. Apart from these three forms, the analysis of FITTA, 2019 and FIEA, 2020, indicates a wider scope and space of foreign investment as follows:

- Investment in industries as defined in the FIEA, 2020;
- The amount above the minimum threshold defined by the law notified in the Nepal Gazette,
- Investment by individuals or jointly,
- The purchase of assets or shares of industry,
- The lease investment of certain assets,
- Technology transfer in any industry established in Nepal,
- Establishment of a branch in Nepal,
- Venture capital funds are set up with the approval of the Securities Board of Nepal (SEBON). The FITTA allows for the creation of a venture capital fund to enable foreign institutional investors to take equity stakes in Nepali companies.

Nepal is open for foreign investment from a range of sources, including institutional investors, individual foreign investors, and Non-Resident Nepalis (NRNs). The regulatory landscape for foreign investment is governed by the FITTA of 2019 and the Federal Industrial Enterprise Act (FIEA) of 2020. FITTA defines a negative list of businesses restricted for foreign investment, whereas FIEA outlines a positive list of industries open to foreign investment. Notably, foreign investment is permitted

in sectors like banks, financial institutions, and insurance, while trading businesses remain off-limits. This shows that both FITTA and FIEA are interlinked, as the former gives the negative list and the latter provides the positive list for foreign investment. The interaction between FITTA and FIEA underscores the complexity of Nepal's regulatory framework and its implications for future reforms in foreign investment.

Moreover, FITTA 2019 introduces various provisions designed to attract foreign investment to Nepal. It establishes multiple approving agencies for different tiers of investment. These agencies include (a) DoI for investment not exceeding NPR 6 billion, (b) Investment Board of Nepal (IBN) for investment exceeding NPR 6 billion, (c) Industrial and Investment Promotion Board (IIPB) for policy advice and approval for businesses falling under sensitive list (d) federal cabinet for approval of some businesses under the sensitive list, (e) SEBON for venture capital, and (f) Nepal Rastra Bank (NRB) for borrowing loans from the foreign capital market and financial institutions. Before the establishment of IBN, DoI was designated as a One-Window agency providing necessary services for all FDI. This opens the discussion on whether Nepal has made institutional arrangements simple or complex for foreign investment approval.

FITTA reflects both opportunities and complexities in Nepal's foreign investment framework. While FITTA incorporates the provision of a one-stop service centre mentioned in the FIEA of 2020, such a facility has not eased the approval and registration challenges faced by foreign investors, particularly in terms of bureaucratic red tape. Moreover, FITTA delineates the investment landscape through both positive and negative lists comprising nine industries and sectors that are deemed crucial for national security, local industries, or require specific regulatory frameworks. However, this is a departure from the best international practice advocating for a unified list and underscores the necessity for legislative reforms in this crucial area. Furthermore, FITTA endeavours to streamline the approval process for FDI within seven days of application and the profit repatriation process within 15 days, although these provisions have not been fully implemented. Additionally, FITTA offers various incentives, including tax benefits, visa facilitation, unrestricted repatriation of profits and capital, dispute resolution mechanisms, national treatment, and guarantees against nationalization, further enhancing the attractiveness of Nepal as an investment destination.

Federal Industrial Enterprise Act (FIEA) 2020

FIEA, 2020, is the mother law of both domestic and foreign investment. The main provisions of FIEA, 2020 concerning foreign investment are as follows:

- The provision of Federal IIPB and the Federal Cabinet for the approval of industries listed in Schedule 1 of FIEA, such as arms and ammunition, security printing, tobacco-related, alcohol-related goods, extraction of sandstones, excavation of minerals and petroleum, oil and lubricants (POL), drone, and liquified petroleum gas (LPG),
- Recommendations from various agencies for foreign investment,
- One-stop service centre (OSSC) to facilitate foreign investment,
- The federal government is the regulating agency for foreign investment.
- Various economic zones, including SEZs.

However, despite being the mother-law, FIEA does not refer to FITTA, 2019 and PPPIA, 2019. The authorities need to take note of this for the amendment of FIEA in the future.

Special Economic Zone (SEZ) Act 2016

The SEZ Act 2016 entrusts the SEZ Authority with key responsibilities. The SEZ Authority serves as a one-door unit to operate, manage, and develop essential infrastructure, regulate industries, and offer specified incentives as outlined in the law. Among the incentives offered to industries within SEZs are rebates on income tax, VAT, and customs duties; however, it's crucial to note that these incentives are subject to periodic review and modification through the Financial Act, which accompanies the federal annual budget. Ensuring alignment between the Financial Act and the tax incentives provided by the SEZ Act is imperative to maintain consistency and attractiveness for foreign investors. Although the federal budget for the FY 2024/25 proposed merging the SEZ Authority with the Industrial District Management Limited (IDML), this budgetary reform has yet to be implemented.

Public-Private Partnership and Investment Act 2019

The Public-Private Partnership and Investment Act (PPPIA) of 2019 regulates large-scale public-private projects (PPPs). This legislative framework covers Public-Private Partnership projects involving both domestic and foreign investment, with the project cost estimate exceeding NPR six billion. Under this framework, the

IBN is designated as the dedicated implementing agency for such projects. Similar to the FITTA, the PPPIA also provisions to establishment of a One-Stop Service Center (OSSC) under the IBN. This highlights a potential issue of overlapping mandates and functions between different legislative acts, as both the FITTA and the PPPIA confer similar responsibilities to the IBN in terms of facilitating investment and providing streamlined services.

Foreign investors face a multitude of policies, laws and institutions which at times overlap in certain respects in Nepal. For example, the Bank and Financial Institution Act, 2017, Insurance Act, 1992, Directives on Registration of Insurer and Operation of Insurance Services 2016, and Licensing Policy for Bank and Financial Institution, 2011 govern foreign investment in non-industrial areas. Likewise, the Foreign Exchange Regulation Act (FERA), 1962, guides NRB to manage foreign exchange. The Act Restricting Investment Abroad (ARIA), 1964, is still in place to control capital outflows. This legislation has given implementation mandates to different institutions other than DoI and IBN.

In addition to pre-approval processes, several laws, procedures, and institutions govern post-approval procedures for foreign investment in Nepal. These include the Company Act 2006, the Foreign Exchange Regulation Act (FERA) 1962, and legislation concerning intellectual property rights. For example, after obtaining pre-approval, foreign investors must adhere to various post-approval procedures. These entail, firstly, registering the company under the Company Act, followed by registration at the local level (ward office). Tax registration with the Inland Revenue Department (IRD) for both income and VAT is also mandatory. Additionally, industry registration under the FIEA, approval from the NRB for brownfield investments, environmental clearance, and sector-specific business licenses are required. The multifaceted nature of these post-approval procedures underscores the complexity involved in foreign investment processes in Nepal.

However, these major reforms indicate that the country still needs to put serious additional efforts and strive harder to achieve the desired results – whether in attracting the expected level of investment, ensuring the smooth operation of invested industries and enterprises, or convincing potential investors that Nepal offers a conducive environment for investment. This is also because Nepal has a mixed record of political commitment to foreign investment, as seen in the repeated delays and disruptions in major foreign-funded projects such as Arun III, Dabur Nepal, Ncell, Hongshi Cement, Dangote Cement, Sinohydro Corporation, Huaxin Narayani Cement, and Budhi Gandaki Hydropower. These projects faced various

challenges – including political instability, disagreements among political parties, labor unrest, bureaucratic hurdles, and shifting government policies – which created an uncertain investment climate and hindered timely implementation (Pant et al., 2022).

5.2.1.2 Additional Efforts to Increase FDI Inflows

While occasionally organized to attract foreign investment, investment summits in Nepal have fallen short of yielding the desired improvements in the investment climate. This situation is similar to India's investment summits, which are, as per Maini and Ray (2025), primarily focused on securing commitments from both domestic and international investors, yet their potential as platforms for promoting foreign trade remains largely untapped.

So far, Nepal has organized three Investment Summits. Although the first in 1992 was notably successful in attracting foreign investment, subsequent summits have faced challenges. The second summit in 2017 was held after the devastating earthquake of 2015 and the third in 2019. The main objective of such summits is to identify gaps and new ways to improve the business environment through amendments to investment-related laws and regulations and project Nepal as a favourable investment destination. However, the third summit, instead of improving the investment climate, vitiated it. The government's decision to raise the minimum FDI threshold from NPR 5 million to NPR 50 million sent a negative signal to potential foreign investors (Khanal, 2019). Consequently, despite showcasing nearly 70 projects (Prasain, 2019), including international airports, railways, hospitals, a metro, chemical fertilizers, luxury resorts, and various hydropower projects, foreign investors exhibited limited interest. Nepal held the Third Investment Summit on April 28 and 29, 2024, to leverage these opportunities to enact radical investment reforms and revitalize investor confidence. Investment totaling NPR 9.13 billion was approved for four different projects through the Department of Industry ("3rd Investment Summit", 2024).

In addition to amending crucial industrial and investment legislation and hosting investment summits periodically, Nepal employs various instruments to attract foreign investment. To promote foreign investment in the country, Nepal initially introduced Bilateral Investment Promotion and Protection Agreements (BIPPAs), now known as Bilateral Investment Agreements (BITs). Furthermore, Nepal has implemented Double Taxation Avoidance Agreements (DTAs) with several countries to mitigate tax-related barriers to investment. Additionally, Nepal has

established the Treaty of Trade and Transit (1960) with India as well as an agreement on transit transport in 2016 with China, to facilitate greater connectivity.

5.2.2 Migrant Workers and Remittance-Related Reforms

5.2.2.1 Policy and Legislative Reforms

Youths leaving the country for foreign employment have long been a common experience for Nepali households. The fast-rising wave of emigration and remittances in more recent decades can be attributed in part to legislative, regulatory, and institutional reforms implemented in Nepal since the 1990s. These reforms have facilitated smoother processes for migration and employment abroad, leading to greater opportunities for Nepali workers. Moreover, the Constitution of Nepal, promulgated in 2015, has empowered the federal government to formulate policies and negotiate agreements aimed at facilitating migration for foreign employment.

Historically, Nepal started migration policy liberalization in the mid-1980s, with accelerated reforms occurring in the 1990s. These changes resulted in a notable surge in labour migration from Nepal to a wider pool of destination countries. Before these reforms, Nepali migrant workers primarily sought opportunities in India, where work permits and passports were not mandatory (Gurung, 2004). The genesis of formalized overseas migration from Nepal can be traced back to the enactment of the Foreign Employment Act (FEA) in 1985. One of the most important contributions of FEA 1985 was the role it assigned to the private sector to facilitate foreign employment. Subsequent development plans, such as the Eighth Plan (1992-1997) and the Ninth Plan (1997-2002), further underscored the significance of foreign employment by prioritizing the search for labour destination countries for Nepali migrant workers and collaborations with the private sector to promote opportunities for Nepali migrant workers, respectively.

Democratizing people's access to passports marked a turning point in diversifying migration patterns from Nepal. While the Foreign Employment Act of 1985 laid the groundwork, decision to implement passport issuance through District Administration Offices (DAOs) in February 1998 revolutionized the process of labour migration, particularly for rural residents. Previously, obtaining a passport posed significant challenges for the general public, often leaving them with little choice but to seek employment opportunities in India. However, this decentralized approach not only streamlined the passport application process but also expanded access to foreign employment opportunities beyond traditional destinations like

India. Consequently, it opened up new avenues for a broader segment of Nepalis to explore opportunities for foreign employment.

Nepal's labour policies underwent crucial reforms to elevate conditions for foreign employment. The GoN introduced the National Labour Policy in 2056 BS with the primary objective of alleviating poverty across the nation. This policy placed a significant emphasis on establishing special institutional arrangements and fostering private-sector engagement to facilitate the promotion of foreign employment opportunities. Furthermore, the introduction of the Foreign Employment Act (FEA) in 2007, amending the laws that governed foreign employment earlier, played a crucial role in enhancing the security, orderliness, and dignity associated with foreign employment endeavours. The Act introduced several key provisions, including an insurance scheme, minimum remuneration standards, labour contracts and the establishment of a labour welfare fund for safeguarding the rights and welfare of Nepali migrant workers.

5.2.2.2 Institutional Arrangements and Collaborations

Several institutions have been created to facilitate the outmigration of Nepali workers to overseas countries. As for setting policies on labour migration, the erstwhile Ministry of Labour was renamed the Ministry of Labour, Employment and Social Security (MoLESS) in 2017, which serves as the apex body for labour-related matters (Ministry of Labour, Employment and Social Security [MoLESS], 2022). The Department of Foreign Employment (DoFE) was formed in 2008 to regulate labour migration. Following the enactment of the Foreign Employment Act (FEA) in 2007, the Foreign Employment Board was instituted in subsequent years to support the welfare and reintegration of migrant workers. Additionally, recognizing the need for a specialized body to handle legal matters arising from labour migration, the Foreign Employment Tribunal was established in 2009. These institutions, outlined in Table 5.2, collectively form the foundation of Nepal's labour migration regulatory framework.

Nepal's migrant support network has evolved significantly over the years. To facilitate recruitment, the GoN has licensed approximately a hundred private recruitment agencies (PRAs), commonly known as manpower companies, as of mid-February 2023, according to the Economic Survey 2022/23. These agencies serve as crucial intermediaries that connect aspiring migrant workers with prospective foreign employers. Additionally, the Government has authorized the private sector to provide pre-departure training and orientation, which led to the

establishment of 1 hundred 22 such institutions as of 2023. Various entities, including insurance companies, banks, financial institutions and medical institutions, have been enlisted to support migrant workers in their overseas endeavours. Nepal has also set up the Foreign Employment Welfare Fund (FEWF) to assist needy Nepali migrant workers.

Nepal's bilateral labour agreements influence migration trends. The GoN has been actively engaging in bilateral labour migration agreements (BLMAs) with several destination countries for Nepali workers. These agreements aim to facilitate orderly and dignified migration for Nepali migrant workers. As of FY 2023/24, Nepal has initiated and renewed such agreements with 10 labour destination countries. Additionally, the GoN has approved 1 hundred 1 countries for labour migration through recruitment agencies with temporary restrictions on Afghanistan, Iraq, and Libya (Ministry of Labour, Employment and Social Security, 2022).

Table 5.2: Labour-Related Policy and Institutional Reforms in a Timeline

SN	Year (BS)	Reform
1	2028	Labour Department under the Ministry of Industry
2	2038	Ministry of Labour and Social Welfare
3	2042	Foreign Employment Act
4	2052	A separate Ministry of Labour
5	2054	Decentralization of the issuance of passports from District Administration Offices
6	2056	National Labour Policy and Foreign Employment Policy
7	2056	Labour and Employment Promotion Department
8	2056	Department of Foreign Employment
9	2064	(New) Foreign Employment Act
10	2065	Department of Foreign Employment
11	2068	Foreign Employment Policy
12	2069	Ministry of Labour and Employment
13	2074	Ministry of Labour, Employment and Social Security (MoLESS)

Source: Ministry of Labour, Employment and Social Security, 2022, and other sources of MoLESS (<https://moless.gov.np/>)

Some, however, claim that the policy and institutional reforms Nepal has undertaken have not been that effective in yielding results. Policy reforms from the 1980s to 2017 show a gradual shift in gender norms around migration. Pyakurel (2018) notes that migration, once seen as a male domain, is increasingly being claimed by women, who assert their ability to perform the same work as men. However, restrictive gender-based migration bans have made domestic workers more vulnerable, forcing many into risky, irregular migration routes (Shivakoti et al., 2021). Adhikari and Khatri (2023) point out that, as in the Philippines, Nepal's migration policies remain flawed and ineffective in harnessing the full benefits of remittances. To address this, Adhikari (2023) emphasizes the need for a participatory, multi-stakeholder policy dialogue to better manage migration and align it with Nepal's long-term development goals.

5.3 Past Reforms in External Flows: Findings and Analysis

Examining the first generation of reforms yielded several noteworthy findings regarding FDI and migrant workers' remittances. For example, the reforms are found to have had a positive impact on modernizing Nepal's economy. They have notably propelled some sectors forward, while FDI itself has played a key role in modernizing Nepal's economy and encouraging greater private sector participation. In tandem, if properly utilized, the influx of remittances from migrant workers should prove to be a significant driver in reducing unemployment and poverty rates while also facilitating skill development, resource mobilization, and overall economic stability. Moreover, workers' remittances have alleviated foreign exchange constraints, thereby paving the way for potential capital formation in Nepal. While workers' remittance earnings have kept both households and the national economy afloat, Nepal's heavy reliance on remittances raises concerns about their sustainability, especially in the overarching context of trade imbalance.

5.3.1 Foreign Direct Investment

5.3.1.1 Sectoral Achievements

Sub-headings below discuss some achievements in selected sectors concerning the effectiveness of foreign direct investment.

Banking

Following the first generation of reforms, Nepal has made significant strides in modernizing its banking sector. Three joint venture commercial banks came into

operation during the mid-1980s. Currently, Standard Chartered Bank Nepal, Nepal SBI Bank, Everest Bank, Himalayan Bank, NMB Bank, and NABIL Bank are operating as joint venture banks. Earlier, Nepal Indosuez Bank (later named Nepal Investment Bank, which recently went into a merger with the Mega Bank and was renamed as Nepal Investment Mega Bank) and Nepal Bangladesh Bank (now acquired by Nabil Bank Limited) were in operation as joint venture banks. These joint venture banks not only offer modern banking services but also have a positive spillover effect on other domestic banks.

Telecommunication

FDI has acted as a catalyst in transforming Nepal's telecommunication sector into a dynamic, modern industry. However, recent developments have raised concerns about the sector's stability. The departure of Axiata, the parent company of Ncell, and Cotiviti Nepal, an IT company that sold its share to Infinite, underscores challenges within Nepal's operational environment. These incidents occurred ahead of the 4th investment summit in April 2024 and gave a negative message, indicating that all is not well with Nepal's taxation and business governance system.

Energy

The third sector in which FDI played a catalytic role in attracting private sector capital is the energy sector. Hydropower has been a sector of comparative advantage and a coveted area for foreign investment in Nepal. Historically reliant on bilateral grants, foreign grants, and multilateral loans for hydropower development, Nepal faced energy crises due to underfunding. Until several years back, load-shedding with long hours was a normal phenomenon in Nepal. However, the entry of foreign investors, such as those from Norway and the US, marked a turning point (Dhungal, 2016). Initial FDI-funded projects like Norway's Khimti of 60 megawatts (MW) and the US's Bhotekoshi of 45 MW catalyzed private sector investment in the hydropower sector. As a result, Nepal's private sector now surpasses the public sector in electricity production and even enables the country to export electricity to India during the wet season. Furthermore, a breakthrough trilateral power trade agreement was signed in January 2024 to export 10,000 MW from Nepal to India and Bangladesh over the next decade. This landmark agreement not only paves the way for a new power corridor but also underscores the opportunities for Nepal to attract greater foreign investment and attain electricity self-sufficiency throughout the year, had it not been for geopolitical tensions.

Cement

The cement industry stands out as the fourth sector that has benefited from foreign investment. FDI has played a pivotal role in steering Nepal towards self-sufficiency in cement production. Bolstered by incentives extended by the Government through industrial and investment-related policies, Nepal successfully attracted foreign investment from countries like India and China into its cement industry. This influx of foreign capital has enabled Nepali cement industries to boost production capacity and productivity to capitalize on economies of scale. As a result, Nepal has transitioned from being a net importer to an exporter of cement, particularly to neighbouring India.

5.3.1.2 Motives of Foreign Investment in Nepal

Foreign investment in Nepal tends to be natural resource-seeking and domestic market-seeking. For example, foreign investment in hydropower, cement, and medicinal and aromatic plants (MAPs) is natural resource-seeking and largely conforms to Nepal's comparative advantage (Nepal Rastra Bank [NRB], 2018). Likewise, most foreign investment in hydropower, cement, telecommunication and financial services in Nepal has been domestic market-seeking. While recent investments in the ICT sector represent a shift towards efficiency-seeking investment, Nepal is yet to attract such investment on a large scale in ICT, as well as the infrastructure and business service sectors. Promoting efficiency-seeking investment is crucial for Nepal to lower costs within the global supply chain and integrate its economy into the global value chain. Nepal can also draw valuable lessons from the successful strategies adopted by other developing countries such as Vietnam, Cambodia, Mexico, Bangladesh and India.

Geo-positioning shapes FDI trends. With the advent of the first wave of reforms, Nepal saw an influx of foreign investment predominantly from its neighbouring countries - India and China. India has consistently held the lion's share of total FDI stock in Nepal, followed by China, whose investment influence has been steadily increasing in recent years post-2012. According to Nepal Rastra Bank (NRB, 2023a), out of the 57 countries from which Nepal has received FDI, India led with an FDI stock of NPR 88 billion, followed by China at NPR 33 billion, and Ireland at NPR 21 billion in 2022. Beyond its immediate neighbours, Nepal has also attracted significant FDI from countries such as Ireland, Singapore, Saint Kitts and Nevis, the Netherlands, Hong Kong, British Virgin Islands, Mauritius, and Bermuda. However, it's crucial to be cautious of investments originating from such offshore

financial centres, as these investments often lack substantive links to the local economy. Damgaard et al (2019) point out that nearly 40 percent of the global economy consists of phantom investments that do not productively contribute to local economies.

Indian investors are big players across several key industries in Nepal. Notable examples include Asian Paints (Nepal), Berger, Jensen and NicholSEN (Nepal), Nepal SBI Bank, Everest Bank, Surya Nepal, Dubar Nepal, Unilever Nepal, Varun Beverage Nepal, Aarti Strips, Britannia, Kansai Nerolac, United Telecom, and Manipal Education and Medical Group. Moreover, Indian investment extends to the hospitality sector, with establishments like Taragaon Regency Hotel, Hotel Yak and Yeti, and Colgate Palmolive having Indian ownership. Additionally, Indian capital has found its way into the cement industry, with investments in companies such as Arghakhanchi and Maruti Cement (Nepal Rastra Bank [NRB], 2021). However, except for the hydropower sector, Nepal has not seen new FDI on a large scale coming lately from either India or other development partner countries. Such stagnation serves as a stark indicator of the challenges deterring foreign investment in Nepal, including policy unpredictability, crony capitalism and geopolitical tensions.

Chinese investment in Nepal is predominantly channelled into building infrastructure within three key sectors: energy, telecommunication, and tourism. Noteworthy ventures are Hongshi-Shivam Cement, Huaxin-Naryani Cement and Himalaya Airlines. However, the overall involvement of the Chinese private sector in Nepal's economy remains comparatively modest when contrasted with state-owned enterprises (Thapa, n.d.). Moreover, Chinese FDI is largely directed toward small-scale investments. The comparatively limited scale of investment and lower debt exposure underscore the restrained nature of Chinese involvement in Nepal when compared to its more extensive engagements in other South Asian countries like Pakistan, Bangladesh, Sri Lanka, and the Maldives.

5.3.1.3 Firms with Foreign Investment Thriving

Businesses with foreign investment tend to have a competitive edge over those with domestic investment. While Nepali investors frequently complain about their businesses running at a loss, those with foreign investments do not share such grievances. Nearly all businesses with foreign investment are profitable and experiencing growth. Moreover, they are expanding their operations, increasing tax contributions to the Government and distributing substantial dividends to

shareholders. The stock prices of these companies are on the rise in the Nepal Stock Exchange. The divergence in profitability and growth between businesses with foreign and domestic investment underscores underlying economic dynamics. Along with capital, foreign investment has also brought in new technology, modern techniques of management, transparency, corporate culture, and business ethics. This strengthens the case for liberalizing hitherto restricted sectors for foreign investment and removing barriers to FDI to foster a robust corporate sector and thereby modernize the Nepali economy.

5.3.1.4 Instruments of SEZs and Zones

The GoN is pursuing multi-faceted instruments to attract both domestic and foreign private investment. These strategies include the establishment of economic and industrial corridors, industrial parks, special economic zones (SEZs), and industrial villages. By creating SEZs catering to various industries, Nepal aims to alleviate the challenge of land acquisition faced by potential investors while also providing essential services and incentives to encourage business expansion. For example, Nepal offers targeted incentives such as tax exemptions, simplified regulations, and infrastructural support to attract foreign investors and facilitate their entry into the market. With plans to develop 14 SEZs in the medium term, as shown in Table 5.3, Nepal is committed to fostering an investor-friendly environment and unlocking its economic potential.

Table 5.3: The List of SEZs Planned

SN	SEZ	SN	SEZ
1	Bhairahawa	8	Nuwakot
2	Simara	9	Nepalgunj
3	Panchkhal	10	Jhapa
4	Biratnagar	11	Dhanusha
5	Kapilvastu	12	Rautahat
6	Jumla	13	Siraha
7	Dhangadi	14	Gorkha

Source: Special Economic Zone Authority (n.d.)

Government machinery is causing delays in operationalizing the SEZ. Among the 14 SEZs announced, the GoN has completed the development of the Bhairahawa and Simara Block A SEZs. Bhairahawa SEZ is operational, albeit with a few

companies in it. The GoN has solicited proposals from potential investors for Simara SEZ Block A out of its five blocks, as the other four blocks remain to be developed. Although numerous investors have applied, only 25 new industries have received permission to operate in Block A of Simara SEZ thus far. This delay has hindered the full operation of Simara SEZ Block A, which comprises 68 plots. The bureaucratic apparatus is taking too long to process them. As a result, Simara SEZ Block A, which has 68 plots, is yet to come into full operation.

SEZs are targeted especially to facilitate foreign investment. The SEZ in Bhairahawa and the Simara Block A aim to stimulate investment and bolster exports. However, only a few firms with foreign investment are in operation in Bhairahawa SEZ, and none of the foreign investors have applied for Simara Block A SEZ so far. The export requirement of 60 percent of the production is too high a target for business firms. Moreover, provisions in the annual finance bill as part of the Government's annual budget sometimes run in conflict with the incentives and concessions outlined in the SEZ Act of 2016, leading to uncertainty for investors as the former prevails over the latter. This highlights a systemic issue of policy inconsistency exhibited in government laws that dissuades potential investors. Addressing this challenge calls for ensuring harmony and coherence among government regulations meant to improve the investment climate in Nepal.

As outlined in the study report by Ghimire et al. (2024), operating modalities of already established SEZs must be revised. Issues related to monetary policies – such as low interest rates, bonded warehouses, duty drawbacks, special financial packages, concessional loans, loan rescheduling, and re-loaning – also need review and reform. Tax policies, including tax exemptions, duty-free zones, and differential treatment for SEZ-based industries, should be clearly defined and improved.

There should be adequate budget allocation for the proper establishment and operation of SEZs. Additionally, reforms are needed in various sectoral policies such as industrial policy, forest and environmental policy, labor policy, trade and export policy, energy policy, transport and infrastructure policy, and land policy. Finally, institutional management arrangements for SEZs should be reassessed and realigned to ensure effective coordination and implementation (Ghimire et al., 2024)

Nepal plans to develop large industrial parks as strategic hubs for industrial development. The GoN has unveiled plans to develop large industrial parks, at least one in each of the seven provinces (Ministry of Finance, 2024). The GoN has

already announced seven expansive industrial parks, also known as estates, with the foundation stone for some of these parks already ceremonially laid. The Government is also planning to develop Lamki in the district of Kailali and Murtiyaha (Sagarnath) in the district of Sarlahi as industrial estates. These planned large industrial parks are to be developed by the federal government jointly with provincial governments, and the private sector to operate their businesses over there. While two of these industrial parks are planned to be developed under public public-private partnership model, progress remains to be seen.

Table 5.4: Planned Large Industrial Parks

SN	Large Industrial Parks Proposed Areas	District
1	Damak	Jhapa
2	Mayourdhap	Makawanpur
3	Shaktikhor	Chitwan
4	Motipur	Rupandehi
5	Naubasta	Banke
6	Laxmipur	Dang
7	Daijee	Kanchanpur

Source: Ministry of Finance (2024)

Industrial estates' sluggish progress inhibits the industrial environment. The Government faces hurdles in securing land and finalizing detailed project reports (DPRs) and environmental impact assessments (EIAs) for industrial parks. Landless squatter issues further complicate matters. With a projected capital budget of NPR 302 billion, the budget for industrial infrastructure development amounts to just NPR 330 million for the FY 2023/24 (Ministry of Finance, 2023). The focus of such industrial infrastructure construction has been on Damak, Motipur, Naubasta, and Daijee industrial estates. However, these announced parks remain undeveloped, and the landless squatters' problem is yet to be solved. Only through concerted efforts to overcome these obstacles can Nepal kickstart the momentum towards realizing the full potential of its industrial sector.

5.3.1.5 Donor Support

Like Aid for Trade (AfT), the government should also develop a strategy for Aid for Industrial Development (AfID) to ensure finance for industrial areas and parks. In

the past, some industrial estates were developed and promoted with such resources. As per the Industrial District Management Limited [IDML] (n.d.), eight of the existing 10 industrial estates were developed with bilateral donor support. For example, Balaju and Hetauda industrial estates were developed with the financial support of the USA; Patan, Dharan, Nepalgunj and Gajendra Narayan in Saptari were developed with the financial support of India; Bhaktapur with the financial support of Germany and Birendranagar with the financial support of the Netherlands. Those in Butwal and Pokhara are the only two industrial estates developed by Nepal on its own. Nepal lacks financial resources and hence should mobilize both bilateral and multilateral donor support to develop the proposed large industrial parks.

Table 5.5: Industrial Estates in Operation

SN	Estate	Establishment Year (BS)	Support	Industries	Employment
1	Balaju	2019	USA	141	4169
2	Patan	2020	India	117	1800
3	Hetauda	2020	USA	133	4500
4	Dharan	2029	India	37	980
5	Nepalgunj	2030	India	37	850
6	Pokhara	2031	Nepal	77	3000
7	Butwal	2032	Nepal	72	1824
8	Bhaktapur	2036	Germany	37	788
9	Birendranagar	2038	Netherland	27	225
10	Gajendranarayan	2040	India	9	69

Source: Industrial District Management Ltd (n.d)

5.3.1.6 Foreign Investment in Industrial Estates

The industrial estates and parks proposed by the GoN have the potential to attract foreign investment in the country. For example, four out of 10 industrial estates currently in operation in the country have business firms with foreign investment.

Table 5.6: Firms with Foreign Investment in Industrial Estates Currently in Operation

SN	Industrial Estate	Firm	Investor
1	Balaju	• Bottlers Nepal (light drinks)	• SABCO Asia
2	Hetauda	• Asian Paints (colour) • R S Chemicals (soap, shampoo) • Nepal Yuncheg Plate Making (cylinder) • Closure System (plastics) • Tripura (tea packaging) • Berger Jensen and Nicholson (colour) • Gorkha Lahari (cigarette) • Antartik Biscuit • Vira Dragon Fly (PVC pipe)	• India • India • China • USA • India • India • India • India
3	Bhaktapur	• Berger Jensen and Nicholson (colour) • Soboguard Nepal Beverage and Dairy	• India • Denmark
4	Pokhara	• Sri Himalayan Life Plastic	• Switzerland

Source: *Industrial District Management Ltd (n.d)*

Nepal can take inspiration from the FDI strategies of other developing countries such as Vietnam, Cambodia, Mexico, Bangladesh, and India. There is a need to attract larger-scale investments from neighboring countries, as current investments – apart from the hydropower sector – remain relatively small. A major barrier is the inconsistency in government policies, particularly affecting FDI in Special Economic Zones (SEZs). To overcome this, Nepal must ensure coherence and alignment across its laws and regulations to build a more stable and attractive investment environment.

5.3.2 Migrant Workers and Remittances: Situation and Achievements

5.3.2.1 The Size of Outmigration

With the liberalization of migration policies in the mid-1980s and early 1990s, labour migration from Nepal has increased significantly. Nepal's outmigration rate (7.4 percent) is significantly higher than the global average (3.6 percent). Highlighting Nepal's unique dependence on foreign employment (McAuliffe

& Triandafyllidou, 2022). The Ministry of Finance (2024) reported that up to mid-March 2024, about six million (5,969,236) labour approvals were issued for individuals seeking overseas employment. Furthermore, as per the Ministry, Nepali citizens have migrated to 150 countries for employment. The institutional and legislative framework introduced during the first generation of reforms facilitated Nepalis to seek foreign employment. Notably, the involvement of the private sector, particularly through licensed recruitment agencies, has played a driving role in the surge of Nepalis seeking overseas employment.

5.3.2.2 The Size of Remittances

More than one-fifth of Nepal's national income is supported by remittances. As per the NRB report, migrant workers' remittances reached NPR 1220 billion (US\$9.3 billion), which amounts to 22.7 percent of GDP in 2022/23. On the global stage, India is the largest remittance recipient country in the world. As per Ratha et al. (2023), India received US\$125 billion, followed by Mexico at US\$67 billion and China at US\$50 billion.

Table 5.7: Top Ten Remittance Recipient Countries by Absolute Amount

SN	Country	Amount (US\$, billion)
1	India	125
2	Mexico	67
3	China	50
4	Philippines	40
5	Egypt	24
6	Pakistan	24
7	Bangladesh	23
8	Nigeria	21
9	Guatemala	20
10	Uzbekistan	16

Source: Ratha et al. (2022).

However, in terms of GDP, remittances in India were just 3.4 percent. The world's largest recipients of remittance, as the ratio of GDP in 2023, include Tajikistan (48 percent), Tonga (47 percent), and Samoa (32 percent), after which Nepal (27 percent) trails behind in the 6th spot (Ratha et al., 2023). India's experience offers a

takeaway message that fostering knowledge and skills boosts remittances, particularly from advanced nations like the US, UK, and Singapore. Thus, Nepal can draw inspiration from leveraging its extensive diaspora networks and promoting financial inclusion initiatives to facilitate seamless and cost-effective remittance transactions.

Despite some progress, Nepal’s efforts to expand financial inclusion through remittances are hindered by low financial literacy, poor infrastructure and limited access to digital services. As highlighted by Nepal Rastra Bank, it is imperative to implement targeted policies that not only enhance financial literacy and promote digital financial tools but also ensure that remittance-receiving households – especially in rural areas – are brought into the formal financial system. The urban-rural divide in accessing remittance services persists, limiting the inclusive impact of remittance flows.

Moreover, as emphasized by the International Finance Corporation and UNCDF (2023), high remittance costs continue to push many senders toward informal channels. Addressing this requires reducing transaction costs, enabling digital remittance platforms and exploring mechanisms to accept overseas-issued digital wallets with adequate safeguards. Leveraging the wide network of remittance companies can help channel remittances into formal accounts, thereby promoting savings, investment, and broader financial inclusion for remittance-receiving families.

Table 5.8: Largest Remittance Recipient Countries by GDP

SN	Country	Percentage of GDP
1	Tajikistan	48
2	Tonga	47
3	Samoa	32
4	Lebanon	28
5	Nicaragua	27
6	Nepal	27
7	Gambia	26
8	Honduras	26
9	El Salvador	23
10	Lesotho	21

Source: Ratha et al. (2023)

This analysis reveals three take-home lessons for Nepal. Firstly, Nepal confronts the challenge of maintaining its current level of remittances, given that remittances serve as the primary source of external finance compared to foreign investment and Official Development Assistance (ODA). Secondly, there is a pressing need to formulate labour policies that can adapt to the evolving global and national demographic landscapes. Also, Nepal possesses a significant demographic dividend, but this window of opportunity will not last long. Therefore, Nepal must prioritize the upskilling of its workforce and ensure the deployment of skilled labour abroad. Thirdly, Nepal must focus on expanding the domestic economy by implementing FDI reforms to diversify its economic base and reduce its reliance on remittances in the long term.

5.3.2.3 Role of the Private Sector in the Labour Market

Nepal has permitted its nationals to seek and take up employment opportunities in 1 hundred and 11 countries through licensed recruitment agencies and other legal channels (Ministry of Finance, 2024). As per the MoLESS, Nepal is now preparing to open foreign employment (issue labor permits) in a total of 1 hundred 79 countries (with whom Nepal has diplomatic relations), excluding Afghanistan, Libya and Iraq (“Government to Open”, 2023). This expansion reflects Nepal’s increasing efforts to facilitate labour migration and explore new employment destinations.

5.3.2.4 Male Domination in Labor Outmigration

As per the Nepal Labor Migration Report, 2022, men dominate labor out-migration. Women account for less than six percent of the total number of labor approvals (Ministry of Labour, Employment and Social Security, 2022). Women’s participation in labour migration remains low due to legal restrictions and concerns over exploitation and abuse in destination countries. This is the issue the GoN needs to tackle to increase women’s participation in the labour force.

5.3.2.5 Problem of Financing in the Labor Market

Migrant workers face financing problems from the formal financial sector. A study by Nepal Rastra Bank (NRB, 2016) showed that only 6.3 percent of migrant workers obtained loans from banks and the financial sector; 52.1 percent relied on money lenders and the rest on relatives and self-finance. The recent agitation of the victims of unlawful usury schemes (in the forms of high-interest loan scams, loan sharking fraud, deceptive/exploitative practices in usury, or predatory lending) also reflects the gravity of the financing problem of migrant workers.

5.3.2.6 Dominance of Unskilled Labor

Unskilled labour still dominates the Nepali out-migration. The MoLESS's Nepal Labour Migration Report, 2022 shows that unskilled labor accounts for 54.2 percent of total outmigration, followed by skilled ones at 38.3 percent and semi-skilled at 7.4 percent. The emergence of Europe as a labor destination has contributed to the rise in the proportion of skilled labor outmigration (Ministry of Labour, Employment and Social Security, 2022). As skill is the key determinant for a higher level of salary and better job opportunities, the GoN should launch campaigns to upgrade the skills of Nepali workers. For this, the budget should be appropriated and institutions should be strengthened. Also, the GoN should expand TVET programmes, offer subsidized skill certification, and create public-private partnerships for workforce training.

Table 5.9: Skill Profile of Nepali Migrant Workers in FY 2021/22

SN	Types of skills	Percentage of Migrant Workers
1	Unskilled	54.2
2	Skilled	38.3
3	Semi-skilled	7.4
4	Professionals	0.06
5	Highly skilled	0.01

Source: Ministry of Labour, Employment and Social Security (2022)

5.3.2.7 Lack of Diversification in Labor Destination

Gulf countries and Malaysia have remained the preferred destinations for migrant workers from Nepal. These two destinations account for 80 percent of total outmigration (Ministry of Labour, Employment and Social Security, 2022). Lately, as said before, migrant workers have started to explore other countries, especially European countries. Croatia, Cyprus, the Maldives, Malta, Poland, Romania, Turkey and the UK have emerged as employment destinations for Nepali workers. The Government needs to make concerted efforts to expand and diversify the labor destinations for Nepali migrant workers. The focus of the federal government and Nepali diplomatic missions, including labor attaches, should be on exploring the labor market and negotiating labor agreements with as many countries as possible.

5.3.2.8 Productive Use of Remittance

The rise in remittances has been welfare-enhancing in terms of its contribution to poverty reduction in Nepal. However, such elevated levels of remittances have not proved to be growth-enhancing as Nepal has not been successful in putting them to productive use, especially for capital formation and business growth. Nepal lacks effective schemes and plans to make productive use. Also, it has introduced foreign employment bonds akin to diaspora bonds since FY 2009/10. However, their off-take has been negligible. The outstanding amount of such bonds remained at a pitifully low NPR 175.4 million as of mid-July 2023 (Nepal Rastra Bank [NRB], 2023a). This scheme failed because of the low level of interest rate, currency risks, and intermittent issuance of such bonds. India is also using non-resident deposits to tap remittances for productive use and has been successful in this regard.

5.3.2.9 Reintegration and Rehabilitation of Migrant Returnees

The COVID-19 pandemic showed the urgency of putting in place the schemes for the reintegration of returnee migrants. This requires skill development through vocational training, certification of their skills through the National Skill Testing Board (NSTB) and designing employment and entrepreneurial schemes for their engagement. The Council for Technical Education and Vocational Training (CTEVT) alone is not adequate for this when it comes to mass returns due to the pandemic or policies on the part of Nepal's labour workforce receiving countries or similar other emergencies. Also, CTEVT has not diversified its curricula in alignment with the types of jobs that Nepali migrant workers are engaged in while abroad. As a result, it is not well-prepared to build on their skills and interests when they return to Nepal. The Government should also engage in the private sector for up-skilling of returnee migrant workers.

Likewise, Nepal faces a need to establish a comprehensive rehabilitation system for returnee migrants, especially those who come back under distressing conditions such as exploitation, job loss, or forced return. Many returnees struggle with trauma and mental health issues but have limited access to care, particularly outside urban areas. In addition, legal challenges, including missing documentation, require immediate legal assistance. Female migrants often face additional layers of vulnerability, including stigma and social exclusion, necessitating gender-sensitive rehabilitation measures. Without adequate rehabilitation, many migrants are forced to re-migrate through unsafe channels, increasing the risk of repeated exploitation.

5.3.2.10 Importance of Labour Diplomacy

Nepal has diplomatic relations with 1 hundred 79 countries and a total of 39 diplomatic representations around the world. The country should expand its representation in those countries where Nepalis are working in substantial numbers. Nepal should use its economic diplomacy to clearly define the role of ambassadors, labor attaches, including women labor attaches, in securing a safe migration for Nepali workers in those countries.

5.3.2.11 Remittance as a Major Source of Trade Financing

Migrant workers' remittances have been the major source of merchandise trade financing in recent years. During the last two decades, the merchandise trade deficit has gone up in parallel with the growth in migrant workers' remittances. The trade deficit has more or less remained at an elevated level with a slight fall in the FY 2022/23. Remittances have seen stagnation in terms of GDP (Nepal Rastra Bank, 2023b).

Table 5.10: Merchandise Trade Deficit Financing by Remittances

SN	FY	Trade Deficit/GDP (%)	Remittances/GDP (%)
1	2000/01	13.6	10.7
2	2004/05	15.4	11.1
3	2009/10	26.3	19.4
4	2014/15	28.4	25.5
5	2019/20	28.3	22.5
6	2022/23	27.0	22.7

Source: Nepal Rastra Bank (2023b)

5.3.2.12 Recruitment and Remittance Costs

Reducing recruitment costs for migrant workers, lowering remittance costs¹ and increasing the volume of remittances are the three Sustainable Development Goals (SDGs) associated with migration and workers' remittances. The volume of

1. While remittances contribute significantly to Nepal's economy, their accumulation has not come without substantial social, emotional, and economic costs – borne by migrant workers, their families, communities, and the nation as a whole. It is imperative that these costs are no longer treated as mere side notes but are systematically acknowledged in the broader assessment of remittance inflows. A more accurate measure of net remittances would involve assigning value to these intangible losses, aggregating them and deducting the total from the gross remittance figures. Moving forward, there should be a shift away from casually referencing these human costs without reflecting their impact on the overall narrative of remittance benefits.

remittances has remained at an elevated level because of growing labour outmigration. However, reducing the recruitment and remittance costs is still an issue for Nepal. Nepali migrant workers are subjected to exploitative recruitment processes, employment fraud and abuse by employers. According to the World Bank (2023), the average cost for remittance transfer stands at 4.3 percent in South Asia, including Nepal. This is below the global average of six percent but more than the SDG target of three percent. The average cost is calculated by taking the cost of remitting US\$200 and US\$500 each time. The cost of remitting US\$200 is higher than the SDG target of three percent, but lower for remitting US\$500 for Nepal. The majority of Nepali migrant workers tend to remit US\$200 each time owing to their lower level of earnings (World Bank, 2024). The Government will have to design incentive measures for those remitting US\$200. Pakistan, Bangladesh, Sri Lanka and Nigeria have put in place such incentives to attract workers' remittances through formal channels. For example, Pakistan has initiated an innovative programme designed to incentivize Pakistani workers abroad to send remittances to Pakistan through banks and exchange companies and earn reward points (External Relations Department, Pakistan, 2021). Also, the Bangladesh government's Remittance Incentive Programme, launched in July 2019, aims to encourage migrant workers to use formal remittance channels by offering a cash reward directly deposited into their bank accounts for each legally transferred amount. Similarly, the Sri Lankan Government pays an incentive of NPR 10 per US dollar for workers' remittances (Central Bank of Sri Lanka, 2021), whereas the Nigerian government offers 5 Naira for every 1\$ remitted from abroad using formal channels.

5.3.2.13 Poverty Reduction and Workers' Remittances

The first generation of reforms on the labour market, especially on the opening up labour market for overseas employment, has also contributed to the reduction of the absolute level of poverty in the country. Specifically, the institutional and structural reform that allowed district administrative offices (DAOs) to issue passports increased access of the rural populace across the country to employment overseas. Hence, the reduction of the absolute level of poverty from 41.8 percent in 1995/96 to 20.27 percent in 2022/23 (Table 5.11) has also been possible due to the rise in migrant workers' remittances.

The Nepal Living Standard Survey (NLSS) 2022/23 shows that urban poverty came down to 18.34 percent in the FY 2022/23 from 21.55 percent in the FY 1995/96 and rural poverty fell to 24.66 percent in the FY 2022/23 from 43.27 percent in the FY 1995/96.

Table 5.11: Absolute Level of Poverty in Nepal

SN	Survey	Fiscal Year	Poverty Rate (%)
1	NLSS I	1995/96	41.8
2	NLSS II	2003/04	30.8
3	NLSS III	2010/11	25.2
4	NLSS IV	2022/23	20.27

Source: Various issues of NLSS (n.d.)

5.3.2.14 External Sector Stability

Nepal is receiving a sizeable level of remittances from migrant workers. In the FY 2022/23, migrant workers' remittances were NPR 1,220 billion, 22.7 percent of GDP as per the Nepal Rastra Bank's reports. The rise in remittances has contributed to a surplus in BoP, leading to an increased level of reserve accumulation of NPR 18 trillion as of mid-January 2024. Currently, Nepal has enough both domestic monetary and international liquidity. The international reserve levels have gone up to 12.3 months of merchandise and services imports in mid-February 2024. Macroeconomic stability has been possible on account of the level of international reserves contributed by migrant workers' remittances.

5.4 Reforms Required in External Flows

5.4.1 Addressing Trade Deficit

The trade deficit has remained at an elevated level, indicating that efforts of the country to reform trade issues have not yielded as expected. Nepali exports remained weak, while imports surged, driven largely by increased remittance inflows from migrant workers. This occurred at a time when there had been efforts via the use of FDI to help reduce the trade deficit by substituting imports and promoting exports. This reality is indicative of the fact that there is a need to boost FDI further effectively and with concerted efforts to promote exports and substitute imports and thereby reduce the trade deficit via targeted incentives for export-oriented industries, trade agreements, technology transfer, establishing backward linkages, enhancement of local supply chains, among others, that create conducive environment for the industries and enterprises to thrive. Table 5.12 presents the trend of trade.

Table 5.12: Merchandise Trade Deficit

SN	FY	Trade Deficit (as % of GDP)
1	1989/90	12.7
2	1994/95	21.0
3	1999/00	15.5
4	2004/05	15.4
5	2009/10	26.3
6	2014/15	28.4
7	2019/20	28.3
8	2022/23	27.0

Source: Nepal Rastra Bank (2023)

5.4.2 Bridging Resource Gap

Various indicators show that Nepal has a huge resource gap for development financing. There are issues of macroeconomic stability and challenges for external sector sustainability. The ex-post resource gap, measured in terms of the current account (CA) balance, indicates that Nepal continues to face a resource gap despite workers' remittance flows on a significant scale. The current account deficit as a percentage of GDP was as high as 12.6 percent in the FY 2021/22. It fell to 1.3 percent on account of quantitative restrictions on some imports. Gross domestic saving (GDS) remained low at 6.4 percent against gross capital formation at 37.4 percent of GDP in FY 2022/23. Because of remittances, gross national saving (GNS) was at 31.5 percent of GDP in the FY 2022/23. This has contributed to the current level of gross fixed capital formation (GFCF), which stood at 25.2 percent of GDP in the FY 2022/23. The ex-ante resource gap measured in terms of Sustainable Development Goals (SDGs) requirement is very high. The National Planning Commission's estimates show the annual SDG financing gap at NPR 5 hundred 85 billion, nearly 11 percent of GDP. FDI, alongside improved domestic savings mobilization and development financing, can help bridge the resource gap.

Table 5.13: Resource Gap Indicators

SN	FY	CA/GDP %	GDS/ GDP%	GNS/ GDP%	GCF/ GDP%	GFCE/ GDP%
1	2018/19	-6.9	15.3	42.1	41.4	33.8
2	2019/20	-0.9	5.7	32.2	30.4	30.5
3	2020/21	-7.7	6.4	31.5	35.2	29.3
4	2021/22	12.6	5.8	29.0	37.4	28.5
5	2022/23	-0.9	6.4	31.7	32.6	25.2

Source: Calculated from various issues of Economic Surveys of the Ministry of Finance

5.4.3 Revitalizing Agriculture and Manufacturing

Reforms initiated in the 1980s failed to bring significant improvements in agriculture and manufacturing, similar to the challenges seen in trade and resource mobilization. Both sectors witnessed a relative decline throughout the first generation of reforms. Nepal's average economic growth has also been low at 4.3 percent during the last 30 years. Of the two external flows, remittances, as said before, contributed significantly to the reduction of the absolute level of poverty but not to economic growth. FDI could potentially have contributed to the modernization of the agriculture and manufacturing sectors, thereby contributing to economic growth if Nepal had attracted FDI on a significant level. Several factors, such as the procedural delay, restriction of foreign investment in certain sectors, investment caps in some sectors and poor quality of infrastructure, accounted for the relatively low FDI during the review period.

5.4.4 Enhancing the Role of the Private Sector

Nepal's private sector has a paramount role in improving the investment climate for foreign investment. As foreign investment slightly rose, the private sector felt threatened and began lobbying for its protection. For example, in the wake of the Investment Summit in 2019, the private sector argued that the country needed a large amount of foreign investment, but the lower minimum FDI threshold allowed foreigners to crowd out small businesses. Hence, the private sector made a case for raising the minimum FDI threshold ("FDI pledges jump", 2024). In the process, FDI-related reforms remained incomplete and the focus shifted to protecting national capital and the domestic private sector. It is argued that cartels and syndicates characterize Nepal's private sector, often under the banner of business associations. Such associations limit competition from new entrants in multiple sectors. Nepal will have to be careful that crony capitalism does not thrive and that

the economy is not controlled through cartels and rent-seeking activities. Proper implementation of available laws to regulate and control such activities could create a better environment. Also, it is equally necessary to promote competition even through foreign investment and thereby prevent the tendency of regulatory capture.

5.4.5 Making Investment Summits and Reforms Meaningful

Investment summits have remained short of initiating reforms for improving the investment climate. The GoN, from time to time, has been holding investment summits to attract foreign investment, but has not been successful as expected in removing barriers to FDI. As part of reforms, the GoN amended FITTA just before the second investment summit in 2019, but ended up raising the minimum FDI threshold from NPR 5 million to NPR 50 million, violating the very purpose of the investment summit. Rather than giving a positive message, the second investment summit ended up with a negative message. FDI commitments began to fall. It took almost three years to correct controversial policy actions. The GoN, through its annual budget for FY 2022/23, announced on May 29, 2022, reduced the minimum FDI threshold from NPR 50 million to NPR 20 million to encourage foreign investment in the small and medium enterprise sector. As per the Government reports, FDI commitments increased by 93.3 percent during the first eight months of 2023/24, especially in small-scale businesses following the Government's decision to lower the FDI threshold ("FDI pledges jump", 2024).

5.4.6 Attracting the Global Financial Flows Towards Nepal

Unlike global trends, Nepal receives far lower FDI inflows compared to remittances and ODA. This again suggests the existence of barriers to FDI in Nepal compared to other countries.

Table 5.14: The Global and Nepali Contexts of Financial Flows

SN	Financial Flows	Global (US\$)	Nepal (US\$)
1	FDI gross	1.3 trillion (2022)	59.2 million (2023)
2	Workers' remittances	860 (2023) Low and Middle-Income Countries 669 billion (2023)	9.3 billion (2023)
3	ODA	130 billion	1.4 billion (DCR, 2022)

Source: UNCTAD (2023); Ratha et al. (2023); Ministry of Finance (2023) and Nepal Rastra Bank (2023b)

In Nepal's case, workers' remittances are at the top, followed by ODA and FDI flows. Barriers to FDI need to be removed to reverse this trend.

5.4.7 Boosting FDI Flows to the Same Level as Other South Asian Countries

FDI inflows are relatively lower in Nepal compared to other South Asian countries in terms of absolute amount and as a ratio of GDP, except for Afghanistan and Bhutan (Table 5.15). This also indicates that Nepal needs to open up the Nepali economy further for foreign investment.

Table 5.15: FDI Inflows in South Asia

SN	Country	Amount (US\$, in Million)	FDI Net Inflows (As % of GDP)
1	Afghanistan	-	0.1 (2021)
2	Bangladesh	3,480	0.3 (2022)
3	Bhutan	11	0.2 (2022)
4	India	49,355	1.5 (2022)
5	Maldives	722	11.7 (2022)
6	Nepal	65	0.2 (2022)
7	Pakistan	1,339	0.4 (2022)
8	Sri Lanka	898	1.2 (2022)

Source: UNCTAD, 2023; ADB (n.d.)

The FDI net inflows remained low at 0.2 percent of GDP in 2022 in Nepal. This is the lowest in South Asia after Afghanistan. According to Nepal Rastra Bank (NRB, 2023a), 6 hundred 94 companies from 57 countries had taken NRB's approvals up to FY 2021/22. As per the Report, the stock of FDI cumulated to NPR 270.3 billion as of mid-July 2023 from the first official record of FDI flow to Nepal since FY 1951/52. The stock of FDI was 5.0 percent of GDP in 2023. The electricity sector had the highest FDI stock of NPR 86.8 billion (32.8 percent) of the total, followed by the manufacturing sector at NPR 77.9 billion (29.5 percent) and the financial and insurance sector at NPR 76.8 billion (25.6 percent) in 2022. This indicates the overall size and sector-specific presence of foreign investment in the Nepali economy.

Table 5.16: Flows and Stock of FDI in Nepal

SN	Mid-July	Net Inflows (NPR, in Billion)	Stock (NPR, in Billion)	GDP (NPR in Billion)	Flows/ GDP (%)	Stock/ GDP (%)
1	2019	13.1	182.9	3,858	0.3	4.7
2	2020	19.5	202.4	3,888	0.5	5.22
3	2021	19.5	227.9	4,352	0.4	5.2
4	2022	18.6	264.3	4,933	0.4	5.4
5	2023	6.0	270.3	5,381	0.1	5.0

Source: Various issues of current macroeconomic and financial situation, published by NRB

5.4.8 Closing the Gap Between Approved and Actual FDI

As per NRB (2023c), actual FDI inflows accounted for 36.2 percent of total approvals on average between the FYs 1995/96 and 2021/22, indicating a huge gap between actual and approved FDI. The huge gap between actual and approved is indicative of procedural hurdles foreign investors face in the post-approval phase. This suggests that, besides legislative reforms, Nepal needs to initiate institutional, regulatory and procedural reforms to attract foreign investment into the country.

Table 5.17: Gap Between Approval and Actual FDI (NPR, in Million)

SN	FY	Approved	Actual	Actual (As % of Approved)
1	2014/15	67,455	4,382	6.5
2	2015/16	15,254	5,920	38.8
3	2016/17	15,206	13,503	88.8
4	2017/18	55,760	17,504	31.4
5	2018/19	25,484	13,065	51.3
6	2019/20	37,805	19,478	51.5
7	2020/21	32,172	19,512	60.6
8	2021/22	54,158	18,560	34.3
9	Between Fiscal Years 1995/96 and 2021/22	411,507	148,992	36.2

Source: NRB (2023c)

5.4.9 Remove Barriers to FDI

The case for the new generation of reforms is not free of challenges in attracting FDI and navigating the complex regulatory framework. Simplifying the framework and the provisions covered by it could contribute to creating an FDI-friendly economy. The following paragraphs discuss some visible complex policy, programmatic and structural concerns that are believed to hinder attracting FDI.

A major concern lies in the convoluted and discretionary two-stage entry process for FDI, involving approval from multiple agencies and fragmented decision-making. Alongside the DoI and the IBN, various regulatory bodies oversee different aspects of investment approval. For example, the Nepal Telecommunication Authority (NTA) manages approval and registration for telecommunication services, while the Insurance Authority regulates insurance businesses. Additionally, the Nepal Rastra Bank issues licenses for commercial banks and financial institutions. While the Department of Electricity Development handles licensing for hydropower investments, final decisions on projects involving foreign investment are made by the Ministry of Energy. Moreover, the Civil Aviation Authority of Nepal grants operating licenses to airline operators, and industries in Special Economic Zones require approval from the SEZ Authority. However, officials at the OSSC, representing these agencies, lack decision-making authority, and the OSSC is inadequately represented by all concerned agencies.

Table 5.18: License Authority Related to FDI

SN	Sector	Licensing Authority
1	BFIIs	NRB
2	ICT	Nepal Telecom Authority
3	Hydropower	Department of Electricity Development
4	Tourism	Department of Tourism
5	Agriculture	Department of Agriculture
6	Mines and minerals	Department of Mines and Geology
7	Transport	Department of Roads
8	Education	Department of Education
9	Health care	Department of Health Services

Source: Compiled from various investment laws and literature surveys on the issue

Nepal's complex regulatory system makes doing business difficult for foreign investors. Notably, the absence of online registration systems across regulatory agencies complicates the application process and leads to delays and inefficiencies. Often, the requirement for recommendation letters further exacerbates these delays as investors are compelled to navigate bureaucratic channels to obtain endorsements. Moreover, Nepal's pre-approval system for foreign investment, akin to the historical concept of 'License Raj', introduces discretionary power in the hands of the approving authorities and thereby fosters an environment prone to favouritism, cronyism, and cartels.

Contradictions frequently arise within the legal and institutional frameworks overseeing foreign investment in Nepal, too. Compounded by the presence of both negative and positive investment lists, the dual regulatory system of FITTA and FIEA creates complexity in the entry process for foreign investors. Moreover, engagements with multiple institutions are involved, such as the DoI, Nepal Rastra Bank, Industrial and Investment Promotion Board, OSSC, the IBN and local authorities. This calls for cooperation and coordination among these entities to streamline investment processes, such as through formalizing relationships through organizational links or formal agreements like a Memorandum of Understanding (MoU). For instance, plans are in place for 14 agencies to converge under a unified roof to facilitate streamlined services for potential investors (DoI, 2022). The 14 agencies to come under one roof are listed in Table 5.19.

Table 5.19: Representative Agencies Under one Roof of One-Stop Service Centre

SN	Agency
1	Nepal Rastra Bank
2	Office of the Company Registrar
3	Tax Office
4	Ministry of Energy, Water Resources and Irrigation
5	Ministry of Forest and Environment
6	Ministry of Land Management, Corporation and Poverty Alleviation
7	Ministry of Labour, Employment and Social Security
8	Ministry of Physical Infrastructure and Transport
9	Department of Customs
10	Department of Immigration

SN	Agency
11	Department of Supply Management and Protection of Consumer Interest
12	Nepal Electricity Authority
13	Nepal Telecommunication Authority
14	Department of Industry

Despite its intended role in streamlining investment procedures, the OSSC faces operational challenges. For example, discussions with officials at the OSSC reveal that certain designated offices have yet to appoint their representatives. Notably, the Ministry of Physical Infrastructure and Transport, the Ministry of Forest and Environment, the Ministry of Labour, Employment, and Social Security, the Department of Commerce, Supplies and Consumer Interest Protection, the Office of the Company Registrar, NEA, and NTA are among those that have not yet sent their representatives. Additionally, there is a lack of working guidelines to operationalize the centre effectively. As a result, the OSSC, established to streamline processes by bringing together 14 government agencies, is experiencing significant challenges. Instead of simplifying procedures, investors have expressed frustration that OSSC, rather than reducing it, has created another layer of bureaucracy.

The imposition of minimum FDI thresholds and investment caps lacks relevance across all sectors and hinders the growth of small businesses and entrepreneurship. On the eve of the third Investment Summit in 2019, the minimum FDI threshold was increased from NPR 5 million to NPR 50 million, marking a significant ten-fold rise. Officials defend this move by claiming that foreign investors overcrowd the small-scale business landscape and such investments do not help mobilize funds to bridge the resource gap.

Sector-specific equity caps are enforced in Nepal. For instance, there's an 80 percent cap for the telecommunications sector, a 70 percent cap for life insurance, a 51 percent cap for services like accounting and legal services, a 49 percent cap for domestic air passenger services, and an 80 percent cap for international air passenger services. However, foreign investors argue that these equity caps are arbitrary and lack economic justification. Instead, they suggest adopting international best practices, such as implementing a system of automatic approval for investments, eliminating minimum investment requirements, and rationalizing the equity caps across different sectors to create a more favourable environment for foreign investment in Nepal.

The FDI timeline in Nepal is overly rigid. The FITTA Regulations of 2021, Rule 9 mandates foreign investors to bring 70 percent of the approved investment before commencing operations and the remaining 30 percent within two years of operation commencement. Such a stringent requirement inhibits the potential for foreign investment in Nepal.

Investor protection in Nepal is undermined by perceived inconsistencies in upholding principles such as national treatment and most favoured nation (MFN) status. While the FITTA ensures equal treatment, it falls short of guaranteeing MFN status due to bilateral investment agreements and free trade commitments. These practices deviate from international best practices and raise concerns that foreign investors are not adequately protected.

The issue of repatriation is another pressing concern for foreign investors in Nepal. Critics often argue that existing laws lack sufficient guarantees for repatriating payments related to expropriation, indemnity, or compensation resulting from dispute resolutions. Additionally, the requirement for approval from relevant agencies before the availability of foreign exchange by NRB further complicates and delays repatriation processes. Investors are particularly dissatisfied with the one-year lock-in period for divestment and repatriation, which they perceive as restrictive. Another contentious matter is the repatriation of salaries earned by foreigners in Nepal. Current regulations only allow for the repatriation of 75 percent of their income earned, which is not considered standard practice internationally.

Foreign investors are dissuaded by issues related to dispute settlement, interest rate caps on foreign currency loans and the process of creating mortgages on land in Nepal. Firstly, they argue that the FITTA lacks a proper dispute settlement mechanism between foreign investors and the state, resulting in protracted commercial disputes in Nepali courts. Secondly, foreign investors criticize the interest rate cap on foreign currency loans, which is typically set at the benchmark rate plus 5.5 percent, for overlooking sector-specific risks and hedging costs. This lack of hedging products in Nepal further exacerbates the issue. Additionally, foreign investors express dissatisfaction with the requirement of cabinet approval for creating mortgages on land in favour of foreign lenders. These issues underscore the need for regulatory reforms to enhance the investment climate and attract foreign investment in Nepal.

Overlapping mandates among government agencies create additional hurdles for foreign investors in Nepal. For instance, the DoI and the IBN both provide facilitating services such as OSSC, while the DoI and NRB are involved in monitoring and approving repatriation requests. Additionally, the DoI, IIPB, and the IBN all hold project approval authority. This clearly shows that Nepal has fragmented decisions in arranging foreign investment-related issues. Like in other countries, there has to be one approving, one monitoring and one facilitating authority.

Nepal's bureaucratic red tape within dedicated agencies has been a longstanding issue. Despite being designated as the nodal agency for investments of less than NPR 6 billion, the DoI's performance has fallen short of expectations. Its credibility is mired on account of alleged delays. To address these challenges, the GoN established IBN in 2011 to oversee larger domestic and foreign investment projects exceeding NPR 6 billion. Despite being chaired by the Prime Minister, IBN still faces challenges in coordinating with multiple ministries. This underscores the need for further reforms to streamline processes and expedite investment inflows into the country.

Since the majority of foreign investors in Nepal are individuals and the country requires additional efforts to attract corporate entities, Nepal seems to be lagging in attracting multinational companies. Multinational corporations play a crucial role in introducing modern technology, management techniques and corporate culture while also expanding market opportunities for goods and services. Therefore, attracting more multinational companies to Nepal is essential for its economic development and competitiveness in the global market.

When it comes to foreign investment, Nepal offers more fiscal rather than non-fiscal incentives. For instance, regulations like FITTA, SEZ Act, FIEA, and PPPIA primarily provide tax benefits such as tax holidays, VAT exemptions and customs exemptions, which do not entail initial expenditures of scarce public funds. However, international best practices suggest that Nepal should diversify its incentives to include both financial and non-fiscal measures. These may encompass direct grants, risk reduction mechanisms such as guarantees, subsidies to cover capital, production and market costs, subsidized loans and simplified business facilitation mechanisms that streamline registration and licensing processes. By adopting a more comprehensive approach to incentives, Nepal can attract more foreign investors.

The progress achieved by the IBN has fallen short of expectations. As the designated agency responsible for managing investments surpassing NPR six billion, IBN has only initiated three operational projects since its inception in 2011. Furthermore, two projects are presently under construction, with an additional six in advanced stages of development, as depicted in Table 5.20. This indicates that while IBN has made some headway in attracting investment, its pace of progress still has miles to go to fulfill its mandate to facilitate large-scale investments in Nepal.

Table 5.20: IBN Projects in Operation and Advanced Stage

SN	Project	Status	Cost (NPR, Billion)	Investment Received (NPR, Billion)
1	Hongshi Shivam Cement	Operational	37.35	37.35
2	Huaxin Cement	Operational	14.82	14.82
3	Venture West to Energy	Operational	0.24	0.24
4	Upper Trishuli-1	Under construction	73.15	16.5
5	Arun 3	Under construction	144.76	64.7
6	Upper Karnali	PDA signed	162.49	2.82
7	Lower Arun	PDA Signed	92.67	0.84
8	West Seti and SR-6	Understudy	270.12	0.34
9	Upper Marshyangdi-2	DPR under review	78.34	0.104
10	Risen Solar Project	EIA ongoing	19.81	0.087
11	Dolma Solar Project	MoU to be signed	22.05	0.0602
Total			915.8	137.86

Source: Worksheet distributed by IBN during the Investment Summit 2024

Eleven IBN projects are in different stages of progress (Table 5.21). However, the fate of such projects is still uncertain.

Table 5.21: Status of FDI-Based Projects

SN	Project	Status
1	Damak Clean Industrial Park	PDA is being drafted
2	Dabur Nepal	MoU signed for reinvestment for product diversification and capacity enhancement
3	Motrex Vehicle Assembly Plant	Issues need to be sorted out from the MoF for PIA
4	Suryatara Cement	Investment approved
5	Chemical Fertiliser (DIAG Germany)	DFSR preparation
6	Renikoloa Chemical Fertiliser	MoU to be signed
7	Multimodal Logistic Park	Understudy
8	Birethati Muktinath Cablecar	DPR submission/EIA completion
9	Instant Payment Digital Platform	Preparatory survey completed
10	Dang Cement	-
11	Samrat Cement	-

Source: Worksheet Distributed by IBN during the Investment Summit 2024

Unfortunately, six projects under IBN remain stalled as indicated in Table 5.22.

Table 5.22: Projects Stalled Under IBN

SN	Project	Status
1	Dangote Cement	Stalled
2	Reliance Cement	Stalled
3	Kathmandu Solid Waste Management Project - Lot 1	Stalled
4	Kathmandu Solid Waste Management Project - Lot 2 and 3	Stalled
5	Japan Club International (hotel project)	Stalled
6	350 MW Solar Project (Central Electronics Limited (CEL), CO., India)	Study approval phase

Source: Worksheet distributed by IBN during the Investment Summit 2024

Eight projects are under the pre-feasibility study phase, as shown in Table 5.23.

Table 5.23: Projects Under Pre-Feasibility Study Phase

SN	Project
1	Chandragiri-Chitlang-Palung-Chitwan Expressway
2	Dhulikhel Medicity
3	Khaptad Integrated Tourism Project (with masterplan)
4	Gautam Buddha Maternity Hospital
5	Sudurpaschim Public Transport Project
6	Pokhara International Convention Centre
7	Taltaliya Multipurpose Tourism Project
8	Janaki Hotel Heritage

Source: Worksheet distributed by IBN during the Investment Summit 2024

Nepal seems to have a systemic issue with policy implementation. From a reform perspective, foreign investors voice concerns that while Nepal's laws, policies and regulations may appear favorable on paper, they are often not consistently enforced in practice. There's a common sentiment that Nepal's foreign investment policies are market-friendly but not business-friendly (Chalise, 2004). This statement itself distinguishes the earlier generation of reforms and thrusts the next generation of reforms that should go forward. Moreover, a gap emerges between the intentions laid out in legislation and their execution on the ground. This calls for a more robust implementation framework to address these persistent challenges and create a business-friendly environment conducive to investment and growth.

5.4.10 Linking Reforms with Nepal's Aspirations

Perception is often not reality, as is seen in the case of reform in Nepal. Recent amendments in industry and investment-related laws are often perceived as the next generation of reforms. However, it's important to note that the amendments made in the FITTA and FIEA are not indicative of second-generation reforms. Rather, the focus of these amendments, particularly those in FIEA, 2020 and FITTA, 2019, primarily centered around the implementation of federalism, rather than initiating a new wave of reforms.

This disconnect between the reforms initiated in the early 1990s and the recent legislative amendments is concerning. These recent amendments lack alignment

with Nepal's aspirations to graduate from the category of LDCs by 2026 and achieve middle-income status by 2030. To realize these goals, Nepal needs greater integration with the global economy. However, FDI remains at a plateau of less than 0.5 percent of GDP, which is notably lower compared to other countries in South Asia. Unfortunately, the recent legislative amendments do not adequately address this critical issue, indicating a gap in policy alignment with Nepal's long-term development objectives. Hence, it is prudent to revise the legal instruments and documents to ensure that the economic context following LDC graduation – particularly the goal of building an independent economy and competing in regional and neighboring markets – is well considered and that the process lays a solid foundation for structural reforms.

5.4.11 Shifting Focus to Microeconomic Reforms

The next generation of reforms predominantly centres on microeconomics with a focus on fundamental structural improvements. While the reforms made henceforth aimed to address immediate economic imbalances, the next generation of reforms should seek to address underlying structural issues and foster long-term development. This entails strengthening the infrastructure of competitive markets, enhancing efficiency, bolstering competitiveness, and establishing institutional frameworks to support market competition. The second-generation reforms are essential to rectify distortions and inefficiencies in markets (Camdessus, 1999).

Nepali policymakers remain fixated on addressing macroeconomic concerns akin to the first generation of reforms, while often overlooking the microeconomic underpinnings for sustainable development. Since macro-level issues are more conspicuous and perceived to be relatively easier to tackle, they tend to garner greater attention from authorities and analysts alike, as is seen in Nepal even today. Consequently, macroeconomic developments take precedence in policy discussions, while microeconomic challenges faced by individual businesses are sidelined. This imbalance poses a risk to the sustainability of macroeconomic development in Nepal. Addressing this imbalance calls for a shift towards the next generation reforms that focus on fostering an environment conducive to sustainable growth at the grassroots level.

Nepal needs to ease the cost of doing business. The World Bank had been regularly publishing the Doing Business Index until 2020 to provide an annual assessment of the investment climate in nearly 190 countries. Nepal's rank in the latest index was 94 out of 190 countries, trailing far behind the neighboring nations such as China

(31) and India (63). The Doing Business Index utilizes ten indicators to highlight areas of concern within a country's business environment. Nepal's rankings in indicators such as starting a business (135), paying taxes (175), and enforcing contracts (151) were notably high, indicating significant challenges in these areas. Despite the discontinuation of the Doing Business Index, these indicators remain relevant for Nepal and reinforce the need for continued reforms to improve the ease of doing business within the existing framework.

Table 5.24: Ease of Doing Business Index

SN	Indicators	Nepal's Rank
1	Starting a business	135
2	Dealing with construction permits	107
3	Getting electricity	135
4	Registering property	97
5	Getting credit	37
6	Protecting minority investors	79
7	Paying taxes	175
8	Trading across borders	60
9	Enforcing contracts	151
10	Resolving insolvency	87

Source: The World Bank (n.d.)

5.4.12 Focusing on Capital Account Liberalization

Structural reforms are key to the next generation of reforms. These include improving governance, strengthening institutions and fostering sustainable economic growth. Key policies used are institutional, legal and regulatory reforms. While the first generation of reforms is related to trade and current account liberalization, the next generation of reforms is associated with investment and capital account liberalization. Whereas migrant workers' remittances are part of current account transactions, FDI is an element of financial and capital account transactions. FDI liberalization is an important part of the next generation of reforms. In this regard, easing restrictions on FDI across sectors plays an important role in bridging the resource gap in the country. Therefore, the next generation of reform is related to capital market reforms, especially financial liberalization.

The government should redouble its efforts to ensure that the rule of law applies to all and is abided by all. In the case of labour disputes, which are common in democratic societies, recognized dispute-handling mechanisms should come into play to find negotiated settlements offered by labour conventions to which Nepal is a State Party. This history of labour relations, and the cost they have imposed on the national economy should serve as an eye-opener to all political parties that political protection of unruly elements has negative implications for investment, whether domestic or foreign (Pant et al., 2022).

The Department of Industry (2021) also reconfirms the correlation between political stability and FDI by demonstrating that Nepal has had an upward trend of FDI commitments since 2015, when Nepal promulgated a post-conflict constitution with the commitment, among others, to address the issues that triggered instability and violence in the past. Land issues are very complex in Nepal; therefore, land acquisition, leasing and other related easements are required, overpoliticization of labour unions and their selective or strategic moves beyond their occupational concerns and getting guided by political party interests could mar the FDI-friendly environment at home.

5.5 Conclusion and Recommendations

5.5.1 Conclusion

Over the past two decades, Nepal's external flows, particularly migrant workers' remittances, have been on the rise. This upward trend has played a significant role in reducing poverty, easing foreign exchange constraints, and ensuring macroeconomic stability. From the standpoint of the balance of payments (BoP), migrant workers' remittances are a crucial component of current account transactions. The liberalization of international trade and the opening of the Nepali labor market to overseas employment marked a turning point in external sector reforms. These first-generation reforms reached a climax in 1994 when Nepal obtained the IMF's Article VIII status, signifying the completion of the process of convertibility of the Nepali rupee for current account transactions. However, transformative external sector reforms have since stalled.

Similarly, the liberalization of FDI holds great potential for modernizing the Nepali economy and creating jobs. FDI is an important item in the capital account from the BoP perspective.

The 1980s marked the beginning of an era when Nepal opened up to foreign direct investment (FDI). Since then, there have been efforts to reform the sector and the scope of foreign investment in Nepal has expanded. Foreign capital and technology are constitutionally valued, prompting policy revisions to align with the constitution. Nepal has actively sought to attract more FDI through investment summits and the introduction of economic legislation such as the Foreign Investment and Technology Transfer Act (FITTA), the Public-Private Partnership and Investment Act (PPPIA), and the Special Economic Zone (SEZ) Act. Institutions like the Investment Board Nepal (IBN) and the One-Stop Service Center (OSSC) have also been established to promote inward FDI.

The reforms attracted more FDI in specific sectors such as banking, telecommunications, hydropower and cement production. During the first generation of reforms, FDI in Nepal was primarily driven by the search for natural resources and access to internal markets, particularly from neighboring countries like India and China. Nepal also sought FDI for the development of SEZs and industrial estates. The concept of 'aid for trade' was promoted, leading to the establishment and operation of many industrial estates and firms in the country.

The regulatory and legislative reforms set the stage for youth to leave the country as migrant laborers. As labor migration increased, labor policies were reformed, and institutional arrangements were made accordingly. The trend of unskilled male workers emigrating for labor purposes grew over the years. According to the 2021 population census, 7.4 percent of Nepal's population lives outside the country. This increase in labor migration significantly boosted remittance inflows, reaching 22.7 percent of GDP in the FY 2022/23 (ADB, 2023). However, poor migrants struggled to cover pre-departure costs, such as visas and air tickets. Many had to rely on lenders who charged exorbitant interest rates, exacerbating their financial burdens.

The country also failed to effectively utilize remittances as a growth-enhancing resource. Instead, the remitted amounts were primarily used for domestic consumption. Additionally, the skills of returning migrants who chose to stay in the country were not successfully reintegrated into national skill development and sharing initiatives.

While capital account reforms, particularly those related to FDI, are taking place in bits and pieces, Nepal needs to prioritize them to usher in the next generation of reforms. At a micro level, several barriers to FDI remain in Nepal. These include the requirement for pre-approval for all forms of FDI, a discretionary approval

process, a lack of automation in the registration process, minimum investment thresholds, sector-specific equity caps, restrictions on portfolio investment and a cumbersome repatriation process. These barriers should be a key agenda for the next generation of reforms.

This study also pinpoints that next-generation reforms in the external sector should pave the way for achieving capital account convertibility, further integrating Nepal into the global economy and promoting sustainable development. To achieve this, it is crucial to implement newer reforms.

Broadly, newer reforms should be geared to address the trade deficit, bridge resource gaps, revitalize agro-based manufacturing by engaging the private sector, and create a more conducive environment for attracting FDI at least at par with other South Asian countries. Closing the gap between approved and actual FDI through policy reforms is also critical. The inflow of FDI into the country has long faced barriers. These include a convoluted and discretionary two-stage entry process, the lack of online registration systems across regulatory agencies, and poor coordination among these agencies. Other challenges include the imposition of minimum FDI thresholds and investment caps, rigid timelines for bringing in approved investments, perceived inconsistencies among investors regarding national treatment and most favored nation (MFN) status, and issues with repatriation of income. Removing these barriers is equally important to facilitate the expected inflow of FDI.

Linking reforms with Nepal's aspirations, including its graduation from the LDC category by 2026 and achieving middle-income country status by 2030, should be a priority. Additionally, focusing on capital account liberalization through macroeconomic reforms should be considered as part of the next generation of reforms in the external sector.

5.5.2 Recommendations

Based on the conclusion discussed above, the following implementable recommendations are made.

5.5.2.1 FDI-Related

- a) **Remove the pre-approval system for foreign investment:** The next generation of reforms should start with the removal of the 'License Raj' in foreign investment. The FITTA, in its section 3, clause 15, requires foreign investors to apply for approval before investing in Nepal. Without obtaining

a license (pre-approval), foreigners are not allowed to invest, whereas obtaining a license is not that easy for foreign investors, as red tape damps the spirit of foreign investors to invest. Like in India, Nepal should remove the pre-approval system for foreign investment, especially in national priority sectors.

Also, red tape is largely caused by unclear responsibilities that enable buck-passing, a mismatch between bureaucrats' ranks and their decision-making powers, the absence of time-bound procedures for completing key tasks, and a lack of training that limits officials to routine, business-as-usual functions. To reduce red tape and improve accountability, roles must be clearly defined, authority aligned with responsibilities and services delivered within set timeframes. Training, digital monitoring, grievance redress and performance-based appraisals are also key to ensuring efficiency and responsibility in public service.

- b) **Expedite the process to introduce an online automatic approval system:** Even if the removal of pre-licensing recommended in point 'a' above is not possible right away, an online automatic approval system for all foreign investment in sectors with a positive list should be swiftly introduced. Clause 42 of FITTA has also envisaged the automatic route for foreign investment. Recently, a policy provision of an automatic route for investment up to NPR 500 million has been made. However, this has not come into operation as the software is yet to be developed and rolled out.
- c) **Expand the investment space:** The Nepali economy should be opened up further. This can be done by way of expanding the investment space constrained by a negative and positive list, investment caps, minimum threshold, restrictions on investment in the Nepal Stock Exchange, monopoly power of the government enterprises in certain sectors and multiple institutional arrangements with overlapping legislative mandates. Although foreign investors are not allowed to invest in the Nepal Stock Exchange, the FITTA, 2019, allows for setting up of a venture capital fund to enable foreign institutional investors to take equity stakes in Nepali companies.
- d) **Consolidation of legislation and formulation of SoP:** Legislation that has been governing FDI should be consolidated into one umbrella primary legislation, dealing with legal provisions and incentives proposed. One policy and the corresponding integrated legislation can simplify and rationalize the legislative framework for foreign investment.

A transparent and workable SoP for approval and regulation of FDI should be developed. Procedural simplification should be initiated. The business climate requires responsible institutions with transparent procedures. This is important to discourage officials and authorities from using discretionary power in approving and regulating FDI.

- e) **Streamline the institutional intricacies:** Currently, there are several institutions involved in foreign investment. The OSSC, set up to bring together about 14 agencies involved in foreign investment, has been operational over time. However, this arrangement has not reduced the institutional intricacies of foreign investment. There should be one institution dedicated to facilitating foreign investment in the country.
- f) **Remove the discretionary approving and regulatory authority:** Investment law should specify basic parameters with clarity and transparency under which foreign investment should be regulated. Brief and transparent SOPs should be used.
- g) **Address the foreign investors' complaints about repatriation:** Repatriation of principal, profits, compensation, indemnity and salary should be made easy. Nepal Rastra Bank should be allowed to facilitate repatriation with set documents. The requirement of a recommendation letter should be abolished.
- h) **Make the point of interaction among multiple institutions involved transparent and formal:** This should be made transparent and formalized through an MoU, as doing this is important to improve the critical problem of coordination.
- i) **Make the timeline for FDI flexible:** The requirement for foreign investors to bring 70 percent of the approved investment before the commencement of operation and the remaining 30 percent within two years of the commencement of the operation is rigid and non-pragmatic. This requirement is inhibiting the potential foreign investment in Nepal.
- j) **Establish a coordination mechanism for legislative incentives harmonization:** Various incentives are provided in the laws relevant to FDI, including SEZA and at times, the Annual Finance Act counteracts the tax incentives provided in FIEA, FITTA and SEZA. For this purpose, such a coordination mechanism is necessary. Any undermining of applicable long-term legal provisions by annual budget instruments ultimately goes on to erode the long-term credibility of the State itself, not only in the minds of

investors but of the international community as a whole, with much larger implications in the longer run.

Also, an efficient coordination mechanism should be arranged to improve the functioning of dedicated agencies. For example, a dedicated investment agency is important, for which IBN has been instituted to facilitate large-scale investment, both domestic and foreign. However, coordination among the several ministries remains a challenge.

- k) **Consolidate multiple regulatory systems into one agency:** Multiple regulatory systems rule FDI currently and compliance for Alternative Investment Funds, such as private equity and venture capital, are not consolidated into one agency. Currently, some operate under NRB and some under SEBON. This kind of overlapping mandate creates problems as it segments the market. The SEBON can be in charge of private equity and venture capital.
- l) **Open both primary and secondary agricultural activities to foreign investment:** Nepal is the net importer of agricultural produce. Agriculture suffers from stagnation due to low production and productivity. One of the reasons is the lack of foreign investment in primary agriculture. Hence, opening both sectors will contribute to minimizing the current low production and productivity.

5.5.2.2 Remittance Related

The objective of legislative and institutional reforms on labour migration and remittances going forward should be three-fold: a) ensuring labour migration is safe, orderly and dignified, b) sustaining the current level of remittances by reorienting skills of migrant workers given the changing demography both at the global and national level and c) making the productive use of remittances.

- a) **Initiate policy and legislative labour reforms:** Labour reforms should start with legislative and institutional reforms. National Employment Policy 2071 and Foreign Employment Policy 2068 should be merged into an umbrella employment policy, as the objective of both policies is to reduce the absolute level of poverty. The focus of such a policy should be on developing the national economy; however, in doing so, utmost care should be taken to ensure that the provisions of the merged policy retain the core spirit of promoting employment at home and effectively address labour management issues in the destination countries. As there is one institution, i.e., the Ministry

of Labour, Employment and Social Security, to govern and regulate both domestic and foreign employment, there should be one policy guiding both domestic and foreign employment. One labour policy should be accompanied by one umbrella law regulating both domestic and foreign employment. This is also important to have a balanced approach to domestic and foreign employment.

- b) **Reduce the costs of recruitment and remitting:** The cost of recruitment for migrant workers needs to be reduced. Nepali migrant workers face disproportionately high expenses in this process. Despite the Government of Nepal (GoN) introducing the free visa and free ticket scheme for seven destination countries, including Malaysia, Qatar, Saudi Arabia, UAE, Kuwait, Bahrain, and Oman since 9 June 2015, the implementation of this scheme has not been fully realized. Migrant workers often find themselves compelled to pay exorbitant amounts informally. When designing such policies, caution should be taken that the cost borne by recruiting agencies is taken care of. This is essential to incentivize them to seek out higher-paying job opportunities in labour destination countries.
- c) **Emphasize labour diplomacy:** Nepal should leverage its diplomatic channels to raise the welfare of Nepali workers. The Government should make concerted efforts to negotiate and conclude bilateral labour agreements with as many countries where Nepalis are working as possible. Moreover, Nepali embassies and labour attaches should be mobilized to safeguard the rights and interests of Nepali workers abroad while fostering mutually beneficial relationships with host nations, ensuring that labour attaches are well-trained before their deployment and retained within the Labour ministry on their return. Nepal maintains 39 diplomatic representations worldwide with 32 embassies, six consulates, and one other diplomatic representation. As per the Foreign Employment Act of 2007, labour attaches are appointed to missions in countries with over five thousand Nepali migrant workers (MoLESS, 2022). The Government should be futuristic in its policymaking and make arrangements to appoint labour attaches to countries with 300 Nepali migrant workers. The roles of these diplomatic missions, including labour attaches, should be redefined with terms of reference that revolve around taking care of the welfare of Nepali migrant workers, including initiating bilateral labour contracts, exploring decent jobs in multinational companies, and addressing issues of undocumented workers.

Also, equally important in labour diplomacy, FDI promotion and remittance management are the honorary consuls of Nepal working in various countries. They can promote Nepal's investment potential by networking with business communities, facilitating investor connections and advocating for Nepal at international forums. In remittance matters, they can support financial literacy among migrant workers, promote the use of formal and productive remittance channels, and encourage diaspora engagement in Nepal's development. Additionally, they can help raise policy concerns and provide feedback to the Nepali government based on migrant experiences and investment interests in the host country. To serve these purposes, it is high time Nepal empowered its Honorary Consuls General and the institutions associated with them.

- d) **Introduce concrete programmes for reintegration of returnee migrants:** The Government should prioritize the reintegration of returnee migrants. The Government earlier launched a programme of skill certification in coordination with the National Skill Testing Board (NSTB) to facilitate their reintegration during the COVID-19 pandemic. The scheme launched during the COVID-19 pandemic for the reintegration of returnee migrants through skill development, certification and vocational training should be implemented with vigour.
- e) **Link migrant workers with social security schemes:** Nepali migrant workers should be linked with social security schemes. Currently, very few Nepali migrant workers are associated with social security schemes. An awareness of the importance of this scheme should be created during the pre-departure training programme itself. Diplomatic missions, including labour attaches should be mobilized to link as many migrant workers as possible.
- f) **Focus on skilling/up and skilling:** The Government should launch skilling programmes on a large scale. Vocational Skill Development and Training Centre (VSTDC), Council for Technical Education and Vocational Training (CTEVT) and National Skill Testing Board (NSTB) are institutions created for up-skilling and certifying skills. The role of these institutions should be enhanced through the appropriation of budget and human resources. On top of that, training programmes should be launched in partnership with the private sector. The Government should design the course and set standards for such training. For example, the Qatar Government recently pledged to establish training centres in all seven provinces for prospective migrant workers to Qatar. The Government should prod the Qatari authorities to

establish such training centers at the earliest. Similar arrangements should be made with other labour destination countries.

- g) **Support the recruitment costs of the migrants:** The Government should make some institutional arrangements in support of prospective Nepali migrant workers for financing their recruitment costs. In some cases, the Government should make budgetary appropriations. NRB should also pitch in in terms of designing appropriate financing schemes for migrant workers.
- h) **Make productive use of remittances:** Both the Government and the corporate sector should make productive use of remittances. The productive use of remittances has been a long-standing issue in Nepal. The families of migrant workers should be provided with training to help minimize unnecessary luxury spending and unsustainable consumption patterns. In Nepal, this could be coordinated through a consortium of relevant agencies, led by Nepal Rastra Bank. A similar initiative could be implemented in collaboration with Nepali embassies and consulates abroad. One key component of such training could be encouraging workers to participate in productive schemes introduced by the government from time to time.

The foreign employment bonds have not succeeded in mobilizing funds on scale due to their faulty design. It is not linked with any projects and interest rates slightly higher than those of other government bonds are not attractive. The Government should think of linking remittances with development projects, not through debt instruments but through equity instruments. Such instruments could have compensated for exchange rate gains as the Nepali rupee continues to depreciate against the US dollar over the medium term. There is another way of utilizing remittance for the projects of capital formation. The Government could utilise funds from contractual savings organizations for development project financing such as the Upper Tamakoshi hydropower project outside the government budget. This could help utilize funds mobilized by banks in a balanced way, preventing resources from being used for speculative purposes.

- i) **Monitoring manpower companies:** There are cases of fraud and exploitation of migrant workers by manpower companies. The Government should increase its monitoring and punish those indulging in such activities. It is also important because the trafficking of women and girls has sometimes been reported to have been an issue in Nepal concerning foreign employment.

Therefore, since most problems faced by Nepali migrant workers abroad originate in Nepal, the government must not hesitate to take strong action against large-scale fraud – holding manpower companies, government officials, and political intermediaries accountable, rather than letting perpetrators go unpunished.

- j) **Leverage remittances to improve Nepal's creditworthiness:** In the IOM's World Migration Report 2022 McAuliffe & Triandafyllidou (2022) suggest Nepal should leverage its remittances as collateral to lower the costs of international borrowings for banks and financial institutions, access the international debt market, improve the country's creditworthiness, countercyclical tools during the economic downturn, and basis for debt sustainability analysis (DSA) as the World Bank/IMF is using for low-income countries.

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Annex 1: Major Foreign Investment Projects

SN	Company	Address	Investment Source
1	Dabur Nepal	Rampur, Bara	India
2	Unilever	Hetauda, Makawanpur	India
3	Hongshi Shivam Cement	Nawalparasi	China
4	Huaxin Cement Narayani	Benighat Rorang, Dhading	China
5	Arun-3 Hydroelectric Project	Pukhuwa, Sankhuwasabha	India
6	Lower Arun Hydropower Project	Betini, Sankhuwasabha	India
7	West Seti Hydroelectric Project	Talkot, Doti	India

SN	Company	Address	Investment Source
8	Upper Marsyangdi 2 Hydroelectric Project	Syange, Lamjung	China
9	Upper Trishuli-1 Hydroelectric Project	Mailung, Rasuwa	Republic of Korea
10	Upper Karnali Hydroelectric Project	Bhairabsthan, Achham	India
11	Risen Solar Project	Banganga, Kapilvastu/ Kohalpur, Banke	Singapore
12	Dolma Solar Project	Rajapur, Dang	Republic of Mauritius
13	Standard Chartered Bank	New Baneshwor, Kathmandu	UK
14	Everest Bank	Lazimpat, Kathmandu	India
15	Nepal SBI Bank	Durbarmarg, Kathmandu	India
16	Metlife	Pulchowk, Narayani Complex	USA
17	Ncell	Lainchaur, Kathmandu	Saint Kitts and Nevis
18	Sastodeal	Baluwatar, Kathmandu	India
19	Daraz	Kalanki, Kathmandu	China
20	World Link Communications Ltd.	Jawalakhel, Lalitpur	United Kingdom
21	Seti Khola Hydroelectric Project	Nadipur, Pokhara, Kaski	Republic of Mauritius
22	Manang Marsyangdi Hydroelectric Project	Danakyu, Manang	China
23	Lower Manang Marsyangdi Hydroelectric Project	Khotro, Manang	China
24	Bottlers Nepal Pvt. Ltd,	Balaju, Kathmandu	Singapore
25	Varun Beverages	Pepsicola, Kathmandu	India

SN	Company	Address	Investment Source
26	KNP Japan Pvt. Ltd.	Adarshanagar, Birgunj, Parsa	India
27	Tiger Palace Resort	Bhairahawa, Rupandehi	USA
28	Himalayan Airlines	Gairidhara	China

Source: Worksheet Distributed by IBN during the Investment Summit, 2024

CHAPTER 6

NEPAL'S DIGITAL ECONOMY: CURRENT STATUS AND THE COURSE DESIRED

Dr. Babu Ram Dawadi

Abstract

Based on secondary data from Nepal Rastra Bank, Nepal Telecommunications Authority, and literature reviews of peer-reviewed journals, conference papers and academic reports on digital transactions, this article explores the growing significance of digital economy, driven by advancements in digital technologies and their transformative impact on financial services and economic activities.

This chapter highlights the role of digital infrastructure, platforms and policies in fostering financial inclusion, streamlining transactions and driving innovation. It evaluates Nepal's readiness for digital transformation, its progress in digital payments and entrepreneurship. It identifies critical challenges such as the need for secure infrastructure, effective regulatory frameworks and digital literacy. It also emphasizes the importance of integrated digital service platforms, enhanced cybersecurity, and supportive policies to encourage innovation and private sector participation. The chapter also analyzes how emerging technologies are driving digital transformation across industries, offering new opportunities for businesses to innovate, improve productivity and create value for customers. It points out the required reforms on security, transparency, decentralization, cross-border capability, financial inclusion, innovation and resilience of the digital economy.

6.1 Introduction

The economic activity centered around digital technology and the internet is referred to as the 'digital economy (DE)'. It refers to the economic activities that emerge from connecting individuals, businesses, devices, data, and operations through digital technology (Van & Duy, 2020). Because of its emphasis on digital technology, online transactions and its transformational impact on established businesses, the digital economy is distinct from a traditional economy. A Digital Economy is mostly dependent on technological advancements like blockchain, virtual reality, the Internet of Things (IoT), artificial intelligence (AI), and many more. Digital Economy includes the use of digital technology to facilitate the production, distribution and consumption of products and services. The employment of information and communication technology (ICT) to develop new business models, alter established industries and boost productivity and efficiency across a range of

sectors characterizes the current economic environment (Zhu et al., 2004; Barras, 1990; Bhambri & Rani, 2024).

Kumari Bank was the first institution to introduce digital payment in Nepal in 2002 (Shrestha, 2023). Since then, the growth in the use of digital payment has been substantial. Currently, many established digital payment systems provide digital payment services in Nepal. In a similar vein, e-banking is offered by most of the banks in Nepal. It is also observed that an increasing number of applications for the exchange of goods and services rely on digital payments. With Nepal Rastra Bank (NRB) reporting a notable increase in digital transactions, Nepal's transition from a traditional cash-based economy to a thriving digital payment ecosystem is a remarkable change with important consequences for the country's economic progress. NRB documented approximately 1,224,683 QR-based transactions in the fiscal year 2020, amounting to NPR 4,401 million in total transaction value. Fast forward to 2023, this figure surged to 11.2 million transactions, equivalent to over NPR 30 billion - a remarkable escalation of over sevenfold within a mere three-year time frame (NRB, 2020; NRB, 2023). This exponential growth underscores the remarkable evolution of Nepal's digital payment infrastructure, propelled by concerted endeavors from diverse stakeholders.

Digital infrastructure, data analytics, automation, artificial intelligence and networking are the fundamental tools used by the digital economy to stimulate development and innovation (Williams, 2021). It has changed how companies function, engage with clients and work with partners throughout the world. E-commerce, digital payments, cloud computing, the IoT, big data analytics and digital platforms are some of the essential elements of the digital economy (Barras, 1990; Mhlana, 2021; Chui, 2017).

The digital economy has the incredible potential to break through borders and connect businesses with a global customer base. This unique feature also allows customers to easily access goods and services from anywhere and at any time. In this age of globalization, the possibilities are endless. People can now participate in the economy from wherever they are in the world and businesses have endless opportunities to expand. While the digital economy certainly has its benefits, some drawbacks cannot be ignored.

Issues such as cybersecurity, data privacy, the digital divide and the impact on traditional jobs all raise legitimate concerns (Afonasova et al., 2019). As technology

continues to advance at a rapid rate, governments, corporations and society are faced with the challenge of finding a balance between fostering innovation and implementing regulations that ensure fairness, security and equality for all involved. As the digital economy continues to evolve, its effects can be felt in every aspect of our lives. From how we conduct business and socialize, to the way we consume and drive innovation, its impact is far-reaching and ever-changing (Brown & Duguid, 2017). This has become a key area of focus for all individuals and industries, as we navigate the challenges and tap into the endless possibilities offered by this constantly evolving landscape.

In the last decade, economic transactions via digital platforms have exponentially increased with the increase in internet accessibility and the emergence of digital wallets and online banking activities. However, there are several challenges, including policy/regulation, secure and trustworthy digital infrastructure development and implementations, which are to be addressed for the economic prosperity of the country.

6.2 Objectives of the Study

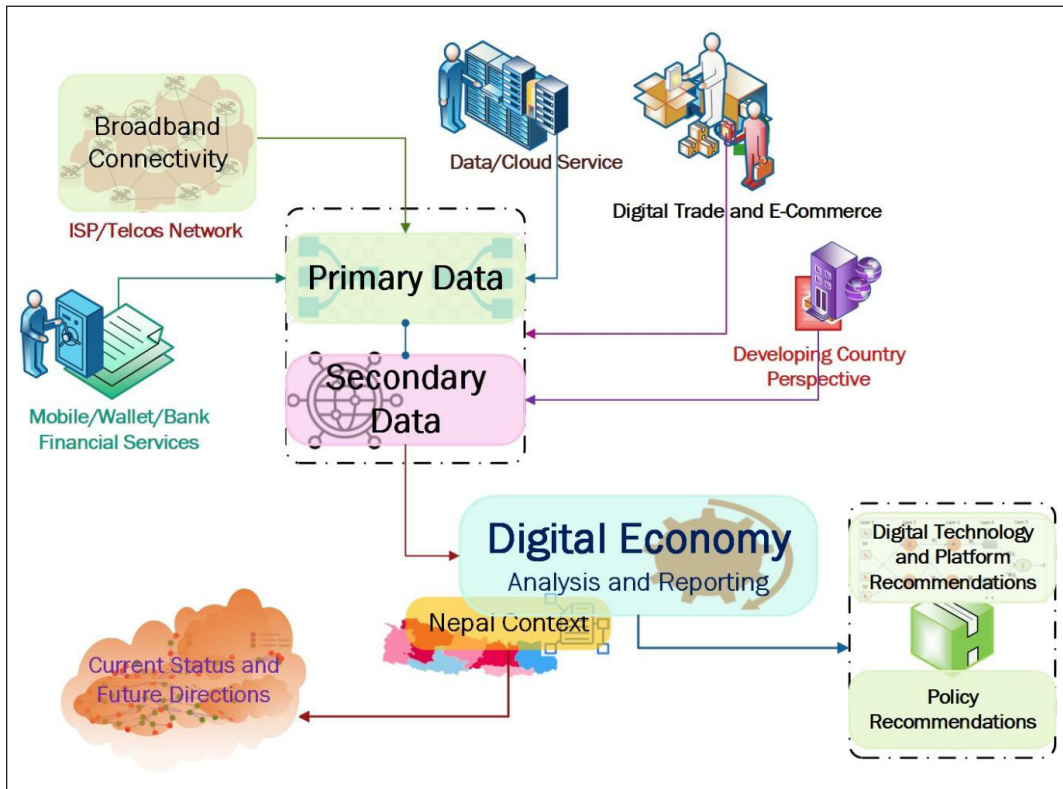
The objectives of this chapter are:

- i) To analyze the digital economy in Nepal, focusing on its trends, challenges and expected trajectory,
- ii) To examine how the digital economy contributes to other sectors of the national economy, highlighting the digital economy's role as a transformative force,
- iii) To offer policy recommendations on how Nepal's digital economy can be modernized in the context of next-generation structural reforms.

6.3 Methods of the Study

The overall study framework is presented in Figure 6.1. This study is designed to focus on the Nepali context based on digital infrastructure, platform and transaction services, starting from the current status and next step recommendations based on the preliminary analysis of primary sources and the review of literature.

Figure 6.1: Conceptual Framework of the Study



Source: Compiled by the author

Primary data related to digital transactions by banks and digital wallets was collected directly from Nepal Rastra Bank (NRB) upon the formal request through the official communication method for research purposes. The Pearson correlation analysis was conducted as part of the data analysis obtained on NRB data to quantify the linear relationship between various indicators within the dataset. The data related to digital infrastructure status was obtained from Nepal Telecommunications Authority (NTA) by specifically referring to publicly available MIS reports. The data provided by NRB upon the formal request consisted of digital transaction records (number of transactions and amount of transaction) over five years (2020 to mid-2024) across various digital platforms, including Mobile Banking, Wallets, QR-Based Payments, Internet Banking, Debit Cards, Credit Cards, IPS, POS, Prepaid Cards, E-commerce and ConnectIPS. Besides this data, NRB also provided the number of banking customers and Internet banking customers across different bank categories, along

with the number of ATMs, debit cards and credit cards issued by various classes of banks over seven years (2018-2024).

Alongside transactional data, a wide range of financial indicators is examined. The number of credit cards, debit cards, online banking, and mobile banking transactions was among the important variables covered by these indicators. In addition, some measures related to the uptake and penetration of digital financial services were scrutinized. These metrics included the number of credit card and debit card users, as well as those who utilize Internet and mobile banking. Through the examination of this large-scale dataset, a detailed comprehension of the status of Nepal's digital economy was attained, providing the groundwork for well-informed decision-making and strategic planning in the financial industry.

These data were used for experimental analysis and visualization was carried out using MS Excel, while correlation analysis was carried out using Python programming language, with graph visualizations using the python-matplotlib module.

National and international literature were reviewed to get the current status of the digital economy. The review process involved searching scholarly databases such as Google Scholar and web-based searches focusing on peer-reviewed journals, conferences, papers, and academic reports related to digital transactions, digital payment systems and digital economy trends. Additionally, official reports and publications from government organizations like NRB, Ministry of Finance, NTA and the Ministry of Communication and Information Technology were used. Multiple recommendations are provided towards the end of the chapter based on the findings of quantitative data analysis and literature review. The recommendations focus on what needs to be done to modernize digital infrastructure, payment infrastructure and policy to establish a secure, efficient and reliable digital platform in the country, in the context of next-generation structural reforms for economic transformation.

6.4 Digital Economy: Global and Nepal Perspectives

Looking from a global perspective, the world is changing dramatically with the significant improvement in AI in the modern period due to the speed at which digital technologies are developing. The ubiquitous use of information and communication technologies (ICTs) in many aspects of economic activity has given rise to the digital economy, which is reshaping national, regional and international environments

(Malecki & Moriset, 2007). This paradigm change is rethinking the fundamentals of economic connections, commerce, and development in addition to changing the conventional ways that businesses conduct themselves (Ustyuzhanina et al., 2017). Globally, the digital economy is characterized by never-before-seen connectedness, innovation and data-driven decision-making. Traditional economic barriers are being broken down by the growth of e-commerce, digital platforms and cutting-edge technologies like blockchain and AI (Chang et al., 2020; Darwish, 2023; Hallema, 2023; Taherdoost & Madanchian, 2023). This wave of global digitalization brings with it both benefits and drawbacks. While it has the potential to promote economic development, creativity and efficiency, it also poses dangers to inequality, data security and privacy.

6.4.1 Evolution and Dimensions of Digital Economy

In his best-selling book titled 'The Digital Economy: Promise and Peril in the Age of Networked Intelligence', published in 1995, Don Tapscott initially used the term “digital economy” (Xia et al., 2023). Because it relied on internet access, the digital economy was once known as the web economy, the internet economy, or the new economy. Economists and corporate executives contend, however, that the digital economy is more sophisticated and intricate than the internet economy. It can be defined as simply the financial benefit obtained from the internet.

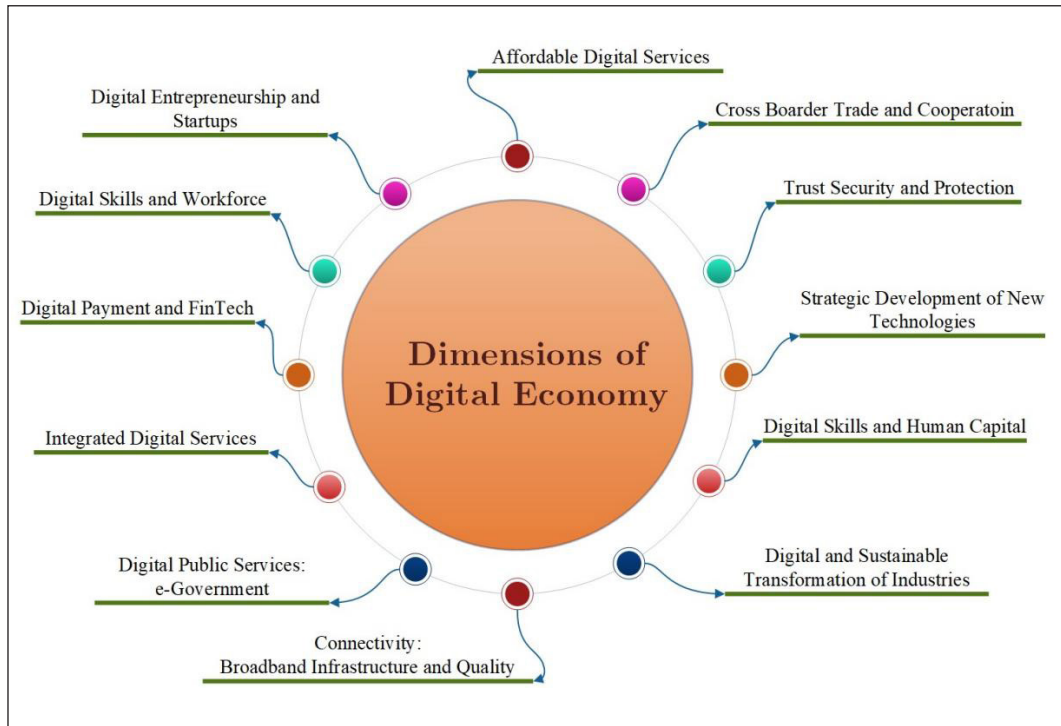
The transition from the third to the fourth industrial revolution has acted as a catalyst for the emergence and expansion of the digital economy. The shift from analog electronic and mechanical devices to digital technology in the late 20th century is referred to as the third industrial revolution, or sometimes the digital revolution (Zysman & Newman, 2006). This period was dominated by the widespread adoption of computers, information technology and early forms of digital communications, laying for the transformation of industries. The digital revolution provided a base for modern technologies to continue to connect the physical and virtual worlds, leading towards the fourth industrial revolution. This digital transformation, combined with the industrial revolution, has driven the growth in the digital economy, with each phase of technological advancement leading directions for an increasingly digital and interconnected ecosystem.

The landscape of the digital economy is complex and influenced by many factors, all of which are essential to its development and expansion. Digital entrepreneurship and startups, where creative minds use technology to develop new goods, disrupt established sectors and spur economic growth, are at the forefront of this ecosystem.

These businesses are successful on digital platforms because they can quickly identify market niches by using their creativity and agility (Khurana et al., 2022).

The fintech and digital payment industries are essential to the operation of the digital economy. This dimension promotes financial inclusion and streamlines transactions, revolutionizing traditional financial services. Financial services are becoming more accessible and decentralized with the emergence of digital currencies and blockchain technology, enabling people and companies all around the world (Chen et al., 2022).

Figure 6.2: Dimensions of the Digital Economy



Source: Adapted by the author based on Kontolaimou & Skintzi (2020); L'Hoest (2001)

Also, e-government efforts, or digital public services, use technology to improve citizen-government relations. These services, which range from digital identity systems to online tax filing portals, simplify governmental procedures, increase transparency and encourage public participation. E-government programmes promote increased efficiency, accountability and accessibility in public administration through the digitization of government services (Chan et al., 2021).

The crucial component of connection, which includes broadband infrastructure and quality, forms the basis of these aspects. The digital economy relies on a strong broadband network to facilitate easy access to digital resources as well as communication and cooperation. Moreover, the development of broadband infrastructure is necessary to close the digital divide and guarantee that everyone has equal access to the opportunities presented by the digital era (Lythreathis et al., 2022). Additionally, the digital economy stimulates industry change, which promotes sustainability and innovation. Businesses may lessen their influence on the environment, streamline operations and develop new value propositions by implementing digital technology. This sustainable and digital transformation tackles urgent global issues like resource depletion and climate change while promoting economic prosperity (Dou & Gao, 2022).

Individuals and businesses need to invest in human capital and digital skills to manage this ever-changing world. Unlocking the full potential of digital technology is necessary for both individuals and companies to be competitive in a market that is changing quickly. Digital literacy and competencies are key to this. Furthermore, companies may remain ahead of the curve by strategically developing new technologies and utilizing emerging trends to spur innovation and expansion (Alliouei et al., 2023). It is crucial to maintain security, safety and trust amid these opportunities.

Protecting private data and reducing cyber risks are vital requirements as more and more interactions and transactions take place online. Stakeholders can support a safe and resilient digital environment that supports the long-term expansion of the digital economy by putting strong cybersecurity measures in place and encouraging digital trust frameworks (Ismagilova et al., 2022). Furthermore, cross-border trade and cooperation are essential to the global digital economy's success because they promote innovation and economic growth. Inexpensive digital services guarantee inclusion, bridging the divide and advancing wealth for anyone (Chang et al., 2020).

6.4.2 Digital Economy in the Global Context

Asia has become a major player in the global digital economy with some of the fastest-growing economies and technological hubs in the world (Hoontrakul, 2017). Leading nations in digital innovation include China, India, and South Korea, which are promoting regional economic integration and worldwide competitiveness (Fan, 2011). A wide range of possibilities and problems are facing both developed and emerging nations in Asia due to the complex interaction of cultural, economic and

regulatory elements shaping the region's digital economy dynamics (Yin & Zhang, 2012). Asia's digital economy is now a key component of the continent's innovation, economic expansion and worldwide impact (Sabbagh et al., 2013). China has become a worldwide tech powerhouse and altered the parameters of digital commerce with its booming tech ecosystem (Keane et al., 2020). On the other hand, India has established itself as a major player in software and services because of its thriving IT sector and entrepreneurial culture (Khanna & Palepu, 2005; Upadhyay, 2004; Kumar & Puranam, 2012; Bhagavatula et al., 2019; Baragde, 2024). Significant advancements in digital transformation have also been made by South Korea, Japan and Southeast Asian countries. Nonetheless, a rich tapestry of many cultures, legal frameworks and economic systems defines the Asian digital world (Yin & Zhang, 2012). This variety creates obstacles to harmonizing digital policies as well as possibilities for cross-cultural collaboration. The interaction between Asia's major and developing economies further complicates the region's digital dynamics.

The study of Kurniawati (2021) looked at how ICT affected economic growth in Asian nations with high and intermediate incomes. It was discovered that trade openness, foreign direct investment (FDI), capital, labor, ICT, and financial development all had a major impact on economic growth in both income levels. The findings also demonstrated that the effects of various ICT indicators on economic development varied. The report included policy suggestions for encouraging ICT penetration and infrastructure development, and it underlined the need for well-maintained ICT infrastructure for increasing economic growth. The report also emphasized how phones, the Internet and mobile gadgets all contribute to economic growth in the middle-income nations. The results imply that ICT is a major factor in the nation's productivity and economic growth.

The study by Razorpay (2023) provides an in-depth look at the landscape of digital payments in India, focusing on methods such as Unified Payment Interface (UPI), mobile wallets and Internet banking. It underscores their convenience and security for users while shedding light on the government's 'Digital India' campaign. This initiative aims to propel India towards a digitally empowered society by enhancing infrastructure, digital literacy and e-governance. Central to this effort is the promotion of digital payment platforms across all segments of society, including rural and underserved areas, to foster financial inclusion. Through technology, innovation, and collaborations with banks and fintech companies, Digital India seeks to streamline transactions, reduce cash dependency and foster a culture of

efficient and transparent digital payments. Overall, the article showcases how Digital India is driving the transition towards a cashless economy, empowering individuals and businesses for economic growth and financial inclusion.

Bukht and Heeks (2017) presented a comprehensive analysis of the digital economy's key components, measurement challenges and implications for global development. The paper identifies three scopes of relevance within the digital economy, encompassing the core digital sector, emerging digital and platform services and the broader use of ICTs in all economic fields. Despite the significance of the digital economy, measuring it is hindered by challenges such as data quality issues and blurred boundaries in definitions, particularly in developing countries. Nevertheless, the paper estimates the digital economy to constitute approximately 5 percent of global GDP and 3 percent of global employment. It also underscores the uneven distribution of the digital economy, with the global North currently dominating but with the fastest growth rates observed in the global South. The implications for global development are multifaceted, with the digital economy offering opportunities such as economic growth, increased productivity and access to global markets, while also posing challenges related to digital skills, technology penetration, and adverse incorporation. The paper emphasizes the need for further research to understand the specific implications of the digital economy for development in low- and middle-income countries, highlighting a critical research gap in this area.

Murthy et al. (2021) presented valuable insights into the digital economy and its implications for both developed and developing nations. The authors presented a comprehensive analysis of growth patterns of developmental variables such as Gross Domestic Product (GDP) and GDP per capita, as well as digitization variables. The study identifies a digital divide, emphasizing the dominance of developed economies in the global digital economy, particularly in sectors such as E-commerce and underscores the disparities in access and utilization of digital technologies between developed and developing nations. The findings also highlight the interdependence of broadband and mobile technologies in driving economic growth, the increasing reliance on mobile services for connectivity and the significant role of mobile technologies in driving economic development. The paper's insights underscore the importance of addressing digital divide through targeted strategies aimed at promoting equitable access to digital technologies and the need for concerted efforts to promote inclusive participation in the digital economy and address the disparities between developed and developing nations.

6.4.3 Lessons Nepal can Learn from Developing Countries

As a country in South Asia, Nepal is at a turning point in its transition to a digital economy. Nepal's economy is mostly based on agriculture and is yet to be touched by digitization and smart agriculture technologies (Timsina et.al, 2023), hence it has difficulties adjusting to the digital era. Nonetheless, the nation has started programmes to close the digital gap, improve connections and use technology for economic growth after realizing the potential advantages (Shakya, 2018). Nepal's experience negotiating the digital economy is influenced by the country's distinct socioeconomic setting, limited infrastructure and initiatives to use digitalization for equitable progress (Kharel, 2022). Nepal, which is sandwiched between China and India, two of the world's largest economies, faces a distinct mix of possibilities and problems in the digital economy. The country has seen a notable increase in mobile phone adoption and internet usage in recent years, despite the country's predominantly rural and agrarian nature (Nepal Telecom, 2023; Nepal Telecommunication Authority, 2023). The government's dedication to promoting digital projects, including the National Broadband Policy and the drive for e-governance, demonstrates how important it is for the nation to acknowledge the critical role that technology can play in promoting economic growth (Sharma et al., 2014). Nepal's strategic focus on these digital projects shows a proactive attitude toward using the transformational power of ICT in an era marked by fast technical breakthroughs (Giri, 2018).

The Government's dedication to e-governance projects represents a significant turn in the direction of more effective, transparent and citizen-focused public services. The Government wants to improve accessibility for residents, minimize bureaucratic bottlenecks and simplify operations via digitizing administrative procedures and services (MoCIT, 2019). In addition to improving administrative effectiveness, the digital revolution in governance is also assumed to strengthen public institutions' reputations for accountability and confidence. However, the Nepali digital environment is not without challenges. Infrastructure constraints, such as a lack of consistent energy and internet connection in rural regions, represent substantial impediments to widespread digital adoption (Lama et al., 2020). Furthermore, challenges like digital literacy, cybersecurity and the digital divide require strategic attention (Dhungana et al., 2023; Nepal, 2022).

Research by Edquist et al (2018) found that a 10 percent increase in mobile broadband adoption leads to a 0.8 percent increase in GDP, with the impact being particularly significant in low-income and non-Organization for Economic

Cooperation and Development (non-OECD) countries. These findings align with broader trends in literature, which demonstrate the positive association between ICT advancements, including fixed broadband, smartphones and mobile data use, and economic development. The collective evidence underscores the critical role of ICT in fostering economic growth and development, with important policy implications for investments in mobile broadband infrastructure, particularly in regions with limited access to traditional fixed broadband infrastructure.

The literature by Koutroumpis (2019) explores the economic impact of broadband adoption and quality in OECD countries from 2002 to 2016. Findings indicate that broadband adoption contributed to a 4.34 percent increase in GDP in the OECD area during this period, while there are limits to the impact of higher speeds due to potential unutilized resources. The literature suggests that speed thresholds for further broadband quality improvements have increased over time. Additionally, variations in the impact on GDP were noted across countries, with nations like Korea, Japan, Sweden, and the UK experiencing higher annual gains compared to the countries with lower network quality and speeds, such as Mexico and Turkey. Overall, the literature underscores the positive correlation between broadband adoption, quality and economic growth in OECD countries, with higher speeds and network quality leading to more substantial economic benefits.

The research by Malisuwan et al. (2016) delves into the development of the National Digital Economy Plan for Thailand, emphasizing the importance of creating a digital economy and society in the Association of Southeast Asian Nations (ASEAN) and Thailand for sustainable development and improved living standards. It highlights the significance of the National Broadband Plan in accelerating access to fixed and mobile broadband services, to increase rates of access to these services. The paper discusses the renewal of telecommunications licenses, the Digital Economy and Society Index and the promotion of fair competition in the telecommunications industry. The paper emphasizes the need for concrete indicators to assess the success of driving the strategy toward Thailand's digital economy and underscores the role of broadband as a key innovation for digitizing national and regional economies.

Semyachkov (2019) emphasized the vital role that digitization plays in the socio-economic advancement of emerging nations. It highlights how the digital revolution is transforming society and the economy, and how new technologies like broadband networks and the IoT have the potential to improve safety, make places more livable, and open up new markets and economic opportunities. The

study, however, also highlights the difficulties poor nations have in setting up a minimal level of digital infrastructure and the possible negative effects of under-utilizing the digital revolution. The research suggests important guidelines for developing skills development programmes in the context of digitalization to address these issues. The assessment also emphasizes how important cloud computing and digital platforms are to the creation of a “share economy” in developing nations.

Box and Lopez-Gonzalez (2017) explored the profound impact of digital technologies on the ASEAN region, emphasizing the potential for economic growth and development. The literature study emphasizes how the digital era has permeated many economies, as seen by the growing trend of governments, corporations and individuals turning to online platforms. One startling finding is that a greater proportion of families in developing nations have mobile phones than have access to fundamental utilities like power or clean water, suggesting a widespread adoption of digital technology. Despite this trend, there are still large differences in Internet usage between ASEAN countries. To create a flawlessly linked ASEAN, the Masterplan on ASEAN Connectivity 2025 recognizes digital innovation as a critical strategic sector, emphasizing the significance of infrastructure, legal frameworks, and assistance for small and micro enterprises (SMEs) to acquire new technology.

Rani and Singh (2019) provide a comprehensive study on how the digital economy impacted workers in developing countries, addressing the moral, philosophical and politico-economic implications of data and digital intelligence. The study emphasized the need for workers to be conscious of the value of data and potential exploitation, particularly in the context of global trade deals and the dominance of digital corporations. The challenges faced by workers, such as low pay, lack of social protection, and lack of transparency in content screening and moderation tasks on digital platforms, are highlighted, raising concerns about the well-being of workers and the development of the local economy. The study also discussed the complex issues surrounding data ownership, privacy, and the potential for discrimination in algorithmic decision-making, emphasizing the need for regulatory frameworks and governance mechanisms to ensure fair outcomes for workers and to address the power imbalances between capital and labor in the digital economy.

The study by Alibekova et al (2020) provides a comprehensive analysis of the digitalization and innovation landscape in Kazakhstan. It highlights the significance

of this topic for local researchers and authorities, emphasizing the research gap in studying barriers and enabling digital transformation in the country's economy. The study was based on a systematic review of relevant scientific literature and the analysis of national secondary data, including the ICT Development Index and the Global Innovation Index. The findings reveal that despite efforts, the ICT industry's contribution in Kazakhstan has not increased, indicating a stagnation or decline in its impact on the economy. However, the study identifies enablers of digital and overall innovation advancement within the economy, suggesting potential areas for improvement. In terms of the economy of Kazakhstan, the study indicates that the ICT sector is experiencing ambiguous development, characterized by growth in production but declining net exports.

These studies from the perspective of developing nations will explore issues relevant to Nepal's digital economy and its development, enabling an examination of how Nepal can leverage its unique strengths while addressing its specific weaknesses to integrate effectively into the global digital economy.

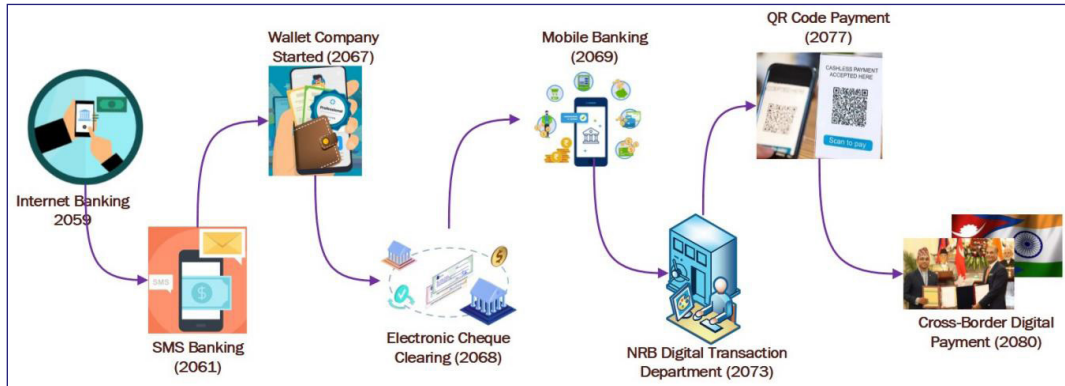
6.4.4 Historical Background of the Digital Economy in Nepal

Before the establishment of NRB in 1956, the use of Indian Rupees (INR) was prevalent in Nepal, and transactions often involved two separate currencies. Given this, the NRB was established in 1956 with the primary objective of doing away with the dual currency system, along with other customary central bank objectives (Sah, 2014). The establishment of NRB aimed to standardize the currency system and fulfill other central banking functions, setting the stage for modern payment infrastructure. Over the subsequent decades, Nepal's payment system has advanced significantly, incorporating digital technologies and modern financial practices to enhance efficiency, security and accessibility.

Information technology advancements, particularly the arrival of personal computers and the internet in the 1980s and 1990s, as well as the adoption of a more liberalized economic structure, made digitalization possible (Hamelink et al., 1997; Kapur, 2002; Valenduc & Vendramin, 2017). During this period, Nepal's banking industry introduced card-based payment systems, internet banking, and SMS banking, which helped the nation transition from a cash-dependent to a cashless economy. However, there were early challenges associated with this change as well, including low levels of computer literacy, infrastructure constraints and complicated regulations. Despite these challenges, the use of digital financial services began to gain traction (Kumaga, 2011). The history of digital payment in

Nepal can be traced from the start of Internet banking in 2002 and then to SMS banking in 2004. The breakthrough in digital payment history is presented in Figure 6.3.

Figure 6.3: Digital Payment History in Nepal (dates in brackets following the captions are in BS)



Source: Compiled by the author based on media news

Nepal's move towards digital payments has been influenced by numerous factors. Digital payments have progressed due to the government legislation and prior initiatives that align with the NRB's mission to create a safe and effective payment system. This endeavor to develop infrastructure led to the establishment of the Nepal Clearing House Limited (NCHL) in 2008, which streamlined the clearing and settlement procedures (NRB, 2022).

The Nepal Payment System Development Strategy (NPSDS), which was developed in 2014 with aid from development partners, set the framework for the strategic and integrated development of the national payment system. The formation of the Payment System Department (PSD) under the NRB in 2015 further underscored the need for creating regulations, licensing Payment System Operators (PSOs), and supervising and inspecting PSOs and Payment System Providers (PSPs) (Acharya, 2018).

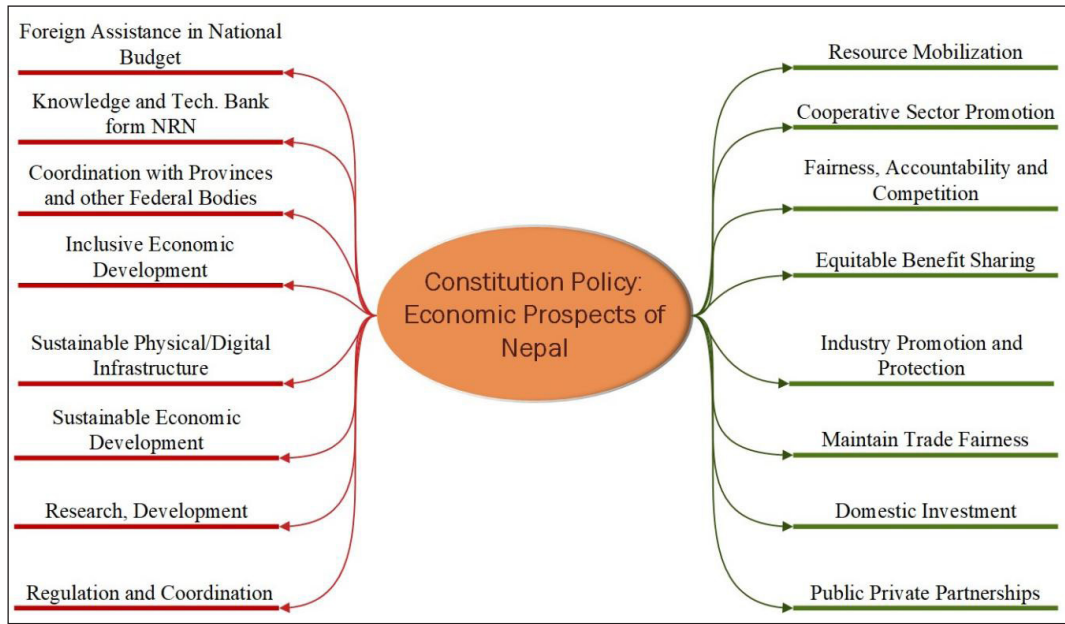
Hence, it is fair to state that the digital financial ecosystem has emerged in Nepal, bringing together digital resources and infrastructure into a cohesive platform that enhances financial inclusion, reduces gender disparities and strengthens the voice of underprivileged populations (ESCAP, 2020). As it encourages transparency, moral business conduct and reasonable regulatory frameworks, it is also a prerequisite for sustainable economic development.

The progress in digital payments also has an international dimension, as India and Nepal have jointly introduced a cross-border digital payment system. The initiative's first phase – a person-to-person fund transfer system – has been operational (Singh & Sanyal, 2023). Visitors, students and business people will find it easier to conduct financial transactions between the two adjacent nations thanks to the technology. Additionally, Nepal is extending its connections to accept digital payments outside of its borders. To establish an interoperable digital payment system that would facilitate seamless transactions between Nepal and Sri Lanka, Fonepay of Nepal and LankaPay of Sri Lanka have signed a memorandum of understanding. Chinese nationals visiting Nepal may now use their mobile devices to make payments thanks to the success of WeChat Pay, a Chinese digital payment service (Pairman & Sanggita, 2021). Though now limited to Chinese users, this scheme demonstrates the global reach of digital payment systems.

6.4.5 Constitutional Mandates on Nepal's Socio-Economic Development

Sections 50(3) and 51(d, f) of the Constitution of Nepal set out policy directives for inclusive economic development, aiming for rapid and sustainable growth by fully mobilising resources through the development of public, private, and co-operative sectors. They emphasize building a prosperous, socialist-oriented economy that is independent, self-sufficient, and progressive, while reducing economic inequality through the fair distribution of benefits. Section 59 further outlines the allocation of financial powers, including the authority to make related laws, prepare budgets, and implement annual programmes from the provincial to the local level, thereby enabling local governments to manage their digital transaction systems.

The key provisions mandated by the Constitution of Nepal for the country's economic development are presented in Figure 6.4. These policy objectives can be realised through the automation of economic activities as an integral part of the digital economy.

Figure 6.4: Constitutional Mandate: Economic Prospects of Nepal

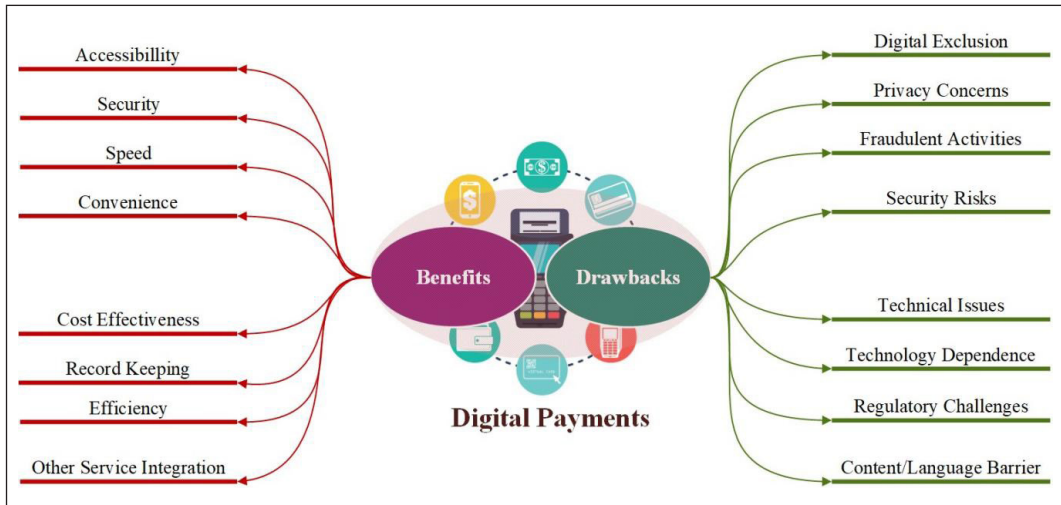
Source: Compiled by the author based on the Constitution of Nepal

6.4.6 Digital Payment Context in Nepal

Several government programmes, the expansion of mobile and internet service options, and the desire to wean people off cash have all contributed to Nepal's recent rise in the use of digital payments. Through some legislative initiatives, such as the establishment of a national e-payment gateway that makes it easier to utilize digital payments for official transactions, the Government has been encouraging the use of these methods of payment. Additionally, the Government has been promoting the use of mobile wallets and banking apps, as well as offering incentives to companies that implement digital payment methods. The acceptance of digital payments has also been significantly influenced by the expansion of the internet and mobile services in Nepal. A rising number of Nepali people may now access digital payment services. Numerous digital payment providers, such as FonePay, eSewa, Khalti, PrabhuPay, connectIPS, and IMEPay, as well as SmartQR, including all the 'A' category banks, are available in Nepal. These providers have made a wide range of services possible, including digital wallets, mobile banking, and UPI-based transactions. Banks and other financial institutions also have their own online payment gateway. Digital payment is the latest and

upgraded version of the payment method; it comes with its benefits and drawbacks, as shown in Figure 6.5.

Figure 6.5: Benefits and Drawbacks of Digital Payments



Source: Author's compilation based on [Lazovi'c and Duri'ckovi'c, 2014, Xia et al., 2023a, Fereidouni, 2023 & Yucel, 2018])

However, these are generic points identified as benefits and drawbacks; every point is equally applicable to a developing country like Nepal. For the diverse geographic conditions of Nepal with many inaccessible remote areas, digital payment enables remote people to carry out convenient, fast and secure transactions at the local and global levels easily. However, the secure digital infrastructure deployment with vendor-neutral service application development is a central challenge for any state covering the nations from easy access to inaccessible remote areas.

Benefits of Digital Payment

- 1) **Accessibility:** Digital payments enable transactions anytime, anywhere, leveraging internet or mobile network connectivity. They promote financial inclusion by reaching individuals in remote areas lacking traditional banking infrastructure.
- 2) **Security:** Robust encryption and authentication measures in digital payment platforms protect users' financial data. Reduced reliance on physical cash mitigates risks associated with theft or loss.

- 3) **Convenience:** Digital payments eliminate the need for physical currency, offering hassle-free transactions. Users can swiftly make payments through mobile apps, online portals, or contactless cards.
- 4) **Speed:** Near-instantaneous transactions are facilitated by digital payment systems, especially mobile wallets or P2P platforms. They expedite settlement processes compared to traditional methods like checks or bank transfers.
- 5) **Cost-effectiveness:** Digital payments are more economical for both businesses and consumers, reducing cash-handling expenses. They eliminate costs related to cash transportation, storage, and security measures.
- 6) **Record-keeping:** Electronic transaction records generated by digital payment systems offer clear audit trails for financial tracking. Accessible transaction histories and receipts aid in budgeting, accounting, and financial management.
- 7) **Efficiency:** Digital payments streamline processes, reducing administrative overhead and manual errors. Automation of tasks like recurring payments and invoicing enhances operational efficiency.
- 8) **Other service integration:** Digital payment platforms integrate additional services such as bill payments, fund transfers, and peer-to-peer lending. For example, integration with e-commerce or ride-sharing apps enhances user experience and convenience.

Drawbacks of Digital Payment

- 1) **Privacy concerns:** Digital payments involve the collection and storage of sensitive personal and financial information, raising concerns about privacy breaches. Data breaches or unauthorized access to payment data could result in identity theft or fraud.
- 2) **Fraudulent activities:** Digital payment platforms are susceptible to various forms of fraud, including phishing scams, identity theft, and account takeover. Fraudsters exploit vulnerabilities in payment systems to deceive users and siphon funds illegally.
- 3) **Security risks:** Digital payment systems remain vulnerable to cyber-attacks and malware. The users need to be vigilant and aware of security threats and credential handling, along with access control mechanisms. Sophisticated hacking techniques can compromise security, leading to financial losses and reputational damage for users and businesses alike.

- 4) **Technical issues:** Glitches, system outages and connectivity issues are common technical challenges faced by digital payment platforms. Service disruptions or failures can disrupt transactions and inconvenience users, eroding trust in the reliability of digital payment systems.
- 5) **Technology dependence:** Digital payments rely heavily on technology infrastructure, including internet connectivity, mobile devices and payment processing networks. Dependence on technology exposes users to risks such as system failures, power outages, or cyber-attacks that disrupt payment services.
- 6) **Regulatory challenges:** Rapid advancements in digital payment technologies outpace regulatory frameworks, creating challenges for policymakers and regulators. Regulatory gaps or inconsistencies may hinder effective oversight of digital payment systems, leaving users vulnerable to exploitation or fraud.

Recent decision on digital payment by NRB and steps by the private sector

The Foreign Regulation Management Department of Nepal Rastra Bank has amended the Integrated Circular 2080. Hence, the Nepalis who have accounts in commercial banks and national-level development banks can make payments abroad through QR. With this, Nepali citizens will be able to make payments through QR in other countries, including India.

The private leading company FonePay, which has developed a QR Scan for electronic payments in Nepal, has started an electronic payment system between Nepal and India through a 'Business to Business' (B2B) agreement. During the visit of Prime Minister Pushpa Kamal Dahal 'Prachanda' to India, a Prime Ministerial-level agreement was reached to advance the electronic payment process between the two countries. Even before the implementation of the agreement reached during the Prime Minister's visit to India, payment through QR (electronic) started at the initiative of the private sector of Nepal. Similarly, FonePay and LankaPay of Sri Lanka have inked a Memorandum of Understanding for the cross-border interoperable payment system. Through these partnerships, residents of India and Sri Lanka can instantly pay several merchants inside their respective networks via QR codes (Newswire, 2024).

6.5 Government Standards and Framework

6.5.1 Infrastructure and Financial Policy Effective for the Digital Economy in Nepal

- 1) The Telecommunications Act 2053 has provisioned telecommunications services in its Section 23(2), through which core telecom services and value-added services (VAS) must be defined.
- 2) Telecommunications Policy, 2060 has ensured the liberalization of telecommunications services through universal access to provide multiple services to citizens so that customers are free to choose any basic, mobile, and VAS with their interests.
- 3) Broadband Policy, 2071 has provided importance towards secure, reliable and cost-effective telecommunication services to citizens.
- 4) Information and Communication Technology Policy, 2072, has guaranteed secure and quality ICT services to citizens with the provision of resilient teams in secure service operation and management.
- 5) Bylaw regarding Telecom Service Quality, 2073 has defined the parameters for quality checking of core telecom services as well as non-core (VAS) services.
- 6) The NTA has initiated the formulation of a one-window policy by integrating Telecom Policy 2060, Broadband Policy 2071 and ICT Policy 2072. This would harmonize the service provisioning in the telecommunications and internet service sectors towards better regulation and QoS monitoring.
- 7) The NTA has issued short code and toll-free number management procedures to facilitate multiple operators can interconnect their networks for short code-based service provisioning to citizens, as well as providing guidelines for five-digit short codes to VAS like SMS, IVR, and USSD.
- 8) The NTA has issued general directives to conduct VAS regulations towards the development of basic and value-added telecom services by providing licenses to the private sectors to operate VASs like pay phone, text/audio/video/fax mail, conferencing, prepaid calling card, radio paging, GMPCS, among others. These services are now to be revised and new VASs operate with modern advanced communication infrastructure in line with 5G networks under implementation.
- 9) The NTA has already permitted the incumbent telecom operator, Nepal Telecom, to perform a 5G pilot test and see the feasibility of 5G network

migration in Nepal. 5G-based services have significant impacts on vertical sectors, while VAS has become more prominent with the adoption of 5G and beyond network technologies.

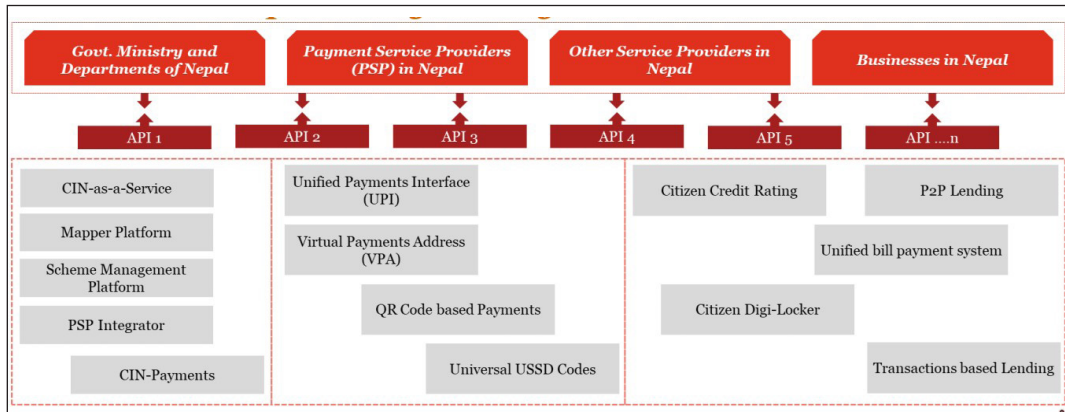
- 10) The NTA has recently drafted a regulatory framework for Over-The-Top (OTT) service regulation. OTT services are generally digital services that are accessed and delivered through the public internet. Meanwhile, the Inland Revenue Department has issued a 'Procedure relating to digital service tax, 2022' and listed almost 12 services to be delivered through the internet as digital services.
- 11) The NTA has approved an operation procedure with the name 'Digital Value-Added Services (DVAS)' to address all the additional value-added services evolving with the adoption of enhanced mobile communication networks, including 5G and beyond technologies. Most of the services in the converged network environment are by default digital services, so all of the mobile VAS are supposed to be Digital VAS. Hence, an effective regulatory framework must be developed to effectively manage all kinds of VASs to be provided via the latest telecommunication networks and technologies.
- 12) The NRB payment systems department issued the Nepal QR standardization framework and Guidelines in February 2021 to manage the QR payment due to its increased popularity. This provides the regulatory framework for the Payment System Operator (PSO) and Payment Service Provider (PSP) related to QR-based payment.
- 13) Budget speech (point 322) and the Monetary Policy (point 125) of the FY 2022/2023 have provided for the making of necessary arrangements to allow full-fledged digital banks in Nepal.
- 14) As per the provision of the NRB Act, the National Payment Systems Development Strategy, 2014, was formulated to develop a secure, healthy and efficient payment system.
- 15) Payment System Department of NRB issued a 'Cyber Resilience Guideline' in August 2023 to effectively analyze and manage the increasing cyber risk in the financial sector.

6.5.2 Government Enterprise Architecture

The government enterprise architecture (GEA) presented to the Government in 2019 (DoIT, 2019) provides the complete standards and guiding principles for automated enterprise architecture, including an ICT blueprint, an interoperability

framework for the automated system that is directly related to business and citizen services, with the e-Service security framework. It also envisioned the integrated and interoperable digital payment framework as shown in Figure 6.6.

Figure 6.6: Digital Payment Architecture Proposed by GEA

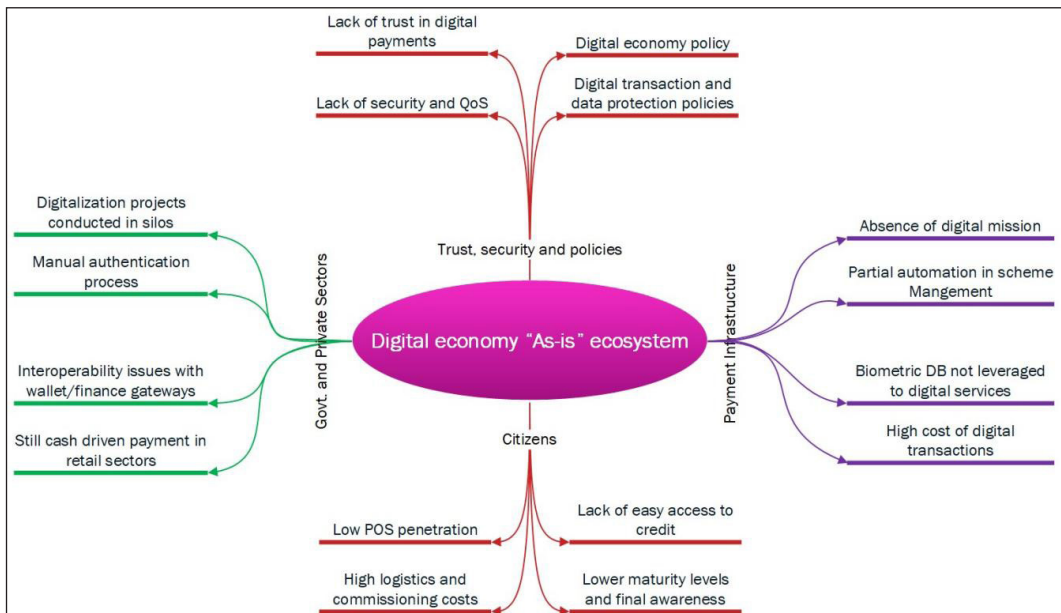


Source: DoIT, 2019

The Government has initiated the collection of citizens' biometric data for the National Integrated ID (NID) database, the first step in creating an integrated digital platform. Through this platform, citizens' records will be accessible via the UPI system for services like digital transactions. Other tasks, including a unified bill payment system, a digital locker, and APIs for government agency access (Figure 6.6), remain ongoing.

Whatever enterprise management systems have been developed, and hardware/networking infrastructure designed in the last decade for government services, the standards are not met as per the recommendations from GEA. This situation is due to the lack of a one-window monitoring and evaluation system, so the lack of inter-agency coordination and cooperation leads to an ad hoc way of digital infrastructure development at multiple government agencies. The existing issues in the government departments, citizens, and payment infrastructure are presented in Figure 6.7.

Figure 6.7: As-is Ecosystem of Digital Architecture



Source: Compiled by the author based on DoIT, 2019

6.5.3 Digital Nepal Framework

With the vision of 'Digital-based Socio-economic Prosperity', Nepal launched the Digital Nepal Framework (DNF) in 2019 to promote and expand the use of ICT for national development. The ambitious DNF has the objectives to strengthen the foundation of a Knowledge-based society and digital economy and provide a framework for action aimed at leveraging digital technologies to achieve sustainable development goals. The framework identifies eighty areas initiated under the eight critically important sectors for the development of the nation in the digital era (MoCIT, 2019).

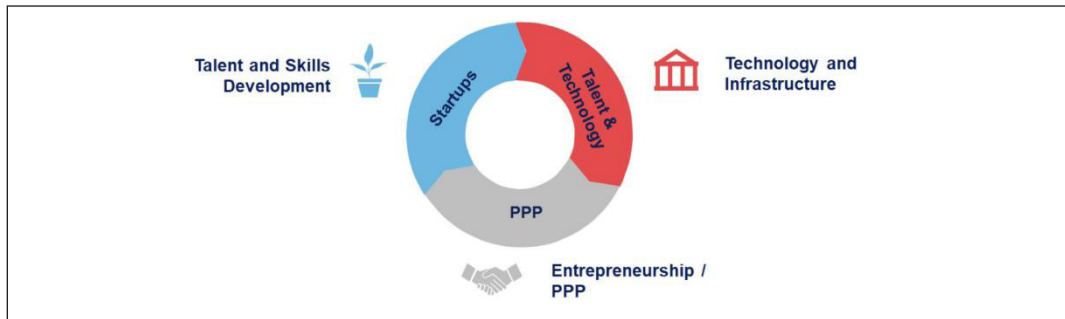
6.5.3.1 Enablers of Digital Nepal Initiatives

- 1) Technology and infrastructure
 - a) Digital connectivity needs to be a key priority:

Nepal's mobile internet usage has increased significantly, but the country's overall ICT progress is lacking. To address this, the government is prioritizing improving digital connectivity by recognizing internet access

as a fundamental right, expanding mobile service coverage, increasing spectrum availability, adopting 5G technology and establishing a nationwide fiber network. These initiatives aim to reduce the digital divide and promote economic growth.

Figure 6.8: Enabler of digital Nepal initiatives



Source: MoCIT, 2019

b) Facilitate the development of a robust financial ecosystem:

Nepal aims to improve its financial ecosystem by promoting digital payments and attracting fintech investments, which will foster financial inclusion and economic growth. Key actions include promoting digital payments and supporting fintech startups and telecoms offering inclusive financial services.

2) Entrepreneurship/PPP

Digital Nepal is an ambitious initiative that demands investment beyond what the government can provide alone. To ensure the programme's success, it is necessary to establish public-private partnerships (PPPs) and attract foreign investment to bring the capital infusion and technological expertise needed for sustainability and scalability.

a) PPP: Funding Digital Nepal's Future

The Government must take action to encourage private sector participation by:

- Streamlining the PPP application system
- Offering targeted tax breaks
- Setting up a startup accelerator programme

b) Foreign direct investment (FDI)

Similarly, to attract foreign investors, the Government must:

- Fast-track FDI applications
- Raise investment caps and ease fund repatriation

3) Talent and skills development

The mission of Digital Nepal is to drive socioeconomic development by surmounting challenges across different sectors and stimulating economic growth. This requires a key focus on digital education and training for public officials, enabling the programme to reach its full potential and lay the foundation for a prosperous tomorrow.

a) Improve digital education:

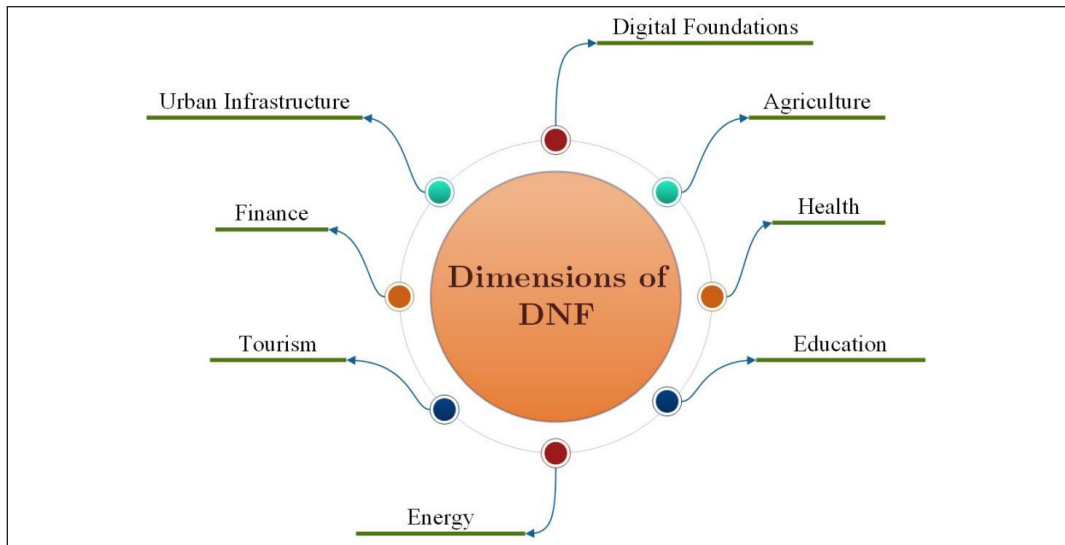
To enhance digital literacy in Nepal, it is recommended that the government implement mandatory IT education in schools, strengthen the education system to provide advanced ICT training, and establish ICT literacy programmes in underserved and rural communities.

b) Digital skills training of public servants:

To ensure that public officials possess the necessary digital abilities, it is suggested that the government establish IT training teams within each agency and effectively utilize the National eLearning Platform to facilitate efficient knowledge dissemination. This will not only empower the officials with the requisite skills but also help in achieving the larger goal of enhancing digital literacy in the country.

6.5.3.2 Dimensions of Digital Nepal Framework

The eight major dimensions of DNF are shown in Figure 6.9. Digital foundation, agriculture, tourism, health, education, energy, finance, and urban infrastructure are identified as critically important sectors for prosperity using digital transformation. The initiative aimed to build an economy of US\$8 billion through digital transformations.

Figure 6.9: Dimensions of DNF

Source: Adapted by the author based on MoCIT, 2019

Although the roadmap for digital transformation was launched in 2019, the DNF was not implemented as expected until 2022. That year, the Government of Nepal allocated NPR 22 billion to the DNF project. In collaboration with the Ministry of Communication, Information and Technology, the World Bank contributed NPR 17 billion in investment and extended an NPR 5 billion business loan.

In the DNF, the dimensions of digital foundation and education focus on reducing the gap in technological development and preparing the necessary human resources. This is pursued through citizen education and the rapid expansion of technological infrastructure. The other dimensions are interdisciplinary, with an emphasis on leveraging digital transformation for socio-economic growth and sustainability. In particular, the dimensions related to agriculture, energy and tourism aim to increase productivity and efficiency, while those concerning health, finance and urban infrastructure seek to enhance service quality and strengthen government accountability to citizens.

6.6 Digital Infrastructure

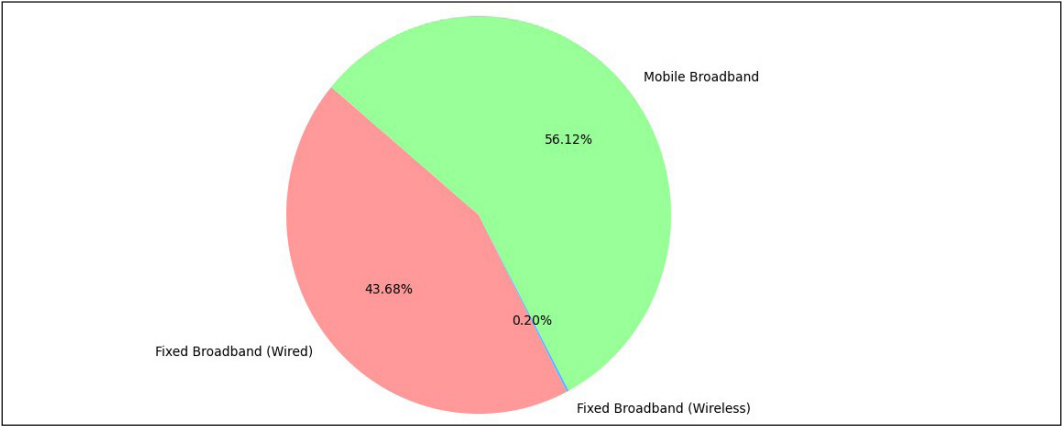
6.6.1 Broadband Network Infrastructure

A nationwide broadband deployment project including district-level optical fiber network connectivity through the Mid-Hill Highway; establishment/erection of

mobile base transceiver stations, including operation and maintenance of shelter and power; connecting schools and connecting communities; and making ICT accessible to people with disabilities are the major initiatives by Nepal Telecommunications Authority (NTA). The initiative utilizes the Rural Telecommunication Disbursement Fund (RTDF) that supports the policy actions irrespective of the time of the target defined. With the deployment of nationwide ICT infrastructure, the government is expected to come up with additional measures to reduce the digital divide and the gap in internet access and utilization between groups. Hence, the increase in ICT accessibility to rural areas becomes the basic requirement that these projects are trying to address. Additionally, content creation, delivery, and security will become other concerns, together with the greening of network infrastructure for the eco-friendly environment and long-term sustainability of service providers and societies (Dawadi et al., 2019).

The NTA’s MIS report, released in January 2024, provides a detailed insight into the broadband infrastructure landscape of the country. According to the report, broadband connectivity in Nepal exhibits a multifaceted distribution across various technologies. From Figure 2.5.10, fixed broadband, both wired and wireless, constitutes a significant portion of the population’s connectivity, with wired connections boasting a penetration rate of 43.23 percent, while wireless fixed connections represent a minor fraction at 0.20 percent. However, mobile broadband emerges as the most prevalent form of connectivity, with a substantial penetration rate of 55.55 percent, indicating its widespread adoption and accessibility among Nepali citizens.

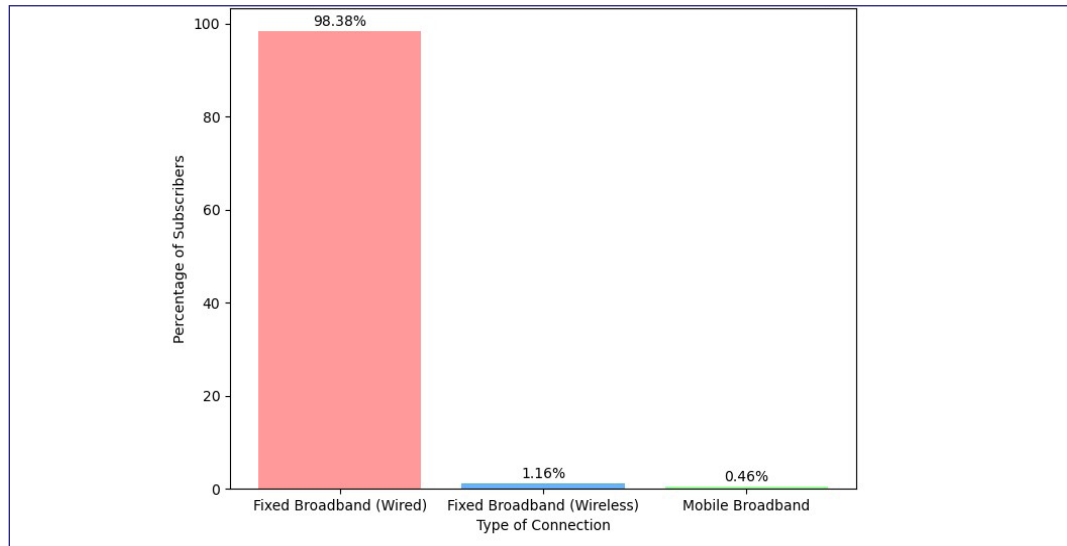
Figure 6.10: Population Penetration of Broadband in Nepal



Source: Created by the author based on NTA MIS Report, 2024

Delving deeper into the subscriber base across different Internet Service Providers (ISPs), the report delineates the distribution of fixed Internet services as shown in Figure 6.11. Fiber-optic connections reign supreme, boasting a substantial subscriber base of 2,864,054, highlighting the growing preference for high-speed and reliable internet access. In comparison, ADSL/Cable connections cater to 33,871 subscribers, while wireless connections serve 13,357 subscribers. This breakdown underscores the diverse technological landscape of broadband access in Nepal, with fiber optics leading the charge in providing robust connectivity solutions.

Figure 6.11: Percentage of Subscribers Over 20 ISPs for Fixed Internet Service in Nepal as of January 2024

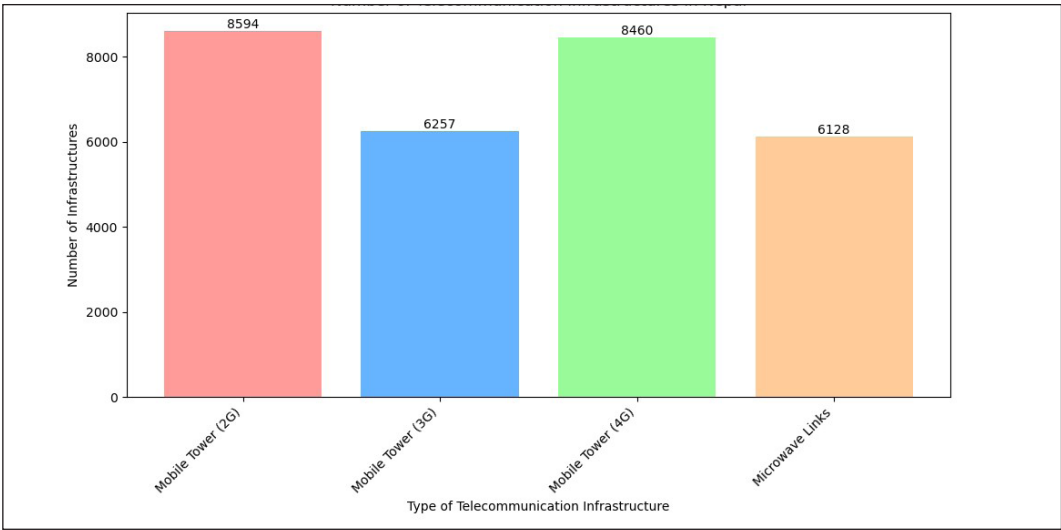


Source: Author's visualization based on NTA MIS Report, 2024

The infrastructure backbone supporting Nepal's broadband connectivity is also meticulously outlined in the report and the coverage status reported by it is visualized in Figures 6.11 and 6.12. The presence of 8,594 mobile towers for 2G networks, 6,257 towers for 3G networks, and 8,460 towers for 4G networks underscores the extensive network coverage across different generations of mobile technology. Furthermore, the deployment of 6,128 microwave links plays a crucial role in enhancing connectivity and network reliability, especially in areas where laying physical cables may be challenging or cost-prohibitive. These microwave links

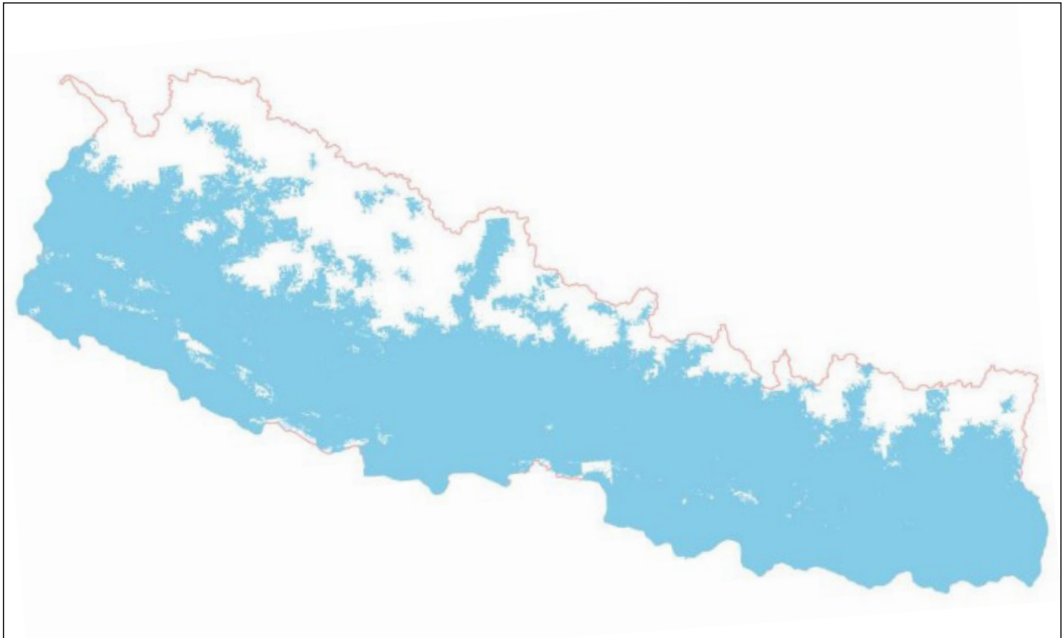
serve as vital conduits for transmitting data swiftly and securely, contributing to the overall resilience and efficiency of Nepal’s broadband infrastructure.

Figure 6.12: Number of Telecommunication Infrastructures in Nepal as of January 2024



Source: Author’s visualization based on NTA MIS Report, 2024

Figure 6.13 represents Global System for Mobile Communications/ International Mobile Telecommunications (GSM/IMT) coverage over Nepal. The coverage is important for Nepal’s digital economy to thrive, as it forms the foundational infrastructure for mobile connectivity throughout the country. Given Nepal’s mountainous terrain and challenging landscape, the deployment of traditional fixed-line infrastructure is often costly. As a result, mobile networks serve as the primary gateway for most Nepali to access voice, messaging, and internet services, which is reflected in the coverage plot. The widespread coverage map, as shown in Figure 6.13, indicates that despite the naturally harsh and difficult mountainous terrain, Nepal has maintained mobile network coverage throughout the country, establishing a solid backbone infrastructure to support the digital economy. However, in the higher regions of Nepal, the work for coverage is still in a nascent state and requires further development and deployment, as indicated in the given coverage map.

Figure 6.13: GSM/IMT Coverage of Nepal

Source: NTA, *Telecommunication Insights MIS report* (url: <https://nta.gov.np/uploads/contents/Telecommunication%20Insight%20Asar-2080.pdf>)

Additionally, the provided data in the report from NTA outlines the international bandwidth operator capacity of various telecommunications companies in Nepal, offering insights into the country's connectivity infrastructure. These capacities, measured in gigabits per second (Gbps), reflect the extent to which each operator can transmit data across international networks, thereby facilitating global connectivity and communication. The capacity of different operators is shown in Table 6.1.

Table 6.1: International Bandwidth Operator Capacity (Gbps)

SN	Operator	Capacity (Gbps)
1	CG Communications Ltd.	15
2	Classic Tech Pvt. Ltd.	60
3	Communication and Communicate Nepal Pvt. Ltd.	7
4	Dish Media Network Ltd.	150
5	Mercantile Communication Pvt. Ltd.	2

SN	Operator	Capacity (Gbps)
6	Ncell Axiata Ltd.	140
7	Nepal Digital Service Pvt. Ltd.	200
8	Nepal Doorsanchar Company Ltd.	251
9	Subisu Cablenet Ltd.	180
10	Vianet Communications Ltd.	130
11	WorldLink Communications Ltd.	500
Total		1628 Gbps

Source: Source: NTA, Telecommunication Insights MIS report (url: <https://nta.gov.np/uploads/contents/Telecommunication%20Insight%20Asar-2080.pdf>)

International bandwidth capacity for service providers is one of the crucial indicators that describes the country's digital infrastructure and its ability to support high-speed internet, digital services, cloud applications, and international communication. Greater capacity allows operators and service providers to deliver faster and more reliable internet services to end users, manage higher international traffic volumes more efficiently and maintain network availability during peak usage.

As evident from Table 6.1, WorldLink Communications Ltd. leads with the highest capacity of 500 Gbps, followed by Nepal Digital Service Pvt. Ltd. (200 Gbps) and Subisu Cablenet Ltd. (180 Gbps). Traditional players like Nepal Doorsanchar Company Ltd. (NTC) and Ncell Axiata Ltd. also display high capacities of 251 Gbps and 140 Gbps, respectively, reflecting large-scale operation and national delivery of services. Meanwhile, ISPs like Merchantile Communications, and Communication and Communication Nepal Pvt.Ltd has relatively smaller bandwidth capacity.

Furthermore, a report by Ookla (2023) provides additional insights into Nepal's broadband landscape, supplementing the comprehensive overview offered by the previous report. According to the report, the average nominal speed of mobile internet in Nepal stands at approximately 13.49 Mbps, highlighting the country's progress in enhancing mobile connectivity infrastructure. Similarly, the report indicates that fixed internet connections boast an average speed of 48.45 Mbps, showcasing significant improvements in the performance of fixed broadband networks.

Similarly, a report by Kemp (2024) provides a comprehensive overview of Nepal's broadband infrastructure, highlighting the country's strides in expanding connectivity across various technologies. From fixed broadband to mobile networks

and microwave links, Nepal's broadband landscape reflects a concerted effort to bridge the digital divide and foster inclusive access to high-quality internet services for all citizens. Continued investment and innovation in broadband infrastructure will be crucial to furthering Nepal's digital transformation and socioeconomic development over the years.

6.6.1.1 Sustainability Issues with Rural Communities

Digital infrastructure expansion in the rural areas of Nepal is a challenging task. Many socioeconomic factors affect the affordability and sustainability of rural communities in the deployment of rural broadband infrastructure and services (Pejovic et al., 2012; Tookey et al., 2006). These are (i) low household income; (ii) lower literacy rate; (iii) sparse population; (iv) difficult terrain; (v) higher rate of population migration; (vi) energy; (vii) accessibility; (viii) policy and regulatory environment; (ix) broadband price; (x) technology deployment cost; (xi) technical human resources; (xii) local barriers; (xiii) content and language barriers.

It is realized that rural people have low purchasing power and severely lack the opportunities to get efficient government services, transportation, education, and healthcare, among others. (Puschita et al., 2014). In the last two decades in Nepal, people from the hilly areas have migrated to urban areas due to the limited resources, as well as other political movements. Energy is the major pillar of economic development of the country, but the lack of a reliable electricity supply system in rural Nepal, lack of connectivity such as road networks to make the rural area accessible, higher network deployment cost, absence of governance and citizen services for the rural communities, lack of dedicated and visionary policy are the major hindrances to having affordable and sustainable broadband services. Similarly, road network and broadband infrastructure expansion are still challenging due to unnecessary obstructions by local people, and direct/indirect political movements with language barriers, in which more than a hundred languages are spoken in different parts of the country. In this context, the NTA initiatives to improve only the availability of ICT infrastructure do not guarantee the improvement of the living standards of rural communities. However, the use of ICT stimulates activities to automate different areas such as local industries, agriculture, healthcare, and education, among others. The primary concern is the strong presence of the government regarding connectivity and coverage, then secondarily, by ICT and awareness in the unserved and underserved areas of rural Nepal. The existing national ICT and broadband policies seem to be amended for dedication, suitable

vision, and strategies to attract service providers to offer high-speed network connections and services for rural communities.

6.6.1.2 Rural Telecommunications Disbursement Fund to Establish a Backbone Network with Broadband Services

The expansion of broadband services, including the development of the Backbone Network, is being implemented under the Rural Telecommunications Development Fund (RTDF). The Information and Communication Technology Policy, 2072 (clause 12.11.1), aims to develop the backbone network based on fiber and wireless technologies under the maximum utilization of the RTDF. It also includes policies to implement strategies to improve social, economic and governmental systems through the digitization plans mentioned in the Fifteenth Plan. Similarly, the budget statements in the FYs 2017/18, 2018/19, and 2021/22 provided for the construction of information superhighways by laying optical fiber nationwide. As part of this, NTA plans to utilize the RTDF to connect optical fiber lines to the district headquarters of all districts in the country and connect the mainline and assistant lines from Chiyabhanjyang in Panchthar district to Jhulaghat in Baitadi district along the mid-hill highway, as well as install core router equipment. The NTA has initiated the project works accordingly in three packages from the FY 2016/17. Under Package 1 (Province 1, Madhesh and Bagmati), the progress of laying optical fiber has reached 60.85 percent, Package 2 has achieved 0 percent progress due to an interim order from the Supreme Court and Package 3 (Karnali and Sudurpashchim) has achieved a total progress of 16.06 percent. The implementation of the Dense Wavelength Division Multiplexing (DWDM) system is nearing completion, while the installation work for microwave links has not yet begun.

For the Broadband access network project, 18 packages have been prepared to provide broadband (internet) services to all municipalities, rural municipalities, ward offices, and accredited educational and health institutions, excluding Kathmandu Valley. Work is ongoing to provide broadband services to the severely affected areas of 11 districts affected by the earthquake. The NTA has indicated that 100 percent connectivity has been achieved in locations specified by the earthquake. There are challenges, however, when it comes to ensuring sustainable services, as operating and maintaining existing equipment in many places is an issue.

The establishment and operation of the North-South international transit network by connecting Nepal's domestic telecommunications infrastructure with India and

China's telecommunications infrastructure have been studied, and recommendations have been made to establish four potential contact points (Biratnagar-Jogbani, Birgunj-Raxaul, Bhairahawa-Sunaul, and Nepalgunj-Rupaidiya) with India and four potential contact points (Tatopani-Khasa, Rasuwagadhi-Kerung, Korala-Dhunghasen, and Hilsa-Burang) with China. The study carried out by NTA and its report (provided to authors upon request) suggests that coordination with the concerned countries and the completion of international standards and regulations are necessary for the establishment of these contracts. Additionally, it is recommended that Nepal focus on establishing direct connectivity in the north and south seas and clarify the status of related international networks. The report also suggests that the installation of ADSS/DWDM fiber in rural areas should be carried out to establish fast connectivity and additional fiber networks should be established as required in existing fiber networks. It is realized that coordination between Nepal and neighboring countries (Nepal, India, and China) is essential to advance this work.

Information Technology labs have been established in 930 government secondary schools across the country. Mainly, equipment such as desktop computers, printers, UPS, and networking devices has been installed in these IT labs. Additionally, these equipments have been installed in a total of 70 basic schools as planned under 1, 2, and 3 packages.

Furthermore, according to NTA's initial assessment report, in more than 50 percent of these established IT labs, there are no problems observed in the installation of equipment, although some issues have arisen with certain equipment during full operation. While regular maintenance of computer equipment is essential, the lack of technical manpower in schools has led to difficulties in this regard. Therefore, it is suggested that in schools where at least one technical personnel is available, only then should the maintenance of IT lab equipment be undertaken, ensuring meaningful utilization of the lab.

Encouraging the use of central software systems, each school should manage the operational status of its computer equipment through mobile apps, making monitoring and maintenance tasks more manageable. In addition, the establishment of information centers and IT labs requires attention to the development of educational materials and the procurement of local content for effective operation alongside the construction of infrastructure based on experiences. While foreign materials are increasingly being used with the

maximum utilization of the internet, it is emphasized that reliance on local content is necessary for Nepal's context.

6.6.1.3 Digital Infrastructure Issues

The rapidly increasing demand for digital services has outpaced the development of digital infrastructure, and in many developing economies, there is a serious lack of infrastructure for digital access and connectivity. To fully achieve the potential of digital economies and to prevent the current state of 'black holes of information capitalism' (Wentrup et al., 2016). These obstacles must be addressed. Other factors make this even more necessary, such as the increasing urbanization of populations in emerging nations (it is projected that by 2030, there will be about five billion people living in urban areas) (World Economic Forum, 2015).

In the Nepali context, digital infrastructure deployment is a challenging issue due to the diverse geographic and demographic situation, particularly the rural broadband network establishment has several hurdles due to the situations discussed earlier.

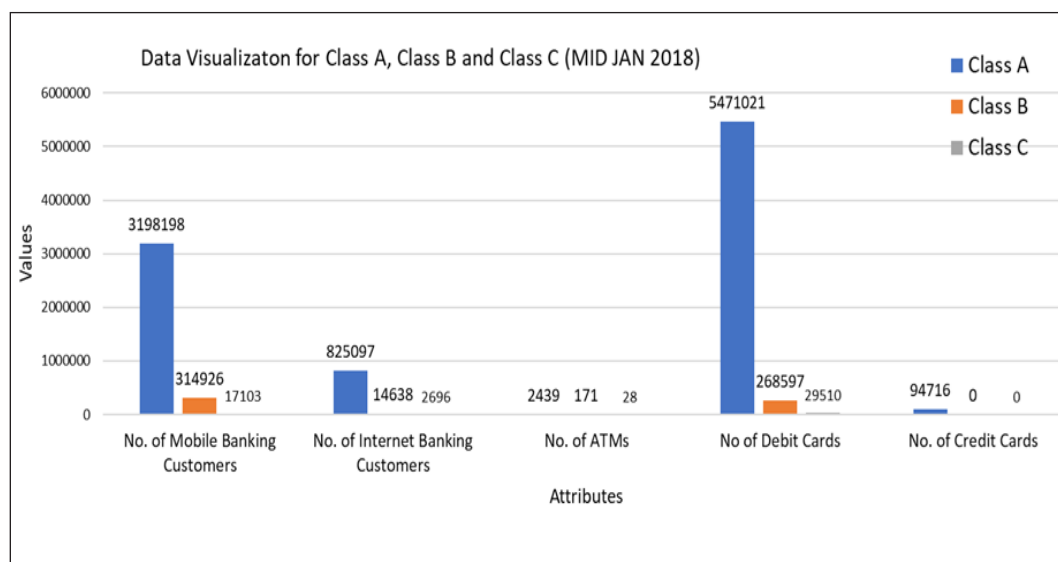
6.7 Digital Financial Indicators and Digital Platforms Analysis

For digital financial indicators and digital platforms analysis, an in-depth analysis was conducted using data obtained from NRB, which entailed the transactional history of eleven prominent digital payment systems. These encompass Connect IPS, Credit Cards, Debit Cards, E-Commerce, Internet Banking, Interbank Payment System (IPS), Mobile Banking, Point of Sales (PoS), Prepaid Cards, QR-based Payments, and Digital Wallets – each of them playing a vital role in Nepal's growing digital financial economy.

6.7.1 Digital Financial Indicators

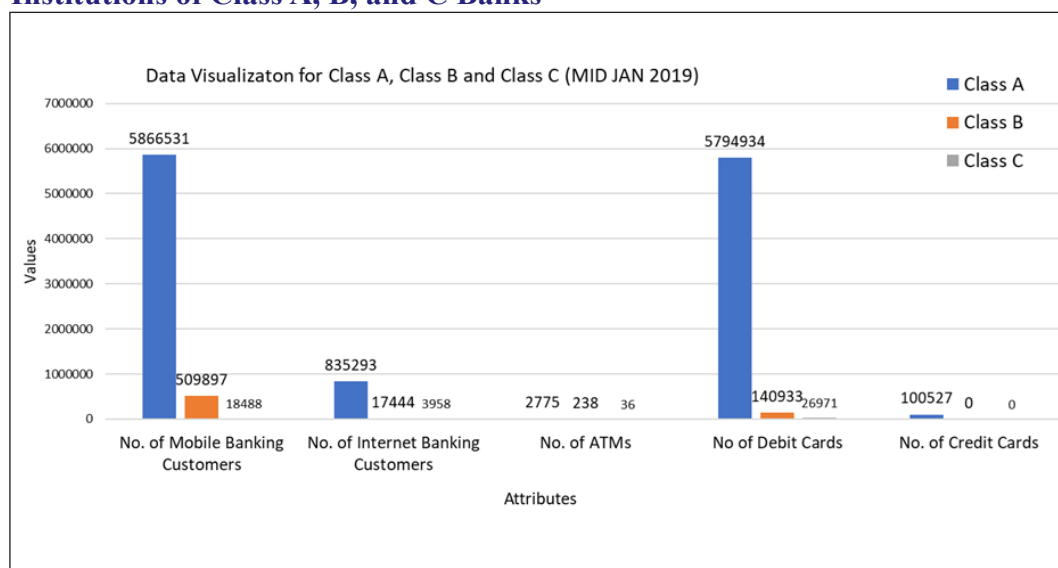
The analysis of visualized data, as shown in Figure 6.14, Figure 6.15, and Figure 6.16, unequivocally highlights the pivotal role of Class A entities, predominantly comprising major banks, within the digital economy landscape. These institutions emerged as central players, exhibiting a profound impact and commanding influence across various dimensions of digital financial infrastructure.

Figure 6.14: Visualization of Digital Finance Indicators in 2018 for the Financial Institute of Class A, B, and C Banks



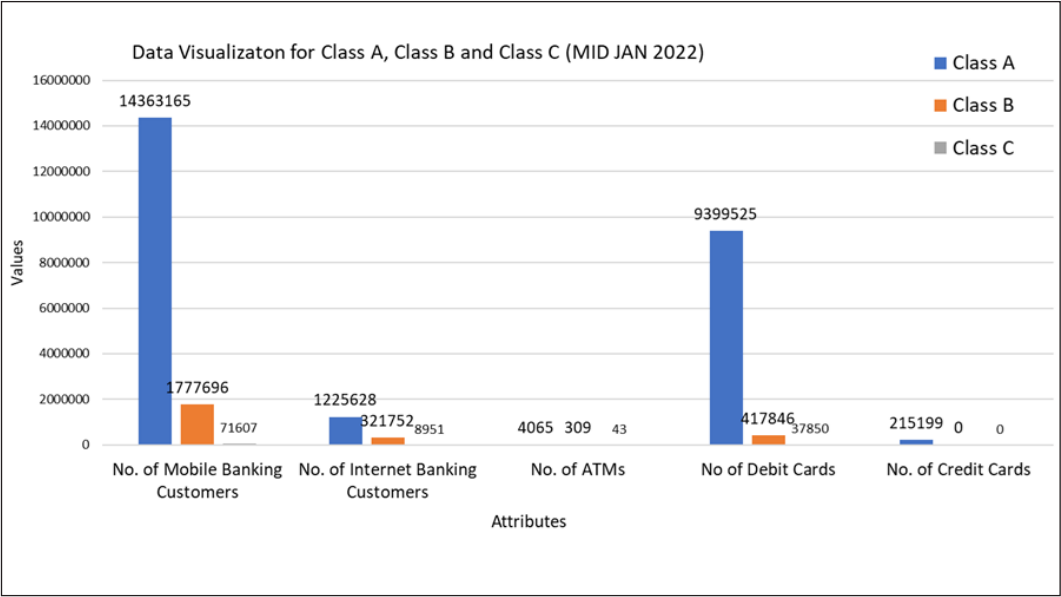
Source: Author's visualization based on NRB data)

Figure 6.15: Visualization of Digital Finance Indicators in 2019 for Financial Institutions of Class A, B, and C Banks



Source: Author's visualization based on NRB data

Figure 6.16: Visualization of Digital Finance Indicators in 2022 for Financial Institutions of Class A, B, and C Banks



Source: Author’s visualization based on NRB data

In addition to their robust customer base and comprehensive digital service offerings, Class A institutions exhibited a multifaceted approach towards leveraging digital infrastructure to drive innovation and enhance customer experience. Through strategic investments in cutting-edge technologies such as data analytics, these major banks demonstrated a forward-thinking mindset aimed at staying ahead in the rapidly evolving digital landscape.

Moreover, the proactive adoption of digital channels for customer engagement, such as mobile banking apps and online portals, underscored Class A institutions’ commitment to providing seamless and convenient financial solutions to their clientele. By offering a diverse range of digital services encompassing online account management, bill payments, fund transfers and digital wallet integration, these banks effectively catered to the evolving needs and preferences of digitally savvy consumers.

Furthermore, Class A institutions played a pivotal role in driving financial inclusion initiatives through their digital platforms, thereby extending the benefits of modern banking services to underserved populations. By leveraging innovative solutions such as agent banking and mobile money transfers, these banks facilitated greater

access to financial services in remote and marginalized communities, contributing to socioeconomic development and empowerment.

Table 6.2: Percentage Growth in Digital Financial Indicators Compared to 2018

SN	Year	Mobile Banking Customers	Internet Banking Customers	ATMs	Debit Cards	Credit Cards
1	2019	81.15	1.69	15.58	3.36	6.14
2	2020	177.78	15.03	38.82	25.07	55.05
3	2021	259.45	29.43	61.26	39.52	86.26
4	2022	359.25	84.74	67.44	70.83	127.20
5	2023	468.05	109.98	76.19	111.86	191.49
6	2024	557.65	116.65	91.96	120.95	222.71

Source: Author's tabulation based on NRD data

The data presented in Table 6.2 shows the percentage growth of key indicators of Nepal's digital economy compared to the baseline year 2018. Between 2018 and 2024, the number of mobile banking customers increased significantly, with a growth rate of approximately 557.65 percent relative to 2018. This surge reflects a significant adoption of mobile-based financial services and highlights the growing preference for convenient and accessible banking solutions. Similarly, internet banking witnessed substantial growth, with around 116.65 percent increase compared to 2018, indicating a significant shift towards online banking activities and the increasing availability of Internet-based financial services. Furthermore, the deployment of ATMs experienced steady growth, with approximately a 91.96 percent increase compared to 2018, demonstrating efforts to expand banking accessibility across various regions. Additionally, the issuance of debit cards saw notable growth, with approximately a 120.95 percent increase compared to 2018, while the issuance of credit cards surged by around 222.71 percent during the period. These significant increases, as represented in Figure 6.17, underscore the rapid digitization of Nepal's financial sector, driven by technological advancements and initiatives aimed at enhancing financial inclusion and accessibility to banking services.

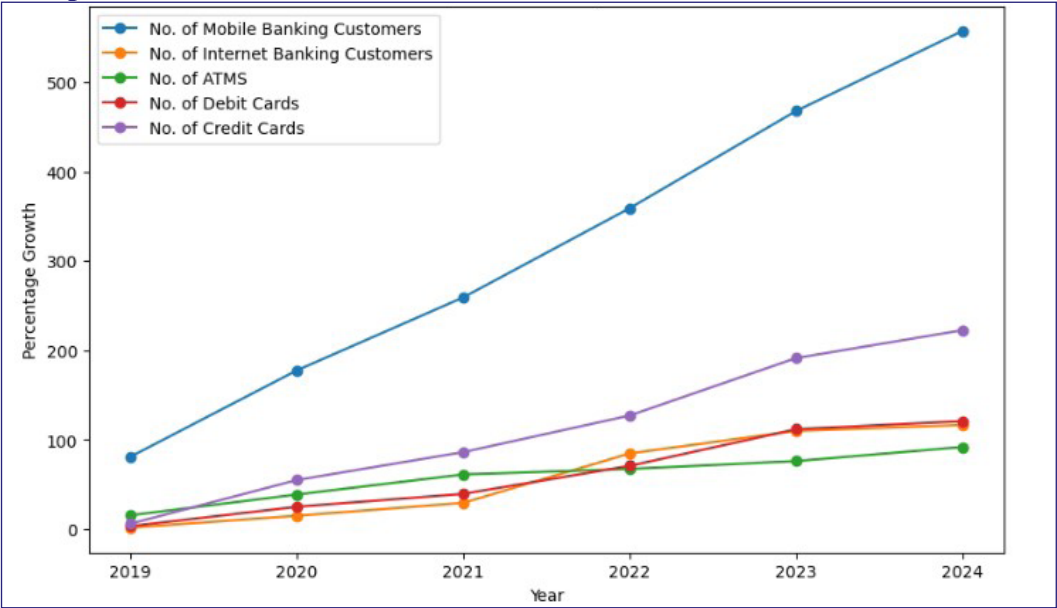
The correlation analysis was conducted as shown in Figure 6.18 to quantify the linear relationship between various indicators within the dataset. Specifically, the Pearson correlation coefficient was calculated by the author for pairs of major

digital financial indicators. The analysis was performed based on the data available from NRB covering the period of 2018 to 2024 to determine the strength and direction of their association. The dataset consisted of eight major indicators, namely, the number of credit card users, the number of debit card users, the number of Internet banking customers, the number of mobile banking customers, the number of credit card transactions, the number of debit card transactions, number of internet banking transactions, and number of mobile banking transactions. A correlation coefficient close to 1 indicates a strong positive linear relationship, while a value close to -1 indicates a strong negative linear relationship. A coefficient near 0 suggests no linear relationship between the indicators. This statistical analysis provides insights into how changes in one indicator may be associated with changes in another, aiding in understanding the inter-dependencies within the dataset and informing decision-making processes.

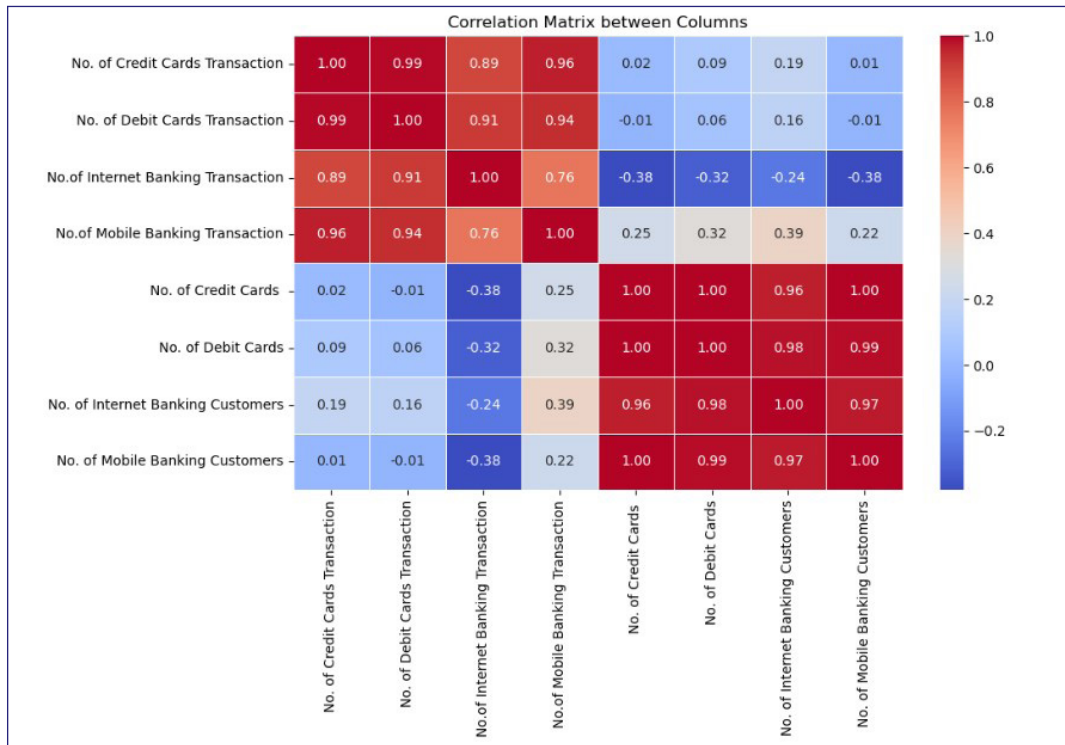
The correlation matrix shown in Figure 6.18 provides insights into the relationships between different variables related to banking transactions and customer metrics. Brief explanations are provided below.

6.7.1.1 Number of Credit Card Transactions vs. Others

Figure 6.17: Visualization of Percentage Growth in Digital Financial Indicators Compared to 2018



Source: Author’s visualization based on NRB data

Figure 6.18: Correlation Analysis Between the Digital Financial Indicators

Source: Author's visualization based on NRB data

There is a strong positive correlation between the number of credit card transactions and the number of debit card transactions (0.994), indicating that these two types of transactions tend to occur together. Similarly, there is a strong positive correlation between the number of credit card transactions and the number of Internet banking transactions (0.892), suggesting that customers who engage in credit card transactions also tend to use Internet banking services. The correlation between the number of credit card transactions and mobile banking transactions is also strong (0.965), indicating a tendency for customers to use both credit cards and mobile banking services.

6.7.1.2 Number of Debit Card Transactions vs. Others

Similar to credit card transactions, debit card transactions exhibit strong positive correlations with Internet banking transactions (0.914) and mobile banking transactions (0.941), indicating a close relationship between these forms of transactions.

6.7.1.3 Number of Internet Banking Transactions vs. Others

There is a moderate positive correlation between the number of Internet banking transactions and mobile banking transactions (0.763), suggesting some degree of overlap in usage between these digital banking channels.

6.7.1.4 Number of Mobile Banking Transactions vs. Others

The number of mobile banking transactions shows strong positive correlations with both credit card transactions (0.965) and debit card transactions (0.941), indicating that customers who use mobile banking services also tend to conduct transactions using credit and debit cards.

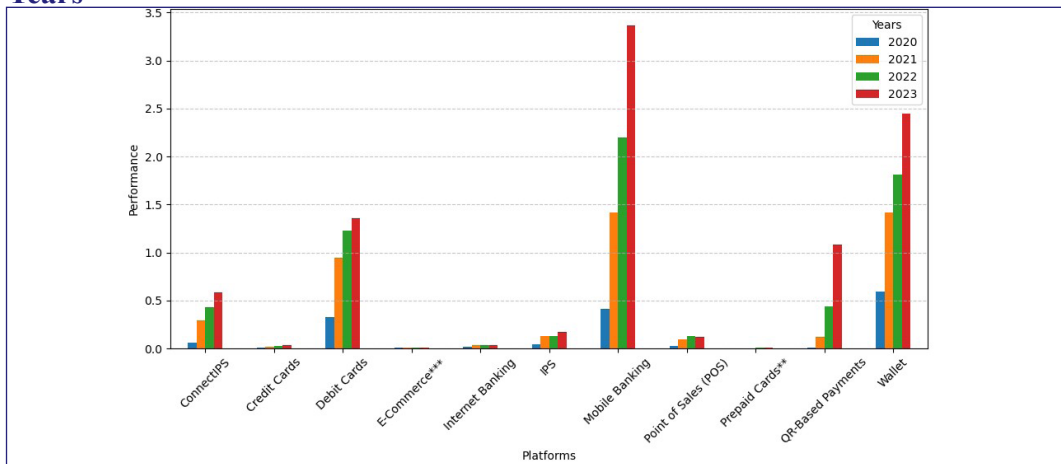
6.7.1.5 Number of Debit Cards vs. Others

Similar to credit cards, the number of debit cards also shows strong positive correlations with Internet banking customers (0.980) and mobile banking customers (0.988), indicating a high level of association between these variables.

6.7.1.6 Number of Internet Banking Customers vs. Number of Mobile Banking Customers

There is a strong positive correlation between the number of Internet banking customers and mobile banking customers (0.968), indicating that individuals who use Internet banking services are also likely to utilize mobile banking services.

Figure 6.19: Number of Transactions Across Different Platforms Over the Years



Source: Author's visualization based on NRB data

The data in Figure 6.19 indicates a notable escalation in platform utilization over successive years, as evidenced by the substantial growth in transaction volume. This observed trend underscores an increasing reliance on digital platforms for conducting transactions. The surge in transaction numbers serves as a tangible indicator of this upward trajectory in utilization. Such insights point towards a burgeoning adoption of digital channels for various transactional activities, indicative of a broader societal shift towards digital engagement and commerce.

Table 6.3: Percentage Growth in the Number of Transactions Over the Years Compared to 2020

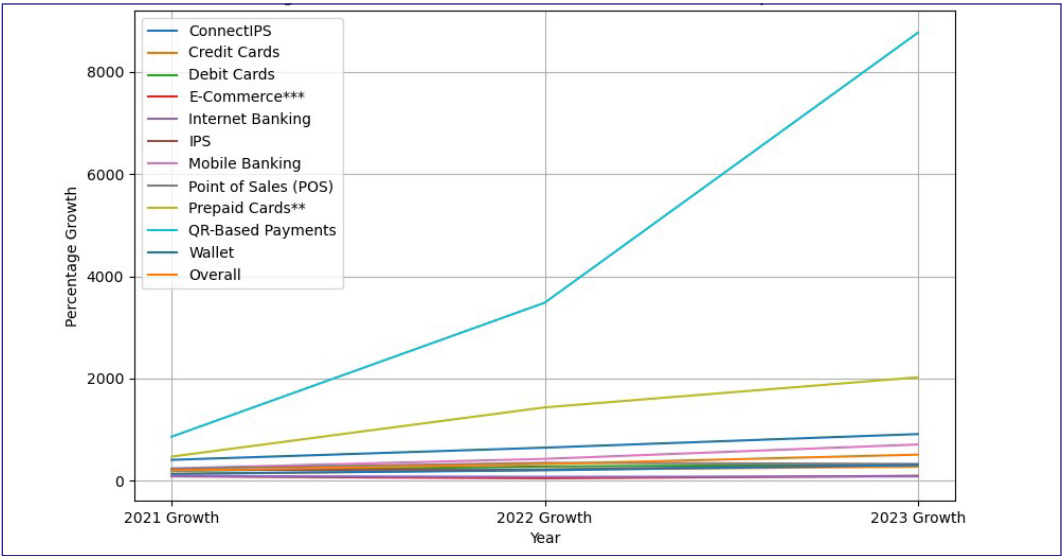
SN	Platforms	2021 Growth	2022 Growth	2023 Growth
1	ConnectIPS	408.71	647.41	913.31
2	Credit Cards	129.51	215.69	275.58
3	Debit Cards	192.60	279.04	317.94
4	E-Commerce	87.04	47.49	95.97
5	Internet Banking	92.11	76.22	84.73
6	IPS	210.94	220.04	313.35
7	Mobile Banking	241.36	427.82	709.38
8	Point of Sales (PoS)	234.42	351.22	329.70
9	Prepaid Cards	472.24	1435.98	2024.25
10	QR-Based Payments	861.91	3484.34	8766.06
11	Wallet	137.37	204.44	309.77
12	Overall	197.25	326.99	510.68

Source: Author's tabulation based on NRD data

The data obtained from NRB reports (NRB, 2018; NRB, 2019; NRB, 2020; NRB, 2021; NRB, 2022 & NRB, 2023), as presented in Table 6.3, illustrates significant growth in the number of transactions across various payment platforms from 2020 to 2023. ConnectIPS, for instance, experienced a staggering 408.71 percent increase in 2021 and a further 647.41 percent surge in 2022, with figures reaching a 913.31 percent increase in 2024, compared to its number of transactions in 2020. Credit card transactions saw a notable uptick, with a 129.51 percent growth in 2021 and a similar increase in 2023, reaching 275.58 percent in 2024 compared to the number of transactions in 2020. Debit card usage also expanded steadily, with a 192.60

percent rise in 2021 and a subsequent 279.04 percent increase in 2022, reaching 317.94 percent compared to its number of transactions in 2020. Prepaid cards and QR-based payments also saw remarkable growth, with prepaid cards skyrocketing to 2,024.25 percent in 2023, up from the number of transactions in 2020, and QR-based payments soaring to 8,66.06 percent, a significant jump from the number of transactions in 2020. Mobile banking transactions experienced substantial growth as well, with figures reaching 709.38 percent in 2023, compared to the number of transactions in 2020, as represented in Table 6.4 and Figure 6.20. These numbers underscore an escalating trend toward digital payment methods and highlight the transformative impact of technology on financial transactions.

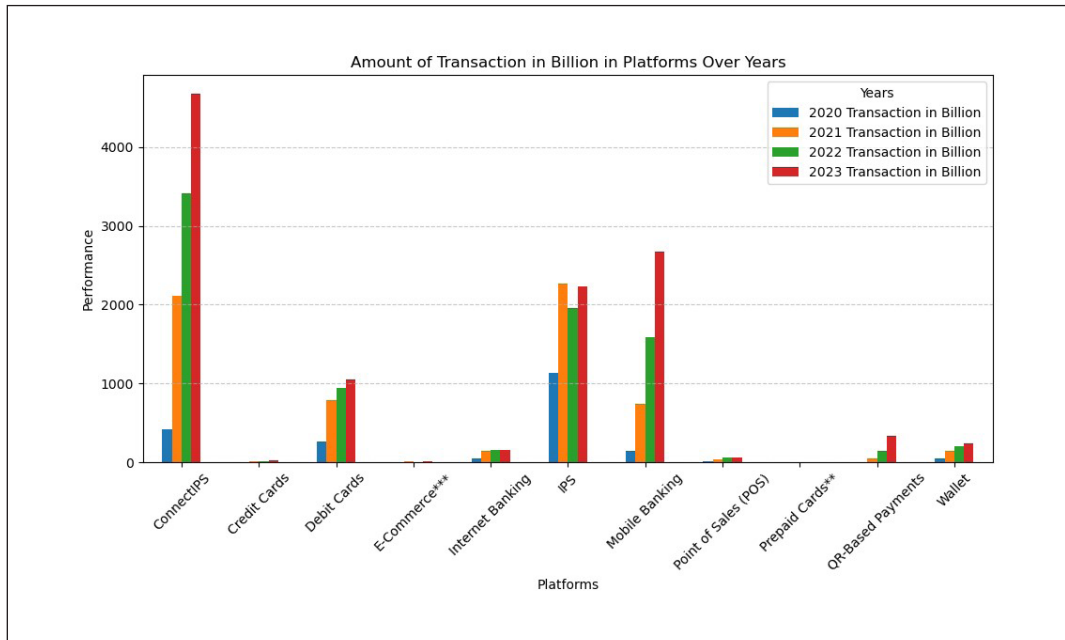
Figure 6.20: Percentage Growth in the Number of Transactions Across Different Platforms Over the Years Compared to 2020



Source: Author's visualization based on NRB data

A comprehensive analysis of transaction volumes across various payment platforms was conducted to discern transaction patterns and trends. This analysis provides valuable insights into consumer behavior and preferences within the digital payment ecosystem. By scrutinizing transaction data across different platforms, a brief, nuanced understanding was gained of the distribution and utilization of payment channels.

Figure 6.21: Number of Transactions (in Billion) Across Platforms Over the Years



Source: NRB

The visual examination of transaction data, as shown in Figure 6.21 and Figure 6.22, indicates a discernible upward trend in transaction volumes across all platforms. Notably, the ConnectIPS platform exhibits substantially higher transaction volumes compared to other platforms. While mobile banking emerges as the platform with the second-highest transaction volumes, it is noteworthy that ConnectIPS surpasses it significantly. IPS and debit cards follow in transaction volume rankings, albeit with notable gaps between them. This technical analysis underscores the robust growth trajectory of digital transactions, with ConnectIPS leading the charge and mobile banking emerging as a prominent player in facilitating transactions. Such insights are pivotal for strategic decision-making, allowing stakeholders to allocate resources effectively and tailor operational strategies to capitalize on burgeoning transaction patterns within the digital payment landscape.

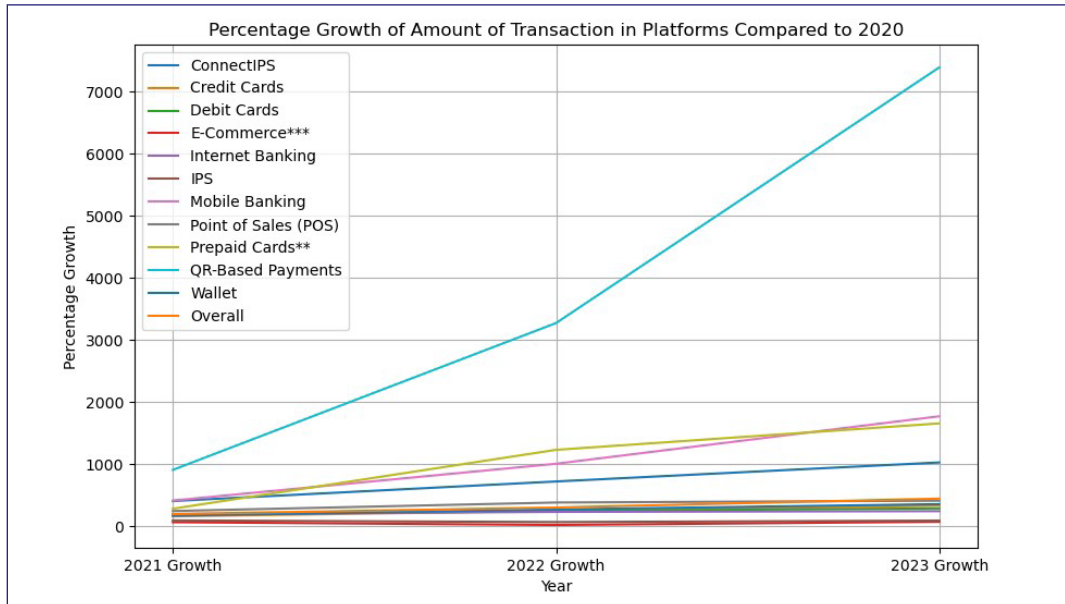
Table 6.4: Percentage Growth in Transaction Amount Across Platforms Compared to 2020

SN	Platforms	2021 Growth	2022 Growth	2023 Growth
1	Connect IPS	410.96	725.80	1031.78
2	Credit Cards	164.78	252.34	335.60
3	Debit Cards	195.36	250.34	292.43
4	E-Commerce	70.38	26.18	77.31
5	Internet Banking	202.14	236.00	247.92
6	IPS	99.21	72.16	96.36
7	Mobile Banking	418.66	1011.18	1774.64
8	Point of Sales	250.34	387.43	416.44
9	Prepaid Cards	287.16	1234.79	1660.21
10	QR-Based Payments	912.05	3275.16	7389.74
11	Wallet	176.03	275.98	360.85
12	Overall	201.98	306.34	449.27

Source: NRB

Furthermore, conducting a correlation analysis between the amount and number of transactions provides valuable insights into the relationship and behavior of transactional data within the digital payment landscape. By quantifying the degree of linear association between these variables, stakeholders gain a deeper understanding of how transaction volumes correspond to transaction amounts across different payment platforms. This analysis facilitates the identification of patterns and trends that may inform strategic decision-making and operational optimization within the fintech sector. Furthermore, examining the correlation allows for the assessment of the efficiency and effectiveness of payment platforms in processing transactions, as well as their capacity to handle varying transaction volumes without compromising transaction amounts.

Figure 6.22: Percentage Growth in the Number of Transactions Compared to 2020



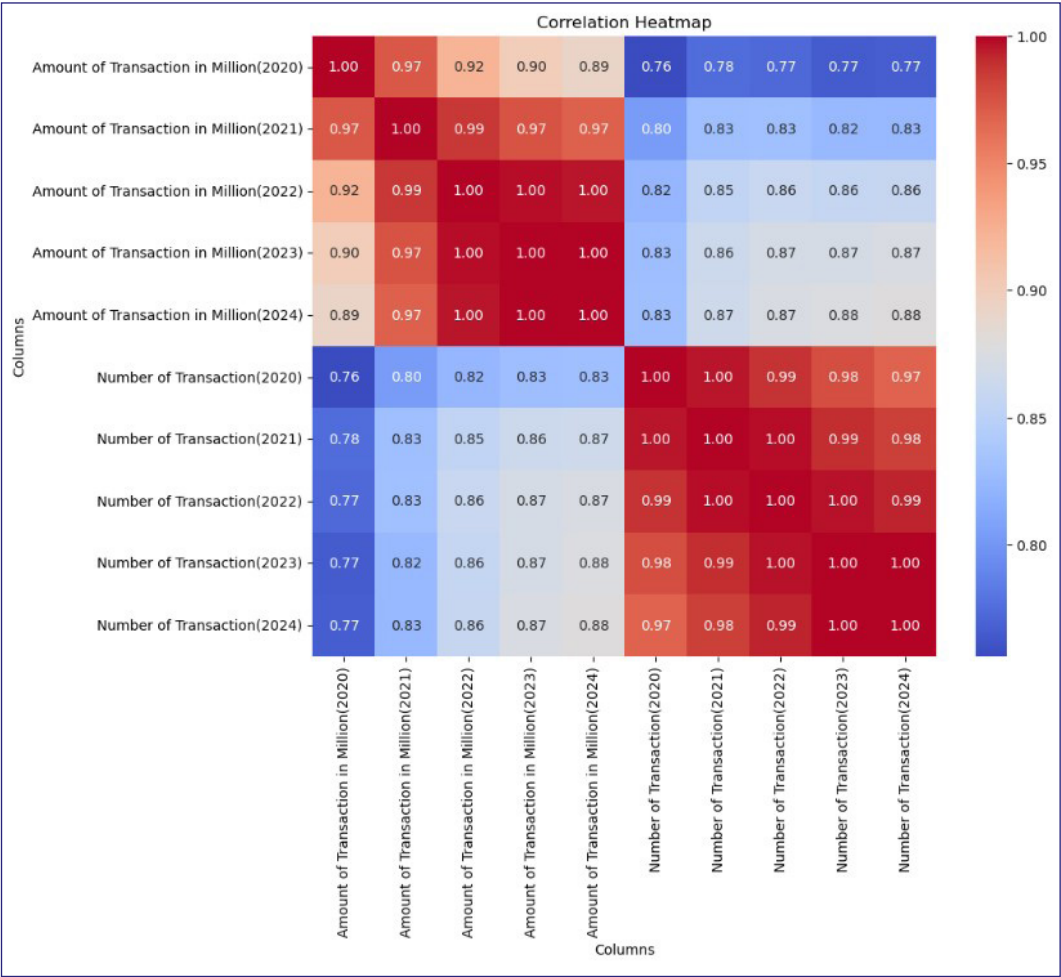
Source: Author's visualization based on NRB data

The correlation matrix in Figure 6.23 quantifies the relationship between the amount and number of transactions. This correlation analysis was conducted separately for each year from 2020 to 2024, enabling the identification of how strongly the variables are related within each period. Each cell in the matrix represents the correlation coefficient between two variables, ranging from -1 to 1. A value of 1 indicates a perfect positive correlation, while -1 indicates a perfect negative correlation. A value of 0 suggests no correlation.

Observing the matrix, positive correlations emerge between the amounts of transactions across different years, implying a consistent pattern of transaction amounts increasing or decreasing together over time. For instance, correlation coefficients between transaction amounts for 2020 to 2024 range from 0.89 to 1.00, indicating a strong positive correlation and also reflecting a high level of consistency in transaction amounts over the years. Similarly, positive correlations are evident between the numbers of transactions across different years, with correlation coefficients ranging from 0.77 to 1.00. This suggests a consistent trend of transaction volumes increasing or decreasing simultaneously over time.

Furthermore, positive correlations exist between the amount and number of transactions across different years, although with slightly lower correlation coefficients compared to correlations within each variable. These positive correlations imply that as transaction amounts increase or decrease over the years, transaction volumes tend to follow a similar trend and vice versa. Overall, the correlation matrix offers insights into the relationships and behaviors of transactional data, enabling stakeholders to gain a better understanding of transaction dynamics within the digital payment ecosystem.

Figure 6.23: Correlation Analysis of Digital Transactions



Source: Author's visualization based on NRB data

6.7.2 Digital Platforms

The analysis of various payment platforms over the specified years provides a comprehensive overview of their performance and growth trajectories within the digital payment landscape. ConnectIPS emerges as a standout platform, demonstrating remarkable year-over-year growth in transaction volumes, with figures soaring from 410.96 percent in 2021 to 1031.78 percent in 2023. This substantial expansion underscores its increasing adoption and efficacy in facilitating transactions. Similarly, Mobile Banking exhibits impressive growth, with transaction volumes surging from 418.66 percent in 2021 to 1,774.64 percent in 2023, reflecting the growing reliance on mobile-based financial services.

Moreover, QR-based payments witness an exponential increase, with transaction volumes skyrocketing from 912.05 percent in 2021 to 7,389.74 percent in 2023, highlighting the disruptive potential of QR codes in facilitating contactless transactions. Traditional payment methods such as Credit Cards, Debit Cards, and Prepaid Cards also display notable growth patterns, albeit at varying rates, indicating continued relevance alongside newer digital alternatives.

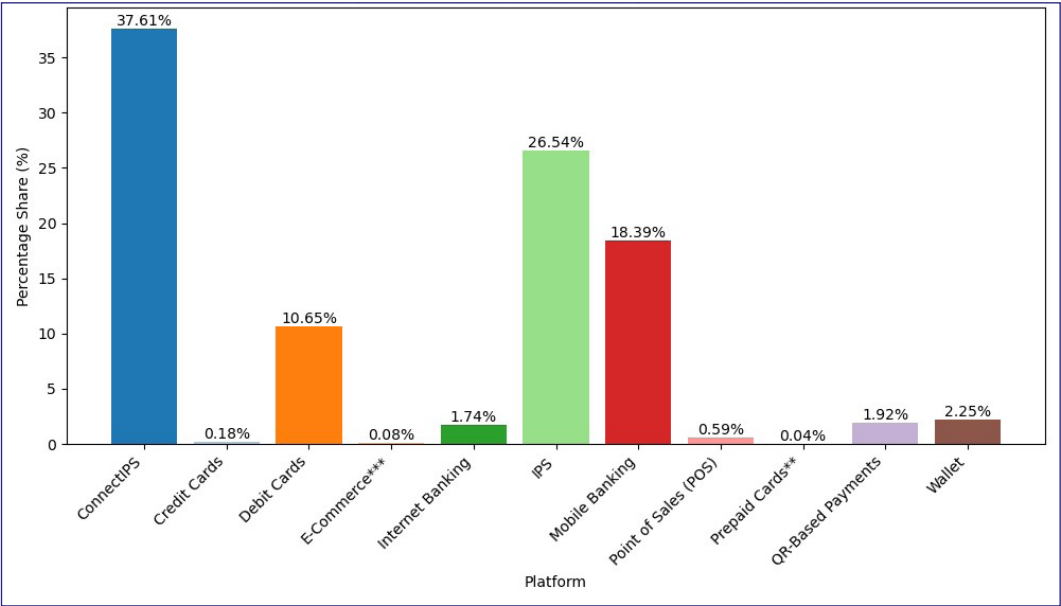
Adding up to the fact, the data provided in Table 6.2 offers a comprehensive snapshot of Nepal's digital economy, showcasing substantial growth across key indicators compared to the year 2018. Notably, the surge in mobile banking customers stands out, with a remarkable growth rate of approximately 557.65 percent by 2024. This surge signifies a widespread adoption of mobile-based financial services, reflecting a growing preference for convenient and accessible banking solutions in Nepal's evolving financial landscape.

Furthermore, internet banking witnessed significant growth, with around 116.65 percent increase compared to 2018. This trend underscores a notable shift towards online banking activities, facilitated by the increasing availability of Internet-based financial services and advancements in digital infrastructure.

Additionally, efforts to enhance banking accessibility are evident in the steady growth of ATM deployments, experiencing approximately 91.96 percent increase compared to 2018. This demonstrates concerted efforts to expand banking services across various regions, thereby improving financial inclusion and accessibility for Nepali citizens. The substantial increases in the issuance of debit and credit cards, with approximately 120.95 percent and 222.71 percent increases respectively

compared to 2018. It highlights the rapid digitization of Nepal’s financial sector. These growth trends also underscore the transformative impact of technological advancements and initiatives aimed at promoting financial inclusion and expanding access to banking services throughout the country.

Figure 6.24: Percentage Share of Total Transactions by Platforms (2020 -2024



Source: Author’s visualization based on NRB Reports (2020-2024)

The data as shown in Figure 6.24 illustrates the distribution of total transaction shares across various payment platforms, shedding light on the evolving landscape of financial transactions in digital platforms. ConnectIPS emerges as the dominant player, capturing a significant portion of the market with 37.61 percent. This likely signifies its role as a preferred interbank payment system, facilitating seamless transactions between different financial institutions. Debit and credit cards collectively contribute around 10.84 percent, underscoring the enduring popularity of card-based payments. However, e-commerce transactions represent only a marginal 0.08 percent, indicating a relatively smaller portion of transactions occurring directly through online retail channels. Mobile banking, on the other hand, holds a notable share of 18.39 percent, suggesting a growing preference for convenient and accessible banking services via mobile devices. QR-based payments and wallets, together accounting for 4.17 percent, signify a rising trend towards

mobile-centric payment solutions. While traditional methods like point-of-sale (PoS) transactions and Internet banking still maintain a presence, the data highlights a clear shift towards digital and mobile-based payment platforms in the modern financial landscape.

In summary, Nepal's digital payment landscape reveals significant growth and evolving trends across various platforms. ConnectIPS stands out as a dominant player, showing remarkable year-over-year growth alongside mobile banking and QR-based payments, indicating a shift towards convenient and accessible financial services. Traditional methods like credit and debit cards also demonstrate notable growth. This means these have continued relevance amidst digital alternatives. This data underscores the transformative impact of technological advancements and initiatives aimed at promoting financial inclusion and expanding access to banking services. Overall, it paints a picture of a rapidly evolving financial ecosystem in Nepal, driven by digital innovation and increasing adoption of mobile-centric payment solutions.

6.8 Major Findings, Recommendations for Policy Reform and Conclusion

6.8.1 Major Findings

6.8.1.1 Digital Economy: Nepali and Asian Context

- 1) Asia has emerged as a significant force in the global digital economy. Countries like China, India, and South Korea lead in digital innovation and regional integration. China's tech ecosystem has revolutionized digital commerce, while India's IT sector has spurred growth in software and services. Despite diverse cultural, economic, and regulatory environments posing challenges for policy harmonization, Asia's digital economy continues to expand, presenting both growth opportunities and obstacles related to equitable access and digital inclusion.
- 2) Nepal's digital economy began with the establishment of the Nepal Rastra Bank (NRB) in 1956, which aimed to standardize the currency system and lay the foundation for modern financial infrastructure. The introduction of personal computers and the internet in the 1980s and 1990s, coupled with economic liberalization, led to the advent of digital financial services like internet and SMS banking.

- 3) The early challenges of digital payments in Nepal included low computer literacy and infrastructure limitations. The formation of the Nepal Clearing House Limited (NCHL) in 2008 and the Nepal Payment System Development Strategy in 2014 advanced the digital payment ecosystem. Government initiatives such as promoting mobile wallets and establishing a national e-payment gateway have accelerated digital payments. Nepal has also extended its digital payment systems beyond its borders, facilitating cross-border transactions with countries like India and Sri Lanka.

6.8.1.2 Policy Framework and Government Enterprise Architecture and Progress

- 1) Nepal's telecommunications and ICT policy framework has evolved to ensure secure, reliable and inclusive digital services. The Telecommunications Act 2053 and Policy 2060 laid the groundwork for liberalization and universal access to telecom services, while the Broadband Policy 2071 and ICT Policy 2072 focused on secure and cost-effective service delivery. The Bylaw regarding Telecom Service Quality 2073 established quality standards. Recent NTA initiatives aim to integrate these policies into a cohesive framework, especially with the advent of 5G. The NRB has introduced frameworks like the NepalQR standardization and Cyber Resilience Guideline to manage digital payments and address cyber risks, supporting the development of full-fledged digital banking in the country.
- 2) The Government Enterprise Architecture (GEA) introduced in 2019 provides standards and principles for automating government services, including ICT blueprints, interoperability frameworks and e-service security. It envisions an integrated digital payment framework supported by a National Integrated ID (NID) database storing citizens' biometric information for multiple digital services. While progress has been made, key components like a unified bill payment system and digital locker are still under development. Inconsistent digital infrastructure development across government agencies is also a challenge.
- 3) The Digital Nepal Framework (DNF), initiated in 2019 with the vision of 'Digital-Based Social Economic Prosperity', aims to use ICT for national development and achieve sustainable development goals. It outlines 80 areas under eight critical sectors, focusing on enhancing digital connectivity, developing a robust financial ecosystem, and fostering public-private partnerships and foreign investment. Key enablers include improving digital

education, ICT training for government officials and strengthening infrastructure. Despite initial delays, the GoN allocated 22 billion Nepali rupees in 2022, supported by the World Bank, to advance the DNF, targeting sectors like agriculture, tourism, health and finance, aiming to enhance productivity, efficiency and service quality through digital transformation.

- 4) The Nepal Telecommunications Authority (NTA) has led significant digital infrastructure projects, including nationwide broadband deployment, district-level optical fiber connectivity and mobile base stations. These initiatives aim to improve digital connectivity and accessibility, especially in rural areas and address the digital divide. The NTA's 2024 MIS report highlights that mobile broadband is the most prevalent form of connectivity, with fiber-optic connections growing rapidly. Challenges in rural areas include socioeconomic factors, high deployment costs and infrastructure maintenance issues.
- 5) The Rural Telecommunication Disbursement Fund (RTDF) supports efforts to expand broadband access and connect remote regions, though sustainability and infrastructure development issues persist.
- 6) The analysis of Nepal's digital financial landscape from 2020 to 2024 reveals a rapidly evolving sector characterized by significant growth and transformation. Key digital platforms include ConnectIPS, credit and debit cards, e-commerce, internet and mobile banking, POS systems, prepaid cards, QR-based payments, and digital wallets. Notable growth includes:
 - Mobile Banking: Increased by 557.65 percent by 2024 compared to 2018.
 - QR-based Payments: Rose by 8,766.06 percent over the same period.
 - Credit Card Transactions: Grew by 222.71 percent.
 - Debit Card Transactions: Increased by 120.95 percent.
 - Prepaid Cards: Rose by 2,024.25 percent.
- 7) Class A financial institutions have heavily invested in technology and digital infrastructure, enhancing customer experiences through advanced mobile apps, online portals and data analytics. They have driven financial inclusion through innovative solutions such as agent banking and mobile money transfers.

- 8) ConnectIPS and mobile banking have shown impressive growth. ConnectIPS saw transaction volumes increase from 410.96 percent in 2021 to 1,031.78 percent in 2023. Mobile Banking's transaction volumes rose from 418.66 percent in 2021 to 1,774.64 percent in 2023. QR-based payments surged from 912.05 percent in 2021 to 7,389.74 percent in 2023. Traditional payment methods like credit and debit cards and prepaid cards have also grown, reflecting their ongoing relevance alongside digital alternatives. Data highlights a significant shift towards digital and mobile-based payment solutions in Nepal, driven by technological advancements and increased adoption of convenient financial services. ConnectIPS, mobile banking, and QR-based payments lead this transformation, while traditional methods continue to play a role. This evolving financial ecosystem underscores the impact of digital innovation on expanding financial inclusion and accessibility in Nepal. Challenges remain, including the need for reliable digital infrastructure, addressing cyber threats, protecting personal data, and harmonizing regulations. As digital transactions continue to grow, addressing these challenges will be crucial for the sustainable economic development and ongoing promotion of the digital economy.

6.8.2 Recommendations for Policy Reform

As an effort to modernize Nepal's digital economy or as part of the next generation of reforms in this sector with the view to improve digital services and foster overall economic growth and security following measures (discussed also in detail as recommendations) should be Nepal's priorities.

6.8.3 Enhance Policy Environment

More is required for the development of the digital economy than just formulated adaptable policy wording. The structures and procedures that enable the creation, appropriate application and upkeep of digital economy policies must also be considered by policymakers. As the digital economy expands, more parties are becoming involved, and their duties may even go as far as those listed as policy actors and their responsibilities presented in Table 6.5.

Table 6.5: Policy Responsibilities for the Digital Economy

Policy Needs	Responsibilities
Core Digital Economy Policy	
(Ministry of Finance, Ministry of Communication and Information Technology)	• Identify clear digital economy leadership. • Conduct an overall audit of all legislation and regulations relating to the digital economy. • Implement capacity-building on the digital economy within the public service. • Develop a digital economy strategy through a multi-stakeholder collaboration approach. • Develop metrics for policy evaluation • Develop multi-country cooperation and best practices • Simplify customs regulations for digital goods • Implement broader regulatory simplification and institutional reforms for digital economy policy initiatives.
Core IT/ICT/Cyber Security policy, data protection regulation	Technical and data elements of digital infrastructure, digital ecosystem.
Contextual Policy (Ministry of Finance, Ministry of Industry, trade and commerce, Ministry of Education, Science and Technology)	Include broader aspects of the digital ecosystem and digital disbenefits policies: finance, capabilities, digital processes, business development, and innovation.

Policy Needs	Responsibilities
Sectoral Policy; (e.g. Ministries of Agriculture, Health, Education, Finance, Enterprise, Public Administration, National Security, among others)	Policy elements related to the digital economy that affect different economic sectors.
International Policy (For example, UN and other supranational bodies).	Cross-national aspects of digital economy policies.

Source: Author's compilation based on Heeks (2016)

6.8.4 Ensure Nepal Uses the Latest Generation of Broadband Communication Technique and Infrastructure

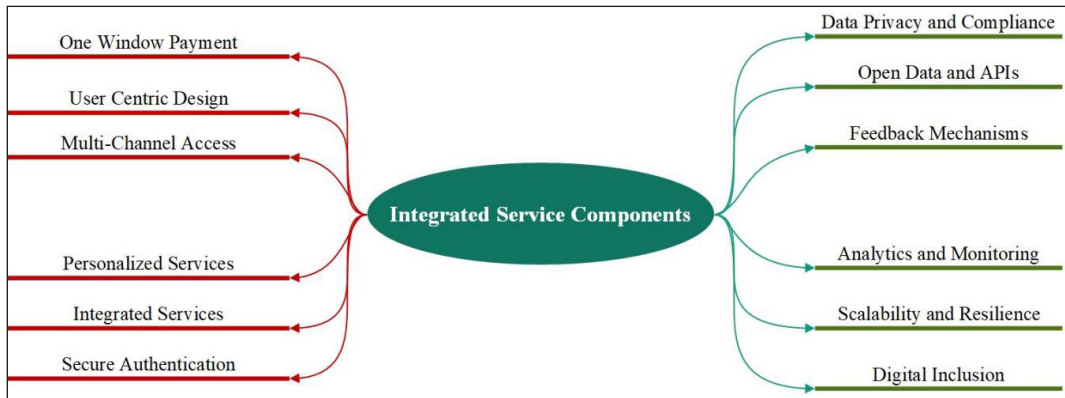
Regarding broadband infrastructure, the NTA, as an authority, has updated the Interoperability Directive, 2076 based on internet protocols, aiming for a transition to IP-based networks. It is noted that while global telecommunication networks are evolving into IP-based networks, Nepal also needs to progress from traditional telecommunication networks to IP-based networks promptly. The authority has to prepare a TDM to IP Migration Roadmap to encourage service providers to transition all their previous services to IP-based networks. Additionally, to ensure high-quality service, the authority is promoting the use of new technologies under the Next Generation Network, including IPv4 to IPv6 Network Migration Roadmap, 3G/4G/LTE to 5G Migration Roadmap, and Traditional to SDN Migration.

Roadmap should align with international technological advancements. Service providers need to plan to transition their current networks into 5G networks to achieve secure, reliable and efficient high-speed connectivity throughout the country.

6.8.5 Focus on Digital Integrated Service Platform and Payment System

Integrating different components is necessary to create a government digital service platform that is efficient, accessible, secure and to the satisfaction of users. The major points to consider are shown in Figure 6.25.

Figure 6.25: Components to Consider for an Integrated Digital Service Platform and Payment System



Source: Author's compilation based on domain knowledge

- **One window payment system:** A single payment gateway is also envisioned by the GEA for all kinds of government services. For example, passport, license, bill book renewals, land sales/purchases, among others, at the central, provincial and local levels shall be preferable to have efficient online services and trusted digital payments/transactions.
- **User-centric design:** To ensure that the platform is user-friendly, intuitive, and accessible to all users - including those with disabilities, give top priority to user experience and user interface design.
- **Multi-channel access:** To accommodate varying user preferences and demands, make government services accessible via a variety of channels, such as online browsers, mobile applications and interactive voice response systems.
- **Personalized services:** Put in place tools that let users have individualized experiences with content, notifications, and suggestions based on their past interactions and preferences.
- **Integrated services:** To give users a smooth experience while obtaining information or services from many government agencies, integrate databases and services from diverse government departments.
- **Secure authentication:** Use strong authorization and authentication procedures, such as two-factor authentication and encryption techniques, to guarantee the confidentiality and privacy of user data.
- **Data privacy and compliance:** To foster consumer trust in the security and privacy of their data, it is to be ensured that applicable data privacy laws, such

as the General Data Protection Regulation, are followed to create clear data handling rules.

- **Open data and APIs:** To promote creativity and allow outside developers to expand the platform, make government data and services accessible via open Application Programming Interfaces.
- **Analytics and monitoring:** Make use of analytics tools to keep tabs on user activity, spot usage trends and keep an eye on the platform's functionality. This will enable data-driven decision-making and ongoing optimization.
- **Scalability and resilience:** The platform should be designed with scalability and resilience in mind to accommodate variations in user traffic and guarantee continuous service availability, even during periods of high usage or in the event of system malfunctions.
- **Digital inclusion:** By offering support resources, training courses, and alternate access choices, make sure the platform is usable by all citizens, even those with limited digital literacy or access to technology.

The government may build a strong, inclusive, and user-centered platform that improves citizen involvement, government service efficiency, and public trust by combining these components into a digital service platform for governance.

6.8.6 Prioritize Digital Financial Literacy

Towards encouraging faceless and cashless transactions, digital literacy is the most important factor needed to aware citizens and achieve the expected economic growth of the country. Digital literacy enables people to interact with government agencies, voice their opinions, and take part in civic activities. It gives people the ability to hold governments responsible, engage in e-democracy projects and obtain government services online. Similarly, digital literacy gives people the abilities required for the contemporary workforce. In a technologically driven global economy, digital skills are becoming more and more in demand. Developing nations can reduce poverty and promote economic progress by investing in digital literacy programmes that increase the employability of their workforce. Hence, digital literacy is crucial for developing nations as it improves information access, boosts economic growth, gives people more power, advances healthcare and agriculture, encourages innovation and entrepreneurship, improves education, makes the world more connected, and increases resilience. To help people and communities in underdeveloped countries reach their full potential, governments, nonprofits, and

international organizations should give digital literacy initiatives priority when making investments.

As digitalization in banking is increasing worldwide, cyber risks are also increasing in the financial sector. In recent years, every sector should develop the habit of saving through financial literacy and the habit of using digital banking. In a developing country like ours, financial literacy programmes should be carried out throughout the year for the public. Financial literacy is not just about saving. It is the subject of financial literacy, as the world is moving towards digital technology, along with savings, and cybersecurity that comes with digital banking. Financial literacy is also public awareness of issues such as financial crimes and the prevention of money laundering through digital means. Globally, the issue of money laundering is given priority, and it is also seen as important in Nepal, so financial literacy is also essential to make the citizens aware of what kind of transactions can and cannot be done.

Small enterprises are the main driver of employment and economic growth in developing nations. Financially literate people are better able to launch and grow enterprises, which promotes employment growth and general economic development. Increasing the use of these services can lead to a reduction in inequality and promotion of financial inclusion through improved financial literacy. Consumers who understand finance better are less likely to be duped by fraudulent schemes, predatory lending practices, or misleading financial goods. This guarantees a fair financial market and aids in the protection of those who are more susceptible. Encouraging economic growth, decreasing poverty, advancing financial inclusion, and enabling people to create better futures for themselves and their communities all depend on increasing financial literacy in emerging nations. It is the bank that plays the biggest role in financial literacy. All common people relate to the bank and should be digitally literate with sufficient financial knowledge.

NRB has issued the Financial Literacy Framework, 2022, to make citizens financially aware and capable of a prosperous Nepal. The digital financial literacy training manual would be fruitful for financial consumer protection. Monetary policy of NRB (2022-23) has incorporated the provision of digital financial literacy, financial consumer protection, and the development of a financial literacy training manual in the framework.

6.8.7 Promote Resilient Computing Infrastructure and Data/Cyber Security Center

Computer and network systems now face a threat surface that is too uncertain, dynamic, and polymorphic to be dealt with statically by a priori design methodologies or by solitary disciplines like security or dependability. It is required to have a robust digital infrastructure throughout the country with a system that has secure digital transactions down to the local level. Increasing online/digital activities increases the cybersecurity threats and data privacy challenges.

Protection paradigms based on classic security or classic dependability, albeit necessary, are insufficient if working in isolation and a static mode. To protect systems against sophisticated threats, including the combination of faults and attacks, it is necessary to investigate advanced concepts and mechanisms promoting the enhancement of their digital resilience. It is mainly aimed at establishing integrated computing, cybersecurity and service platforms for the government of Nepal. We have to foresee the establishment of hierarchical resilient computing and cybersecurity operation centers from the federal government to the provincial and local level so that we can implement data privacy and integrity in highly sensitive sectors (for example, financial, biomedical, social, among others). Resilient computing is expected to fundamentally alter how computer systems are created in the present and the future.

6.8.8 Adopt Emerging Technologies in the Digital Economy

Following the emerging technologies, for example, Artificial Intelligence, Blockchain and Cryptocurrencies (Yuan & Wang, 2018), IoT, and Edge Computing are the next-generation technologies that play a pivotal role in shaping the digital economy, driving innovation, efficiency, and new business models. Cryptography is used by cryptocurrencies to restrict the generation of new units and protect transactions. Every transaction is entered into a blockchain ledger that is impervious to tampering and cryptographically signed. This offers a high level of security for digital payments by making it very difficult for unauthorized parties to modify transaction data. Blockchain technology is especially helpful for people and companies involved in international trade since it allows peer-to-peer transactions across borders without the need for currency conversion. By giving people who are underserved or excluded by traditional banking institutions access to financial services, cryptocurrencies and blockchain technology can contribute to a greater level of financial inclusion. People can use cryptocurrencies to store value, send

and receive money, and engage in the global economy, all with just an internet connection.

6.9 Conclusion

The digital economy, a concept first introduced by Don Tapscott in 1995, has evolved significantly. Initially synonymous with the internet economy, it now represents a more complex system reflecting the transition from the third to the fourth industrial revolution. This evolution includes digital entrepreneurship, fintech, e-government, and broadband infrastructure, all of which drive innovation, economic growth, and sustainability. As the digital economy advances, investing in digital skills, cybersecurity and global cooperation becomes essential to fully harness its potential and ensure inclusive, secure and sustainable growth.

According to the Nepali constitution, the state's economic goal is to develop a prosperous and socialist economy while ensuring the independence, self-sufficiency and progressive nature of the national economy. It aims for both rapid and sustainable economic growth through the optimal mobilization of resources across the public, private and cooperative sectors. The digital economy plays a pivotal role in this vision, transcending national boundaries to connect businesses with a global clientele and enabling customers to access products and services anytime, anywhere.

Nepal's digital economy is at a crucial juncture, striving to bridge the digital divide and leverage technology for economic growth. Despite a predominantly rural and agrarian economy, Nepal has seen increased mobile phone adoption and internet usage, driven by government initiatives such as the National Broadband Policy and e-governance projects. Challenges remain, including infrastructure limitations, digital literacy, and cybersecurity, necessitating strategic attention. Nepal's experience reflects broader trends in developing nations integrating into the global digital economy. As the size of digital transactions continues to grow, it is crucial to address these challenges for the sustainable economic development and ongoing promotion of the digital economy.

Some of the initiatives include first establishing clear leadership in digital economy policy and conducting comprehensive audits of existing legislation. Building capacity within public services and developing strategies through multi-stakeholder collaboration is important. Simplifying regulatory frameworks for digital goods and services is essential, along with encouraging international cooperation and adopting best practices that need prioritization. Transitioning from traditional to IP-

based networks with specific plans for migrating from IPv4 to IPv6 and from 3G/4G/LTE to 5G, as well as integrating new technologies to ensure high-speed and reliable connectivity across the country, are crucial.

Similarly, a unified payment system for all government services must be created by i) designing platforms with user-friendly interfaces and multiple access channels, ii) implementing strong security measures, iii) ensuring compliance with the data privacy regulations, iv) promoting innovation through open data and APIs and v) ensuring the platforms are scalable and resilient.

Robust digital infrastructure and secure transaction systems need to be developed by i) advancing security measures, ii) establishing cybersecurity centers at various government levels to handle potential threats, and iii) integrating cutting-edge technologies such as AI, blockchain, cryptocurrencies, IoT, and edge computing to drive innovation and efficiency. Blockchain can enhance security and financial inclusion, especially for underserved communities.

Educating citizens on digital banking, financial management, and cybersecurity also needs to be prioritized. Raising awareness about financial crimes and supporting small businesses for financial inclusion are also key components of this reform.

In Summary, emerging technologies are driving digital transformation across industries, offering new opportunities for businesses to innovate, improve productivity and create value for customers. There are several benefits to digital payments using blockchain and cryptocurrency technology, such as security, transparency, decentralization, cross-border capability, financial inclusion, innovation, and resilience. These technologies have the potential to completely change how we engage with the global economy and perform financial transactions as they develop and mature.

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CHAPTER 7

शासकीय तथा राजनीतिक सुधार: चुनौती र सम्भावना

शारदा प्रसाद त्रिताल

लेखसार

यस लेखको उद्देश्य नेपालले शासकीय र राजनीतिक सुधारको लागि गरेको प्रयासहरूको कार्यान्वयन अवस्था र प्रभावकारितालाई मूल्याङ्कन गर्दै देशको शासकीय र राजनीतिक संरचनामा देखिएका प्रमुख चुनौतीहरूको विश्लेषण गर्नु हो। साथै, राजनीतिक र प्रशासनिक अभ्यासहरूले सुशासनमा पार्ने प्रभावहरूको विश्लेषण पनि यसमा छ। लेखले शासकीय सुधारका लागि संस्थागत क्षमता, समन्वय संयन्त्र र उत्तरदायित्व प्रणालीमा देखिएका खाडलहरूलाई उजागर गरी प्रभावकारी सुधारका लागि आवश्यक संरचनागत र व्यवहारगत हस्तक्षेपका सम्भावित सामान्य मार्गदर्शन गर्ने उद्देश्य पनि राखेको छ।

यस अध्ययनमा गुणात्मक विधिको प्रयोग भएको छ। पूर्वप्रकाशित अनुसन्धान प्रतिवेदन, विभिन्न राष्ट्रिय तथा अन्तर्राष्ट्रिय निकायहरूले प्रकाशित गरेका वार्षिक तथा आवधिक प्रतिवेदनहरू लगायत सम्बन्धित नीति, ऐन, कानून, र अन्य सामग्रीहरूको अध्ययन र विश्लेषणको आधारमा यो लेख तयार भएको हो। त्यसैगरी, लेखकको अनुभव तथा बुझाइलाई यस लेखमा विशेष प्राथमिकता दिइएको छ।

यस लेखले शासकीय तथा राजनीतिक सुधार गर्दा राजनीति जनताको हितमा केन्द्रित हुनुपर्ने, कानूनको शासनको संरक्षण र सम्बर्धनमा उच्च प्राथमिकता दिनुपर्ने, संवैधानिक नियन्त्रण र सन्तुलनको प्रणाली सुदृढ गरिनुपर्ने, संवैधानिक निकायहरूको स्वायत्तता, स्वतन्त्रता र निष्पक्षता सुनिश्चित गर्नुपर्ने र प्रशासनमा राजनीतिक हस्तक्षेप रोक्नुपर्ने सुझाएको छ। त्यसैगरी, निर्वाचन प्रणालीलाई कम खर्चिलो, सुलभ र विश्वसनीय बनाउनुपर्ने, राजनीतिक दलहरूको वित्तीय पारदर्शिता र उत्तरदायित्व बढाउनुपर्ने, भ्रष्टाचार नियन्त्रणमा विशेष जोड दिनुपर्ने र संसद् तथा संसदीय समितिहरूको अनुसन्धान र निगरानी क्षमता सुदृढ गर्नुपर्नेजस्ता खास सिफारिसहरू पनि यसमा छन्।

७.१ विषय प्रवेश

शासकीय तथा राजनीतिक सुधारको विषय संसारभरि नै चर्चामा रहने गरेको छ। स्थापित लोकतान्त्रिक मुलुकहरूमा शासकीय तथा राजनीतिक पद्धतिलाई कसरी परिष्कृत बनाउने भन्ने प्रश्नमा आधारित भएर सुधारको रणनीति बनाइन्छ। नवोदित लोकतान्त्रिक मुलुकहरूमा भने सुधारका क्षेत्र के हुने र सुधारतर्फ कुन हदसम्म अघि बढ्न सकिन्छ भन्ने द्विविधा रहेको अवस्था देखिन्छ (OECD, 2022)। यद्यपि, धेरैजसो नवोदित लोकतान्त्रिक मुलुकहरूले आफ्नो शासकीय व्यवस्था र संस्था/संयन्त्रहरूलाई लोकतान्त्रीकरण (democratization) गर्न प्रयास गरेको भने देखिन्छ।

नवोदित लोकतान्त्रिक मुलुकहरूमा शासकीय प्रबन्ध उपयुक्त भएमा वा सुशासन कायम भएमा मात्र देशको आर्थिक तथा सामाजिक अवस्थामा शीघ्र सुधार हुनसक्ने मान्यता राखिन्छ (पोखरेल, २०७९)।

देशको सर्वतोमुखी विकासको आधार सुशासन हो र सुशासन अभिवृद्धि गर्ने मुख्य तरिका शासकीय तथा राजनीतिक सुधार हो (Uzodike, 1996; Kale, 2001, p. 21) । तर, यस धारणाप्रति कतिपयको विमति रहेको भने पाइन्छ । उनीहरूको भनाइमा प्रभावकारी विकासको पूर्वसर्त सुशासन हो भन्ने प्रमाणित आधार छैन । विकास भनेको तात्कालिक शासनशैलीमा भरपर्ने विषय हो (Sundaram & Chowdhury, 2012) ।

शासकीय प्रबन्धमा प्रभावकारिता ल्याउन राजनीतिक रूपमा लोकतान्त्रीकरण, आर्थिक उदारीकरण (Sharma, 2007, p. 62; Putzel, 2005) सामाजिक समावेशीकरण (George et al., 2021, p., Carter, 2015) कानूनको शासनको प्रत्याभूति तथा प्रशासनिक सुदृढीकरणलाई (Ramesh, 2024; Durguti & Krivins, 2024) एकसाथ अगाडि बढाउनुपर्छ भनिन्छ । तर, देशहरूले सुशासन कसरी सुदृढ गर्न सक्छन् भन्ने सम्बन्धमा केही महत्त्वपूर्ण प्रश्नहरू अबै अनुत्तरित छन्, किनभने केही अपवादहरूबाहेक धेरै लोकतान्त्रिक देशहरूको सुशासन सूचकाङ्क कतिपय गैरलोकतान्त्रिक देशहरूको भन्दा कमजोर पनि देखिएको छ (Keefer, 2012) ।

राजनीतिक रूपमा लोकतान्त्रीकरणलाई सबल र सफल बनाउन आवधिक निर्वाचन, बहुदलीय व्यवस्था, राजनीतिक दलभित्रको आन्तरिक लोकतान्त्रीकरण, दलको व्यवस्थापनमा पारदर्शिता र जबाफदेहीको विकास गर्नेजस्ता विषय आउँछन् । राजनीतिक सुधारको विषयले व्यवस्थापिकाको प्रभावकारिता अभिवृद्धि गर्ने विषय समेतलाई समेट्ने गरेको देखिन्छ । व्यवस्थापिकालाई प्रभावकारी बनाए मात्र समयसापेक्ष कानूनहरूको निर्माण र ती कानूनहरूको कार्यान्वयनको समुचित अनुगमन गर्न सम्भव हुन्छ । व्यवस्थापिका प्रभावकारी भएमा शासकीय तथा राजनीतिक सुधारको प्रक्रिया एकसाथ अगाडि बढाउन सहयोग पुग्छ (United Nations, n.d.; Aleida & Ricardo, 2023; Johathan, 2020) ।

लोकतान्त्रिक शासन व्यवस्थामा शासकीय सुधारको अर्को महत्त्वपूर्ण क्षेत्र न्यायपालिकाको सुदृढीकरण पनि हो (Björn, n.d.; World Bank Group, 2023) । न्यायपालिका जति बढी स्वतन्त्र र सक्षम हुन्छ, त्यति नै शासनप्रति जनविश्वास अभिवृद्धि हुँदै जान्छ र सुशासनको अभिवृद्धिमा सहयोग पुग्छ (UNDP, 2024; United States Courts, n.d.) । कानूनको शासनको प्रत्याभूतिले नै न्यायिक क्षेत्रको सबलताको परिचय दिन्छ । स्वतन्त्र, निष्पक्ष र बलिया संवैधानिक निकायहरू र तिनको प्रभावकारिताले शासकीय सुधारमा योगदान गर्दछ । यस्ता निकायहरूको सबलताले देशमा सुशासन कायम गर्न, भ्रष्टाचार नियन्त्रण गर्न र नागरिकका आकाङ्क्षाहरू सम्बोधन गर्नेतर्फ सरकारलाई उसका संवैधानिक, कानुनी र राजनीतिक दायित्व बोध गराउन सहयोग प्राप्त हुन्छ ।

सन् १९८० को दशकदेखि नै शासकीय सुधारको प्रक्रियाले संसारभर बढी महत्त्व पाएको हो । सन् १९८० को दशकमा अन्तर्राष्ट्रिय मुद्रा कोष र विश्व बैंकले सुरु गरेको संरचनागत समायोजन कार्यक्रम र अन्तर्गतका आर्थिक उदारीकरणको सफलता वा असफलता शासकीय क्षमतामा भरपर्ने

निक्षयौलसहित सार्वजनिक संस्थाहरूको क्षमता विकास गर्ने विषयले प्रश्रय पाएको हो (Frischtak, 1994) । त्यसपछि नै खासगरी तेस्रो विश्वका देशहरूलाई अन्तर्राष्ट्रिय सहायता संस्थाहरूले सहायता सर्त (aid conditionality) को रूपमा शासकीय सुधार समावेश हुने गरेको पाइन्छ । सन् १९९० को दशकमा सुशासनको नाममा शासकीय सुधारको प्रक्रिया उच्चस्तरमा पुगेर लोकतान्त्रीकरण र देशको आर्थिक तथा सामाजिक क्षेत्रमा विश्वभरि नयाँपन देखिएको हो । यसरी सन् १९८९ मा विश्व बैंकले अघि सारेको असल सरकार (good government) को अवधारणा र १९९० को दशकमा संयुक्त राष्ट्रसंघ मार्फत अघि सारिएको सुशासन (good governance) को अवधारणाले शासकीय तथा राजनीतिक सुधारमा विश्वभर प्रभाव पारेको छ ।

नेपालमा वि.सं. २०४६ को राजनीतिक परिवर्तनपछि शासकीय तथा राजनीतिक सुधारको प्रक्रिया अघि बढेको हो । वि.सं. २०५० को दशक राजनीतिक रूपले खास गरी सरकार परिवर्तनका हिसाबले समेत धेरै अस्थिर रहेकाले यस अवधिमा सुधारको प्रक्रियामा केही अवरोध सिर्जना भयो । वि.सं. २०६३ मा जारी भएको नेपालको अन्तरिम संविधानले नयाँ राजनीतिक व्यवस्थाको थालनी गरी संविधान सभामार्फत निर्मित २०७२ सालको संविधानको कार्यान्वयनसँगै थप सुधारको लागि देश अघि बढिरहेको छ ।

वि.सं. २०४८ मा बनेको निर्वाचित सरकारले गरेका कतिपय नीतिगत र संरचनागत सुधारले आर्थिक समुन्नतिको मार्गमा सकारात्मक सङ्केतहरू देखिएका थिए । नयाँ सरकारले ल्याएको आर्थिक वर्ष २०४८/०४९ को बजेट तथा आठौँ योजनाले अङ्गीकार गरेका नीतिगत सुधारहरूले आर्थिक व्यवस्थामा ठुलो परिवर्तन ल्याएको थियो । यी सुधारहरू अन्तर्गत उद्योग, वाणिज्य, कृषि, पर्यटन, उर्जाजस्ता क्षेत्रमा प्रभावकारिता ल्याउन नयाँ नीतिहरू जारी भए । आर्थिक उदारीकरण र सार्वजनिक क्रियाकलापमा निजी क्षेत्रको सहभागितामा वृद्धि हुने नीतिगत व्यवस्थाहरू भए । सरकारको भूमिका मुख्यतया सहजकर्ताको रूपमा रहने, निजी क्षेत्रको लगानीलाई प्रोत्साहित गर्ने र निजी क्षेत्रको संलग्नता नहुने वा आकर्षण नहुने क्षेत्रमा मात्र सरकारको भूमिका सीमित राख्ने नीति अवलम्बन भयो (महत, २०६३) ।

वि.सं. २०७२ मा नयाँ संविधान बन्नु र शासकीय व्यवस्थामा आमूल परिवर्तन हुनु सकारात्मक पक्ष हो । तर, शासकीय तथा राजनीतिक सुधारमा देखिएको गतिहीनता र राजनीतिक मूल्य मान्यतामा आएको ह्रासले सुशासन र आर्थिक समुन्नतिको मार्गमा अवरोध सिर्जना गरेको छ (Mainali, 2022; Pokharel, 2023) । राजनीतिक दलको आन्तरिक लोकतन्त्र कमजोर रहेको, दलहरूको व्यवस्थापनमा पारदर्शिता र जवाफदेहिताको कमी रहेको ("Parties or", 2024; Dahal, 2023; Ghimire, 2022a); महत्त्वपूर्ण राष्ट्रिय मुद्दाहरूमा राजनीतिक दलहरूबिच समझदारी र सहकार्यको वातावरण बन्न नसकेको, राजनीतिकर्मीहरूमा भ्रष्टाचारले जरा गाडेको जस्ता विकृतिहरूले शासकीय र राजनीतिक क्षेत्र जेलिएको देखिन्छ ।

लोकतान्त्रिक शासन व्यवस्थामा शासकीय तथा राजनीतिक सुधारमा राजनीतिक दल र ती दलहरूले बनाउने सरकार नै मुख्य जिम्मेवार संयन्त्र हो । सरकारमा रहने राजनीतिक नेतृत्वले सुधारमा अग्रसरता नदेखाएमा र राजनीतिमा विकृति बढ्दै जाँदा समग्र शासकीय व्यवस्थामा समयोचित सुधार हुन सक्दैन । नियमित रूपमा शासकीय तथा राजनीतिक सुधार नहुँदा देशमा सुशासन कायम हुन सक्दैन । सुशासन कायम हुन नसक्दा देशको आर्थिक समुन्नति लगायत समग्र विकास प्रक्रिया अगाडि बढ्न सक्दैन । पछिल्लो समयमा नेपाल यही दुष्चक्रमा फस्न सक्ने सम्भावना बढ्न थालेको छ । यसर्थ, अहिलेको टट्कारो आवश्यकता भनेको शासकीय तथा राजनीतिक सुधार मार्फत सुशासन कायम गर्नु र सुशासनको अभिवृद्धि मार्फत देशको सर्वतोमुखी विकास गर्नु हो ।

नेपालका शासकीय र राजनीतिक सुधारका मुख्य पक्षहरूलाई सङ्क्षेपमा समेट्ने गरी तयार गरिएको यस अध्यायले नेपालको विद्यमान शासकीय तथा राजनीतिक संरचनामा देखिएका प्रमुख चुनौतीहरू पहिचान र तिनको विश्लेषण गर्दै शासन प्रणाली र संस्थागत अभ्यासका कमजोरीहरूको विश्लेषण गरेको छ । यस लेखले नेपाल सरकारले अपनाएका राजनीतिक तथा शासकीय सुधारका प्रयासहरूको कार्यान्वयन अवस्था तथा प्रभावकारिताको विवेचना गरेको छ । देशको वर्तमान राजनीतिक तथा प्रशासकीय अभ्यासहरूले खासगरी राजनीतिक व्यवहार र प्रशासनिक कार्यशैलीले शासकीय सुधार प्रक्रियामा पारेका प्रभाव र असरको विश्लेषणको आधारमा शासकीय सुधारका लागि संस्थागत क्षमता, समन्वय संयन्त्र र उत्तरदायित्व प्रणालीमा देखिएका खाडलहरू पहिचान गरी शासकीय संरचनाभित्रका केही नीतिगत र खासगरी कार्यगत कमजोरीहरूलाई उजागर पनि यस लेखले गरेको छ । साथै, लेखले शासकीय र राजनीतिक सुधारलाई प्रभावकारी बनाउन आवश्यक संरचनागत तथा व्यवहारगत हस्तक्षेपका सम्भावित सामान्य उपायहरू पनि प्रस्ताव गरेको छ ।

यो लेख द्वितीयक साहित्यहरू, जस्तै- सरकारी प्रतिवेदनहरू, राष्ट्रिय र अन्तर्राष्ट्रिय तहमा प्रकाशित जर्नलका लेखहरू एवम् विभिन्न अन्तर्राष्ट्रिय संस्थाहरूका अध्ययनहरूमा आधारित छ । विशेषतः लेखकले सरकारी सेवा, सुधार कार्यक्रम तथा आयोग/समितिहरूमा रही काम गर्दा हासिल गरेको अनुभूति र त्यसबाट सिर्जित अनुभवमा आधारित विश्लेषण नै यस लेखको केन्द्रमा छ ।

७.२ शासकीय तथा राजनीतिक सुधारको परिचय

७.२.१ परिवेश

शासकीय सुधार शासन व्यवस्थामा गरिने सुधार भएकाले यो राजनीतिसँग परिपूरक हुन्छ । शासन व्यवस्था र राजनीति दुवैको मूल ध्येय राष्ट्रको समुन्नतिको लागि आधार तयार गर्नु हो । राजनीति शासकीय व्यवस्थाको स्रोत हो र शासकीय व्यवस्था राजनीतिको लक्ष्य र साधन हो । त्यसैले, शासकीय व्यवस्था र राजनीतिको गति सँगसँगै चल्नु आवश्यक हुन्छ । यद्यपि, शासकीय व्यवस्था र राजनीतिका कतिपय प्रक्रियाहरू फरक-फरक पनि हुन सक्छन् । राजनीति विचार, दर्शन र रणनीतिक रूपमा फरक

तरिकाले परिचालित हुन सक्छ । शासकीय व्यवस्था निश्चित पद्धति, संरचना र नियममा आधारित हुन्छ, चाहे राजनीतिक परिवेश फरक नै किन नहोस् । तर, लोकतन्त्रमा सुधारका लागि शासकीय तथा राजनीतिक सुधार एकापसमा आबद्ध र सुसङ्गत हुनु आवश्यक मानिन्छ । समयको मागअनुरूप समग्र सुधार प्रक्रियाको नेतृत्व र मार्गदर्शन राजनीतिले गर्छ भने शासन व्यवस्थाका अन्य संयन्त्रले सहयोग पुऱ्याउने मात्र हो । अर्थात्, शासकीय तथा राजनीतिक सुधार राजनीतिक नेतृत्वको अगुवाइमा सँगसँगै अगाडि बढ्ने विषय हो ।

७.२.२ शासकीय सुधार

शासकीय सुधार व्यापक अर्थ लाग्ने र विभिन्न क्षेत्रसँग सम्बन्धित विषय हो । सरकारले गर्ने क्रियाकलापलाई विगतमा शासन मानिन्थ्यो । पछिल्लो समय शासन अन्तर्गत सरकारभन्दा व्यापक अर्थ र क्षेत्र (beyond government) समावेश हुने मानिन्छ । अर्थात्, अहिले शासकीय दृष्टिले राज्य, बजार (निजी क्षेत्र) र नागरिक समाजको सहकार्यात्मक प्रयास नै शासकीय प्रभावकारिताको मुख्य तत्व बनेको छ । सरकारले उपयुक्त राजनीतिक, कानुनी र आर्थिक वातावरण मिलाउने जिम्मेवारी वहन गर्छ । निजी क्षेत्र अर्थात्, बजार भने आर्थिक क्षेत्रलाई चुस्त, प्रभावकारी र प्रतिस्पर्धी बनाई जनताको लागि अवसर र विकल्पहरूको सिर्जना गर्नेमा केन्द्रित हुन्छ । नागरिक समाजले मुख्यतः जनचेतनाको अभिवृद्धि, जनसहभागिता परिचालनको वातावरण निर्माण र शासकीय व्यवस्थामा नागरिकको रचनात्मक संलग्नता अभिवृद्धिलाई प्रोत्साहन गर्ने जिम्मेवारी लिन्छ । शासकीय सुधारको रणनीति पनि यही मान्यतामा आधारित भएर तय गर्नुपर्ने हुन्छ ।

शासकीय सुधार भन्नाले सरकार वा सार्वजनिक संस्थाहरूले निर्णय लिने, स्रोत व्यवस्थापन गर्ने र जनतालाई सेवा दिने प्रक्रियामा सुधार ल्याउने कार्यलाई जनाउँछ । यसको उद्देश्य शासन प्रणालीलाई अधिक पारदर्शी, उत्तरदायी, कार्यकुशल, सहभागी र न्यायपूर्ण बनाउनु हो । साधारण अर्थमा, शासकीय सुधार भनेको सरकारको काम गर्ने तरिका परिवर्तन गरी जनताको आवश्यकता र हितअनुसार सेवा र निर्णय प्रदान गर्न सक्षम बनाउनु हो । यस अन्तर्गत कानूनको शासनलाई सुदृढ बनाउने, प्रशासनलाई निष्पक्ष र पेसागत बनाउने, निर्णय प्रक्रियामा पारदर्शिता र जबाफदेहिताको स्तर बढाउने, जनसहभागिता सुनिश्चित गर्ने, सरकारी निकायहरूबिच प्रभावकारी समन्वय कायम गर्ने र प्रविधिको उपयोगबाट सेवा वितरणलाई छरितो र पहुँचयोग्य बनाउने प्रयासहरू पर्छन् । अन्ततः, शासकीय सुधारको मूल लक्ष्य जनताको हितमा केन्द्रित, चुस्त, जबाफदेही र न्यायपूर्ण शासन प्रणाली निर्माण गर्नु हो ।

७.२.३ राजनीतिक सुधार

शासकीय व्यवस्थामा प्रभावकारिता वृद्धि हुँदा देशको आर्थिक तथा सामाजिक विकास हुन्छ भन्ने विषयमा भिन्नभिन्न धारणा (Sundaram & Chowdhury, 2012) रहे तापनि व्यवहारगत रूपमा

हेर्दा लोकतान्त्रिक शासन व्यवस्था भएका देशहरूमा शासकीय प्रभावकारिताले देशको समुच्च विकासमा सकारात्मक प्रभाव पार्छ, भन्नेहरूको मत बढी सान्दर्भिक देखिन्छ (Frischtak, 1994) । खासगरी, कम विकसित देशहरूको आर्थिक तथा सामाजिक विकासमा शासकीय प्रभावकारिताले निश्चित रूपमा सकारात्मक प्रभाव पार्छ (World Bank Group, 2017) ।

शासकीय तथा राजनीतिक सुधारबाट देशमा स्पष्ट र स्थिर नीतिगत तथा कानुनी व्यवस्था विकास गर्न सहयोग पुग्छ । स्पष्ट र स्थिर नीतिगत तथा कानुनी व्यवस्थाले पद्धतिको विकास हुन्छ । जहाँ पद्धतिले काम गर्छ, त्यहाँ परिणाम पनि सकारात्मक हुन्छ । स्पष्ट नीतिगत र कानुनी व्यवस्था तथा तिनको प्रभावकारी कार्यान्वयनले निजी क्षेत्रको सहभागितामा विश्वसनियता र गतिशीलता बढ्छ । उद्योग व्यापारको विस्तार हुन्छ । रोजगारीका अवसरमा वृद्धि हुन्छ । समग्र अर्थतन्त्र चलायमान हुन्छ । फलस्वरूप, आर्थिक क्षेत्रमा सुधार हुन्छ । यसरी शासकीय तथा राजनीतिक सुधारले सापेक्षिक गरिबी घटाउन योगदान गर्छ भने देशको समग्र अर्थतन्त्रमा सकारात्मक प्रभाव पार्न सक्छ ।

बहुदलीय आधारमा स्वच्छ राजनीतिक प्रतिस्पर्धा लोकतान्त्रिक शासन व्यवस्थाको आधारभूत तत्व हो । यसको प्राप्तिको लागि राजनीतिक दलहरूको गठन, प्रभावकारी सञ्चालन र सुदृढीकरण आवश्यक हुन्छ । नेपालको संविधानको भाग २९ (धारा २६९-२७२) मा राजनीतिक दलको गठन, दर्ता र सञ्चालनसम्बन्धी व्यवस्था गरिएको छ । यसका साथै, राजनीतिक दलसम्बन्धी ऐन, २०७३ ले दलको गठन, दर्ता तथा सञ्चालनसम्बन्धी प्रक्रियालाई व्यवस्थित गर्ने र दलको काम कारवाही तथा आर्थिक व्यवस्थालाई पारदर्शी र जिम्मेवार बनाउनेजस्ता व्यवस्थाहरूलाई समावेश गरेको छ । संविधानले आवधिक निर्वाचन र समानुपातिक प्रतिनिधित्वको सुनिश्चितता गरेको छ ।

सङ्क्षेपमा, राजनीतिक सुधार राज्यको 'लोकतान्त्रीकरण' लाई प्रवर्धन र सुदृढ गर्ने प्रक्रिया हो । तर, नेपालमा राजनीतिक सुधारको एजेन्डा राष्ट्रिय बहस वा राजनीतिक दलहरूको घोषणापत्रमा समावेश हुन समेत सकिरहेको छैन (Wagle, 2023) । त्यसैगरी, राजनीतिक सुधार मार्फत शासनमा व्यवस्थामा आमनागरिकको अधिकतम सहभागिता सुनिश्चित गराउने र उनीहरूको स्वामित्व बढाई लोककल्याणकारी र समावेशी राज्य निर्माणतर्फ पनि उनीहरूको चिन्ता र चासो कम देखिन्छ ।

नेपालमा राजनीतिक सुधारले सम्बोधन गर्नुपर्ने प्रमुख मुद्दाहरूमा राजनीतिक स्थायित्वको विषय, राजनीतिक दलहरूको उत्तरदायित्व र पारदर्शिता, निर्वाचन प्रणालीको सुधार, भ्रष्टाचार र शक्ति दुरुपयोगको नियन्त्रण, संवैधानिक निकायको स्वतन्त्रता र प्रभावकारिता, नागरिक सहभागिता र समावेशिता, कानूनको शासन र निगरानी प्रणालीमा प्रभावकारिता, र राजनीतिक चेतना तथा जनसहभागिता हुन् । बारम्बार सरकार परिवर्तन, अस्थिर गठबन्धन र दलहरूबिचको विवादले दीर्घकालीन नीति कार्यान्वयनमा बाधा पुऱ्याएको देखिन्छ ।

दलहरूको आन्तरिक लोकतान्त्रिक संरचना कमजोर हुँदा र वितीय व्यवस्थापन पारदर्शी नहुँदा जनविश्वास घट्छ, यो विषय गम्भीर रूपमा देखापर्दै आएको छ। साथै, निर्वाचन प्रणाली कम खर्चिलो, सरल र विश्वसनीय नभएकाले प्रतिनिधित्वमा असर परेको छ। प्रशासन र राजनीतिक संरचनामा हुने भ्रष्टाचारले नीति कार्यान्वयन सबल हुन सकिरहेको छैन। संवैधानिक निकायहरू राजनीतिक दबावको प्रभावमा पर्दा आफ्नो भूमिका प्रभावकारी रूपमा निर्वाह गर्न सकिरहेका छैनन्। संसद् र संसदीय समितिहरूले सरकारको कार्यमा प्रभावकारी निगरानी गर्न सकेका छैनन्। त्यसैले, यी विषयहरू पनि राजनीतिक सुधारका पक्षहरू हुन्।

लोकतान्त्रिक अभ्यास र राजनीतिक दलहरूका आन्तरिक लोकतन्त्र तथा संस्कार संसद्को प्रभावकारिताबाट पनि भल्किन्छ। तर, नयाँ संविधान कार्यान्वयनमा आई वि.सं. २०७४ पछि बनेका संसद् र संसदीय समितिहरू प्रभावकारी हुन सकेनन्। तिनीहरूले न विधायिकी रूपमा बलियो उपस्थिति जनाउन सके न अनुगमन तथा उत्तरदायित्वका संयन्त्रलाई सुदृढ बनाउन नै सके। राजनीतिक अस्थिरता, कमजोर नीति बहस, भ्रष्टाचारमा मौनता र सङ्घीय शासनको अस्पष्ट कार्यान्वयनले संसदीय भूमिकालाई कमजोर बनाउन पुग्यो, जबकि यिनीहरू मार्फत हुने संरचनात्मक तथा कार्यगत सुधारहरू संस्थागत रूपले अगाडि नबढ्दासम्म देशमा सुशासनको संरक्षण र सम्बर्धन चुनौतीपूर्ण नै रहन्छ।

वि.सं. २०७४ पछि संसद्हरूले आवश्यक विधेयकहरू छिटो पारित गर्ने, दीर्घकालीन कानुनी संरचना निर्माण गर्ने तथा राष्ट्रिय प्राथमिकताका विषयमा स्पष्ट नीति प्रदान गर्नेजस्ता पक्षहरूमा आशातित भूमिका निर्वाह गर्न सकेनन्। उदाहरणका लागि नागरिकता, सुरक्षासम्बन्धी विधेयकहरू तथा सङ्घीय निजामती सेवासम्बन्धी विधेयकजस्ता धेरै विधेयकहरू पारित हुन सकेनन् र यस्तो ढिलाइले राज्यका महत्वपूर्ण विषयहरूमा स्पष्ट कानुनी आधार बन्न सकेन।

संसदीय समितिहरूले अनुगमन तथा जवाफदेहिताको अपेक्षित भूमिका निर्वाह गर्न सकेनन्। मन्त्रीहरू समितिको बैठकमा नियमित रूपमा सहभागी नहुनु र अनियमितता भेटिएका ठुला परियोजनामा ठोस निर्देशन नदिनुले समितिहरू केवल औपचारिक संरचनामा सीमित रहेको अनुभूति गरायो। ठुला भ्रष्टाचार प्रकरणमा संसद्को प्रतिक्रिया कमजोर देखियो। सुन तस्करी, भूमि प्रकरण, ठेक्का अनियमितता, विमान खरिद र भन्सारसम्बन्धी विवादहरूमा संसद्ले प्रभावकारी छानबिन, स्पष्ट निर्देशन तथा परिणाममुखी दबाव सिर्जना गर्न नसक्नुले भ्रष्टाचार नियन्त्रणप्रति राजनीतिक इच्छाशक्ति कमजोर भएको देखायो। छानबिन तथा अनुगमन संयन्त्रहरू सक्रिय नहुँदा सार्वजनिक संस्थान र अधिकारीहरूलाई जवाफदेही बनाउने दायित्व पनि कमजोर भयो, जसले समग्र सुशासन प्रक्रियालाई असर पुऱ्यायो।

सरकारको अस्थिरताले संसदलाई नीति निर्माणभन्दा दलगत विवादमा केन्द्रित बनायो। सरकार गठन, विश्वासको मत र प्रतिनिधि सभा विघटनका विवादमा संसद्को अत्यधिक समय खर्च हुँदा दीर्घकालीन संरचनात्मक सुधार तथा विकाससम्बन्धी बहसहरू पछाडि परे। बारम्बार सरकार बदलिने, दलगत शक्ति प्रदर्शनमा धेरै ऊर्जा खर्च हुने र कानुनी विवादका कारण संसद् नीतिगत एजेन्डाभन्दा राजनीतिक

उत्तरचढावको केन्द्र बन्न पुग्यो । यस्तो अवस्थाले संसद्लाई शासन सुधारको मुख्य संस्थाका रूपमा स्थापित हुनबाट रोक्न भन्ने नागरिकहरूमा संसद्प्रतिको भरोसा उत्साहजनक रहेन ।

संसद्मा नीति बहस र कार्यसञ्चालनमा गिरावट देखियो । आवश्यक नीति बहस सतही र दलगत बन्नु, सांसदहरूको उपस्थिति कमजोर हुनु, सदन निरन्तर अवरुद्ध हुनु, तथा विधेयकहरू पर्याप्त अध्ययन र चर्चाविना पारित हुनु वा रोकिनुजस्ता प्रवृत्तिले संसद्को कार्यसञ्चालन कमजोर बनायो । यस्तो अभ्यासले लोकतान्त्रिक विधायिकाको स्तर घटाउनुका साथै नागरिकमा संसद्प्रतिको अपेक्षा र विश्वास दुवै कमजोर बनायो ।

सङ्घीयता कार्यान्वयनमा संसद् र यसको नेतृत्व अस्पष्ट देखियो । अधिकार र दायित्वको दोहोरोपन, कानुनी अस्पष्टता, समन्वय अभाव, तथा स्थानीय र प्रादेशिक तहमा देखिएका संरचनागत समस्याहरू समाधान गर्न संसद्ले पर्याप्त सक्रियता जनाउन सकेन । सङ्घीय शासनलाई व्यवहारमै प्रभावकारी बनाउन आवश्यक कानुन, संयन्त्र र स्पष्ट कार्यविभाजन निर्माणमा सुस्ती देखिँदा सङ्घीयता अभ्यास कमजोर बन्यो । यसको असर जिम्मेवारी, पारदर्शिता र समन्वयजस्ता सुशासनका आधारभूत स्तम्भहरूमा प्रत्यक्ष रूपमा परेको देखियो ।

७.३ शासकीय तथा राजनीतिक सुधारको क्षेत्र र मुद्दाहरू

७.३.१ व्यवस्थापिकामा सुधार (समावेशी राजनीतिक प्रतिनिधित्व प्रक्रियामा सबलीकरण)

शासकीय तथा राजनीतिक सुधारको एक मुख्य पाटो व्यवस्थापिकालाई सुदृढ गर्ने विषय हो । यसमा मुख्यतः निर्वाचन पद्धतिमा सुधार गर्ने, संसदीय अभ्यास र गतिविधिमा सुधार, राजनीतिक दलको व्यवस्थापनमा सुधार गर्ने तथा राजनीतिक वित्त व्यवस्थापनमा सुधार गर्नेजस्ता विषयहरू पर्दछन् । अर्थात्, शासकीय र राजनीतिक सुधारको नेतृत्व जननिर्वाचित प्रतिनिधिको आधिकारिक संस्था व्यवस्थापिकाले लिनु आवश्यक मानिन्छ ।

७.३.२ कार्यपालिकामा सुधार

शासकीय प्रबन्धको केन्द्रबिन्दु कार्यपालिका हो । लोकतान्त्रिक शासन व्यवस्थामा जनताद्वारा चुनिएका प्रतिनिधिको नेतृत्वमा कार्यपालिका अर्थात् सरकार निर्माण हुन्छ । जनताका इच्छा, चाहना र देशको संविधानले दिशानिर्देश गरेका जिम्मेवारीहरूको वहन गर्नु सरकारको मुख्य दायित्व हुन्छ । यस क्रममा नीति निर्माण गर्नु, कानुन निर्माणका लागि संसदसमक्ष विधेयक प्रस्तुत गर्नु, निर्मित नीति र कानुनको कार्यान्वयन गर्नु, जनताको जीउधनको सुरक्षा गर्नु, राष्ट्रिय सम्पत्तिको सदुपयोग र संरक्षण गर्नु तथा जनतामा सेवाप्रवाह गरी राष्ट्रप्रतिको जिम्मेवारी पूरा गर्नु सरकारको काम हो । यी सबै कार्यहरू प्रभावकारी रूपमा सम्पन्न गर्न सुशासनको अहम् भूमिका रहेको हुन्छ । सुशासनविना देशको सर्वाङ्गीण विकास सम्भव हुँदैन । कार्यपालिका वा सरकारको व्यवस्थापनलाई प्रभावकारी बनाउन

नीति व्यवस्थापनमा सुधार गर्ने, सार्वजनिक प्रशासनमा सुधार गर्ने, संस्थागत सुशासन कायम गर्ने, सुरक्षा क्षेत्रको सुधार मार्फत कानुनको शासनको प्रत्याभूति गराउने, भ्रष्टाचारको रोकथाम गर्नेजस्ता कार्यहरूमा जोड दिनुपर्ने हुन्छ ।

७.३.२.१ नीति व्यवस्थापनमा सुधार

सरकारको काममा प्रभावकारिता ल्याउन तथ्य र प्रमाणमा आधारित नीति निर्माण पद्धतिको विकास र सुदृढीकरणको आवश्यकता पर्दछ । नीति निर्माण राम्रो भएर मात्र हुँदैन, निर्मित नीतिको कार्यान्वयनमा प्रभावकारिता ल्याउनुपर्ने हुन्छ । नीति कार्यान्वयन गर्दा उपयुक्त कानुनी, संस्थागत र क्षमतागत व्यवस्था दुरुस्त रहनु पनि त्यति नै जरुरी हुन्छ । यसका साथै नीति कार्यान्वयनको प्रभावकारी अनुगमन तथा मूल्याङ्कनका आधारहरू विद्यमान हुनुपर्छ । यी सबै अवस्थाको विद्यमानताको लागि नीति व्यवस्थापनमा सरकारले निरन्तर सुधार गर्दै जानुपर्ने हुन्छ ।

७.३.२.२ सार्वजनिक प्रशासनमा सुधार

देशको शासकीय व्यवस्थापनमा प्रभावकारिता ल्याउन सार्वजनिक व्यवस्थापनमा निरन्तर सुधारको आवश्यकता पर्दछ । सार्वजनिक व्यवस्थापनमा सुधारको विषय मुख्यतः निजामती सेवामा प्रभावकारिता ल्याउने, सार्वजनिक वित्त व्यवस्थापनमा सुदृढीकरण गर्ने, सार्वजनिक व्यवस्थापनमा विद्युतीय माध्यमको प्रयोग बढाउनेजस्ता उपायहरू मार्फत सार्वजनिक सेवा प्रवाहमा प्रभावकारिता ल्याउने गतिविधिमा आधारित हुन्छ ।

७.३.२.३ सार्वजनिक संस्थाको सुशासन

देशको आर्थिक विकास र सेवा प्रवाहमा प्रभावकारिता ल्याउन स्थापना गरिएका सार्वजनिक संस्थानमा सुधार गर्नु पनि त्यति नै आवश्यक हुन्छ । अहिले संसारभरि नै सार्वजनिक संस्थानहरूको व्यवस्थापनमा कुनै न कुनै रूपमा निजीक्षेत्रको संलग्नतालाई प्रोत्साहित गर्ने रणनीति अवलम्बन गर्ने गरिएको छ । मुख्यतः निजीकरण र यसका व्यवस्थापन करार लगायतका तरिकाहरू मार्फत सार्वजनिक संस्थानहरूको सुधारका प्रयासहरू भइरहेका छन् (Kaldor, 1980; Mohamed, 1995; Ramanadham, 2019) । सरकारले मूलतः साना तथा मझौला उद्यमहरूको विकासमा सहजीकरणको माध्यमबाट समेत संस्थागत सुशासनमा ध्यान दिने रणनीतिहरू अवलम्बन गर्नुपर्ने हुन्छ ।

७.३.२.४ भ्रष्टाचारको नियन्त्रण

भ्रष्टाचार नियन्त्रण धेरै देशहरूको लागि सबैभन्दा ठूलो चुनौती भएको छ । तथापि, यसमा गरिने सुधार र नियन्त्रणले शासकीय प्रबन्धका अन्य प्रयासहरू समेत सकारात्मक रूपमा प्रभावित भई सुशासनमा समेत सुधार गर्न मद्दत गर्छ । भ्रष्टाचार नियन्त्रणका मुख्यतः दुई पक्ष हुन्छन् । पहिलो, रोकथाम/निरोधात्मक (prevention) को पक्ष हो भने दोस्रो उपचारात्मक/दण्डात्मक (punitive) हो (Klitgaard et

al.; Martinez-Vazquez, 2007) । भ्रष्टाचार रोकथामको जिम्मेवारी मुख्यतः देशको सरकार (कार्यकारी) को हो भने स्वतन्त्र निकाय र अदालतले यसमा उपचारात्मक/दण्डात्मक भूमिका खेलेका हुन्छन् ।

भ्रष्टाचार रोकथाम अन्तर्गत पनि खास किसिमका रणनीतिहरू अपनाउन सकिन्छ । सामान्यतया भ्रष्टाचारविरुद्ध प्रवर्धनात्मक (promotional) रणनीति र नियामक (regulatory) रणनीति अपनाउने गरिन्छ । प्रवर्धनात्मक रणनीति अन्तर्गत सदाचार नीतिको व्यवस्था, आचरणका नियमहरूको व्यवस्था, नैतिक शिक्षा, जनचेतनाका लागि प्रचारप्रसारजस्ता कार्यक्रमहरू सञ्चालन गर्ने गरिन्छ । यो कार्य सरकारको कार्यक्षेत्र अन्तर्गत पर्दछ । नियामक रणनीति अन्तर्गत उपयुक्त कानूनको निर्माण, संयन्त्रहरूको प्रभावकारिता, अनुगमन तथा सुपरिवेक्षण, भ्रष्टाचार बढी हुनसक्ने क्षेत्र र अवस्थाहरूको निगरानीजस्ता कार्यहरू पर्दछन् । यो जिम्मेवारी पनि सरकारको हो (Carr, 2007; Disch et al., 2009; Sauve et al., 2023) ।

अनुसन्धान गर्ने, प्रमाणहरू जुटाई कानूनतः पुष्टि हुने गरी अभियोजन गर्ने र अदालतमा मुद्दाको पक्षमा बहस गरी फैसला सरकारको पक्षमा गराउन महत्वपूर्ण भूमिका सरकारी वकिलको हो । यस्ता मुद्दामा सक्षमताका साथ र प्रभावकारी बहस गर्न त्यस्ता वकिलहरूको क्षमता अभिवृद्धि गर्ने दायित्व पनि सरकारको हो । भ्रष्टाचारका सम्बन्धमा पेस भएका मुद्दाहरूलाई प्रभावकारी सुनुवाइ गरी भ्रष्टहरूलाई कडा सजाय दिन सक्ने न्याय प्रणालीको विकास गर्ने विषय पनि पर्दछ । उचित प्रणालीको विकास र न्यायालय तथा न्यायाधीशको क्षमता विकास गर्ने विषयमा सहयोग पुऱ्याउने मुख्य दायित्व पनि सरकारको नै हो ।

प्रभावकारी कानूनको निर्माण र भ्रष्टाचार नियन्त्रणका सम्बन्धमा भएका कामकारवाहीको निगरानी गरी सो कार्यमा प्रभावकारिता ल्याउने दायित्व संसदको हो । नेपालको सन्दर्भमा भ्रष्टाचार भइसकेपछि अनुसन्धान तथा तहकिकात गरी अदालतसमक्ष मुद्दा पेस गर्ने अख्तियार दुरुपयोग अनुसन्धान आयोगको भूमिका पनि रहन्छ । प्रस्तुत भएका भ्रष्टाचारका मुद्दाका सम्बन्धमा सुनुवाइ गर्ने, प्रमाणको पुष्टि गर्ने, भ्रष्टाचारको कारण देशको सम्पत्तिको हानी नोक्सानीको मूल्याङ्कन गर्ने र भ्रष्टाचारको सारभूत असर र प्रभावबारे विश्लेषण गरी फैसला गर्ने अदालतको दायित्व हुन्छ ।

यस परिवेशमा सरकारले एकातिर आफ्नो भूमिकालाई प्रभावकारी बनाएर भ्रष्टाचारको रोकथाममा विशेष ध्यान दिनुपर्ने हुन्छ भने अर्कोतर्फ स्वतन्त्र निकायलाई स्रोत साधन र कानूनी तथा संस्थागत क्षमता बढाउन पनि जोड दिनुपर्ने हुन्छ ।

७.३.३ न्यायपालिकामा सुधार

शासकीय सुधारको विषयले न्यायिक क्षेत्रमा समेत सुधार गर्नुपर्ने मान्यता राख्छ । न्यायिक क्षेत्रको सुधार मुख्यतः स्वतन्त्र, पारदर्शी र जबाफदेही न्यायिक निकायको व्यवस्थाको सुनिश्चितता, अदालती

व्यवस्थापनमा प्रभावकारिता, मुद्धा व्यवस्थापनमा कुशलता, न्यायिक नियुक्ति प्रणालीमा स्वच्छता र निष्पक्षता, न्यायमा सबैको समान पहुँचको सुनिश्चितता, कानुनको शासनको प्रत्याभूति र न्यायकर्महरूमा सदाचारिताको विकासजस्ता विषयहरूमा केन्द्रित हुन्छ । समग्रमा, न्यायिक सुधारले देशको न्याय प्रक्रिया छिटो, पारदर्शी, निष्पक्ष र सबैका लागि पहुँचयोग्य बनाउने महत्वपूर्ण भूमिका खेल्छ ।

न्यायिक सुधारमा कानुनी सुधार पनि जोडिएर आउँछ । नेपालमा कानुनी सुधार पनि आवश्यक छ भन्नेमा केही तर्कहरू छन् । जस्तै, धेरै कानुनहरू समयसापेक्ष छैनन् र यिनीहरूलाई बदलिँदो सामाजिक, आर्थिक, राजनीतिक तथा प्राविधिक वास्तविकतासँग मेलखाने बनाउनु आवश्यक देखिन्छ । संविधानमा उल्लेख भएका अधिकार र दायित्वहरूको व्यावहारिक कार्यान्वयन सुनिश्चित गर्न पुराना कानुनहरूलाई संविधानसँग अनुकूल बनाउने कार्य सकिएको छैन । यसबाहेक, कानुनी स्पष्टता र स्थायित्व नहुँदा लगानी र विकासमैत्री वातावरण समेत कमजोर हुने भएकाले आधुनिक, स्पष्ट र विश्वसनीय कानुनी संरचनाले आर्थिक विकास र लगानीको वातावरणलाई सहज बनाउन मद्दत गर्छ । यसकारण, कानुनी सुधार मुख्यतः न्याय सुनिश्चित, भ्रष्टाचार नियन्त्रण, नागरिक अधिकार संरक्षण र विकासको दृष्टिले अत्यन्त आवश्यक छ ।

विद्यमान अवस्थाले न्यायप्रणाली र प्रशासनमा ढिलाइ र कानुनको प्रभावकारी कार्यान्वयनमा चुनौती उत्पन्न गर्दै आएको पनि छ । साथै, सामान्य नागरिक, विशेष गरी ग्रामीण र पिछ्छाडिएका समुदायहरूले न्यायमा पहुँच पाउन थप सहज वातावरण आवश्यक देखिन्छ । मानव अधिकार, लैङ्गिक समानता, दलित, आदिवासी/जनजाति र अल्पसङ्ख्यक समुदायको अधिकार संविधानले राखेका प्रावधानअनुरूप हुनेगरी कानुनी रूपमा पूर्ण बनाउन पनि थप प्रयास गर्नुपर्ने देखिन्छ ।

७.३.४ स्वतन्त्र संस्थाहरूको प्रभावकारिता

राजनीतिक पदाधिकारीले गैरराजनीतिक भूमिका निर्वाह गर्नुपर्ने भएकाले कार्यपालिकालाई अर्धराजनीतिक संयन्त्र मानिएको हो (Bulmer, 2019) । व्यवस्थापिकाको भूमिका मुख्यतः राजनीतिक प्रकृतिको हुन्छ । न्यायपालिका पूर्णतः गैरराजनीतिक प्रकृतिको हुनुपर्ने मान्यता रहेको हुन्छ । त्यसैले, मूलतः नवोदित लोकतान्त्रिक मुलुकहरूमा कार्यपालिकाको काममा सहयोग पुऱ्याउन स्वतन्त्र र निष्पक्ष भूमिका निर्वाह गर्ने संवैधानिक निकाय र अन्य स्वतन्त्र संस्थाहरूको व्यवस्था गरिएको हुन्छ (त्रिताल, २०७८) । शासकीय सुधारको विषयले यस्ता निकायहरूको प्रभावकारितामा जोड दिनुपर्ने हुन्छ ।

७.३.४.१ संवैधानिक निकायको स्वायत्तता र सुदृढीकरण

कार्यपालिकाको कार्यक्षेत्र र भूमिका व्यापक रहेको कारणले यसको कार्यक्षेत्रभित्र पर्ने विभिन्न कामहरू गर्न सरकारको सामान्य निर्देशन र नियन्त्रणभन्दा बाहिर रहेर भूमिका निर्वाह गर्ने अनेकौँ संयन्त्रहरूको व्यवस्था गरिएको हुन्छ । जुन संयन्त्रको व्यवस्था संविधानमा नै गरिएको हुन्छ, त्यस्ता संयन्त्रलाई संवैधानिक अङ्ग वा निकाय भनिन्छ । संवैधानिक अङ्गहरूको गठन र कार्यक्षेत्र संविधानले नै तोकेको

हुन्छ । संविधानले तोकेका कार्यहरू सम्पादन गर्न छुट्टै कानुनको व्यवस्था समेत गरिएको हुन्छ । यस्ता संयन्त्रहरू संविधान र कानुनद्वारा निर्देशित र नियन्त्रित हुन्छन् । यी संस्थाहरू मुख्यतः व्यवस्थापिकाप्रति उत्तरदायी हुने व्यवस्था गरिएको हुन्छ ।

नेपालजस्तो नवोदित लोकतान्त्रिक देशमा शासकीय तथा राजनीतिक सुधारको मुख्य क्षेत्रमध्ये संवैधानिक निकायहरूको सुदृढीकरण गर्ने विषय पनि एक हो । यस्ता निकायहरूको प्रभावकारिताले आर्थिक अनुशासन कायम गर्न, भ्रष्टाचार नियन्त्रण गर्न, आवधिक निर्वाचनहरू स्वतन्त्र र निष्पक्ष रूपले सम्पन्न गराउन, समावेशी राज्य संरचना निर्माण गर्न, र स्वच्छ शासन सञ्चालन गर्न सहयोग पुग्छ ।

७.३.४.२ विशेष कानुनद्वारा स्थापित नियामक र निरीक्षण गर्ने संस्थाहरूको सुदृढीकरण

सरकारको काममा सहयोग पुर्याउने गरी छुट्टै कानुनद्वारा स्थापित विभिन्न संस्थाहरूको व्यवस्था गरिएको हुन्छ । उदाहरणको रूपमा त्यस्ता संस्थाहरूमा राष्ट्रिय सूचना आयोग, नेपाल राष्ट्र बैंक, नेपाल धितोपत्र बोर्ड, नेपाल लगानी बोर्ड, उर्जा आयोगजस्ता निकायहरूलाई लिन सकिन्छ । यस्ता स्वतन्त्र निकायको भूमिकालाई प्रभावकारी बनाउन आवश्यक हुने भएकाले शासकीय सुधारले समेट्नुपर्ने विषय यो पनि हो ।

७.३.५ विकेन्द्रित शासन व्यवस्थाको प्रभावकारिता

लोकतन्त्रको आधारभूत विशेषतामध्ये विकेन्द्रित शासन व्यवस्था पनि एक हो । विकेन्द्रित शासन व्यवस्थाको उत्कृष्ट नमुना सङ्घीय शासन व्यवस्थालाई मान्ने गरिएको छ । नेपालले अहिले सङ्घीय शासन व्यवस्था अवलम्बन गरेअनुरूप तीन तहका सरकारको व्यवस्था गरेको छ । संघ, प्रदेश र स्थानीय तह गरी तीन तहका सरकार गठन भई सञ्चालन भइरहेका छन् । विकेन्द्रित शासनमा नागरिकको नजिकको सरकार भनेको स्थानीय तहका पालिका र तिनका वडाहरू हुन् । संविधानले स्थानीय सरकारलाई अधिकार सम्पन्न बनाएको छ । सङ्घीयताको वास्तविक मर्मलाई समेट्ने गरी नेपालको स्थानीय सरकारको गठन भएको छ ।

तसर्थ, संविधानप्रदत्त अधिकारको प्रयोग हुन सक्ने संरचनागत, कानुनी र व्यवस्थापकीय क्षमताको विकास, कार्यक्षेत्र र अधिकारको सुस्पष्ट व्याख्यासहितको कानुनी व्यवस्था, संविधान र कानुनद्वारा व्यवस्था गरिएका समन्वयात्मक संयन्त्रहरूको सुदृढीकरण र न्यायिक (अर्धन्यायिक) संयन्त्रहरूको प्रभावकारिता र सबैको लागि समान न्यायको पहुँचमा सुनिश्चिततामा प्रभावकारिता ल्याउनु आवश्यक हुन्छ ।

७.३.६ शासनमा नागरिक सहभागिता अभिवृद्धि

लोकतान्त्रिक शासन व्यवस्थाको अर्को महत्त्वपूर्ण विशेषता शासन व्यवस्थामा नागरिक सहभागिताको सुनिश्चितता हो । शासकीय व्यवस्थामा नागरिक सहभागिता मुख्यतः तीन किसिमले हुन्छ । पहिलो,

नागरिकको प्रत्यक्ष सहभागिताको प्रवर्धन, दोस्रो, गैरराज्यपक्ष (non-state actors) को सहभागिता र तेस्रो, नागरिक संस्थाहरूको माध्यमबाट सहभागिता हो। यस किसिमको सहभागिता मुख्यतः नीति तथा कानून निर्माण, नीति तथा कार्यक्रमहरूको कार्यान्वयन, अनुगमन र मूल्याङ्कन र नतिजा वितरणको अवस्थामा समेत अपेक्षा गरिन्छ।

नागरिक संस्थाहरू समाज, अर्थतन्त्र र राजनीतिक जीवनमा नागरिकको प्रत्यक्ष सहभागिता, अधिकार र हितको संरक्षण सुनिश्चित गर्न अग्रसर हुन्छन्। यी संस्थाहरूले नागरिकको आवाज मुखरित गराउने मात्र नभई स्थानीय र राष्ट्रियस्तरका समस्याहरूको समाधानमा पहल गर्ने, सरकारको गतिविधिमा निगरानी राख्ने र जनतालाई आवश्यक सेवा प्रवाह गर्न महत्त्वपूर्ण भूमिका निर्वाह गर्छन्। साथै, यी संस्थाहरूले सेवाप्रवाहमा सहजीकरण मात्र नगरी उत्तरदायित्वको संस्कृति प्रवर्धन गर्ने, अधिकारको संरक्षण गर्ने, नागरिक सहभागितालाई सशक्त बनाउने र अन्ततः लोकतान्त्रिक शासन प्रणालीलाई बलियो बनाउने कार्यमा पनि भूमिका खेल्दै आएका छन्।

नेपालमा नागरिक संस्थाहरूमा महिला समूह, पेसागत संघसंस्थाहरू, ट्रेड युनियन र अन्य सामुदायिक सङ्गठनहरू र विकास, शिक्षा, स्वास्थ्य, वातावरण तथा सामाजिक न्यायका क्षेत्रमा सक्रिय स्वयम्सेवी संस्थाहरू लगायत विद्यालय व्यवस्थापन समिति, स्वास्थ्य समिति, सामुदायिक वन समूह र अन्य स्थानीय शासन संरचनाहरू समावेश छन्।

७.४ शासकीय व्यवस्था मापनका आधार र नेपालको अवस्था

सन् १९९६ मा विश्व बैंकको अगुवाइमा विकास गरिएको विश्वव्यापी शासकीय सूचकाङ्क (Worldwide Governance Indicators) को आधारमा शासकीय अवस्थाको मापन गर्ने गरिएको छ। यिनै सूचकाङ्कहरूको आधारमा विभिन्न देशहरूको शासकीय अवस्थाको जानकारी पाउन सकिन्छ। यी सूचकाङ्कहरूलाई निम्नानुसारका ६ भागमा विभाजन गरिएको छ।

(क) **आवाज र जबाफदेहिता** (voice and accountability): यस अन्तर्गत सरकारको चयन गर्ने प्रक्रियामा जनताको सहभागिताको सुनिश्चितता, वाक्स्वतन्त्रता, संघसंस्था खोल्ने स्वतन्त्रता र स्वतन्त्र आमसञ्चारका माध्यमको व्यवस्थाको स्तर मापन गरिन्छ।

(ख) **राजनीतिक स्थायित्व र हिंसा/आतङ्कवादरहित अवस्था** (political stability and absence of violence/terrorism): यस अनुसार सरकारको गठन र विघटन गैरसंवैधानिक क्रियाकलाप अर्थात् हिंसा वा आतङ्कको माध्यमबाट हुने गरेको छ वा छैन भनेर हेरिन्छ।

(ग) **सरकारको प्रभावकारिता** (government effectiveness): यस अन्तर्गत सार्वजनिक सेवाहरूको गुणस्तर, निजामती सेवाको क्षमता, राजनीतिक दवावबाट स्वतन्त्रता र नीति निर्माणको गुणस्तरजस्ता विषयहरू पर्दछन्।

(घ) नियामक गुणस्तरीयता (regulatory quality): यस अन्तर्गत निजी क्षेत्रको प्रवर्धन गर्ने सम्बन्धमा उपयुक्त नीति र कानुनको व्यवस्था गर्ने सरकारको क्षमता हेरिन्छ। त्यसैगरी, यस अन्तर्गत विधिको शासनको अवस्था, स्वच्छ प्रतिस्पर्धा, गुणस्तरीय सेवा आदि पनि हेरिन्छ।

(ङ) विधि/कानुनको शासन (rule of law): अदालती प्रक्रियाको निष्पक्षता र गति, प्रतिलिपि अधिकारको संरक्षण र गुणस्तर, वस्तु तथा व्यक्तिको सुरक्षाको तह, साथै अपराध र हिंसाको सम्भावनासहित समाजका नियमहरूमा कुन हदसम्म विश्वास प्राप्त भए वा ती विषयहरू कतिको पालना भए भन्ने जस्ता विषयहरू यस अन्तर्गत हेरिन्छ।

(च) भ्रष्टाचार नियन्त्रण (control of corruption): यस अन्तर्गत निजी लाभको लागि सार्वजनिक शक्तिको प्रयोग गरी साना र ठुला भ्रष्टाचार समेतका साथै अभिजात वर्ग र निजी स्वार्थद्वारा राज्यको “कब्जा” कुन हदसम्म गरिएको छ भन्ने विषयहरू मापन हुन्छन्।

यसका साथै हालका वर्षहरूमा सार्वजनिक संस्थाहरूप्रति जनताको विश्वास (public trust) को सर्वेक्षण गरेर पनि सुशासनको अवस्थाको परीक्षण हुने गरेको छ। यसबाट सार्वजनिक संस्थाहरूको जबाफदेहिताको स्तरमा कुन हदसम्म वृद्धि हुँदै गएको छ भन्ने मापन हुनसक्छ।

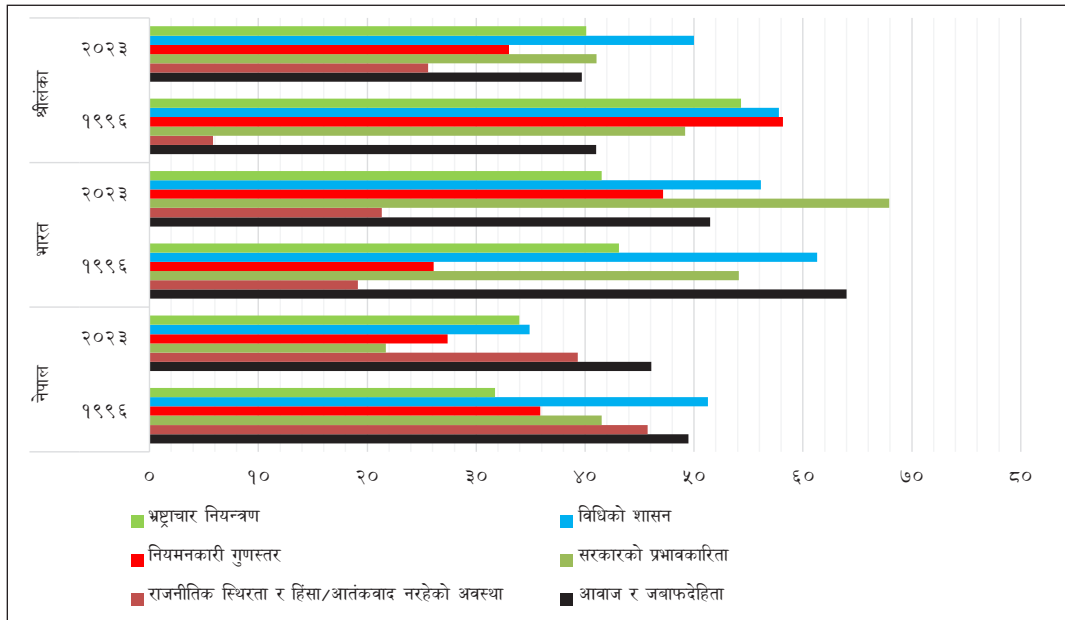
शासकीय मापनका उपर्युक्त आधारहरूको दृष्टिमा सन् १९९६ देखि सन् २०२२ सम्मको नेपालको शासकीय प्रभावकारिता बलियो देखिँदैन।

नेपालका शासन सूचकहरू जस्तै राजनीतिक स्थिरता, हिंसा र आतंकवादको अवस्था, सरकारको प्रभावकारिता, र विधिको शासनजस्ता आधारभूत पक्षमा कमजोर प्रदर्शन हुनुले (चित्र ७.१) नेपालका राज्य संस्थाहरू अझै पनि विश्वसनीय, प्रभावकारी र स्थिर शासन प्रदान गर्ने क्षमतामा परिपक्व हुन नसकेको देखिन्छ। सुधारका सङ्केतहरू देखिए तापनि ती क्रमिक रूपमा हुँदै गरेका, सीमित र कमजोर आधारमा उभिएकाले विकास, नीतिको कार्यान्वयन, तथा सरकारप्रति जनविश्वास निर्माण गर्नेजस्ता कार्यहरूमा चुनौती कायम छ। यसले नेपाललाई शासन सुधार, संस्थागत क्षमता वृद्धि र राजनीतिक स्थायित्वलाई प्राथमिकता दिनुपर्ने स्पष्ट सन्देश दिन्छ।

तुलनात्मक रूपमा, भारत, नेपाल र श्रीलङ्का तीनै देशले शासनका समान प्रकारका संरचनात्मक चुनौतीहरू सामना गरिरहेका छन्, तर तिनको तीव्रता र दिशा फरक-फरक छ (चित्र ७.१)। भारत धेरै सूचकमा नेपालभन्दा अगाडि रहे तापनि राजनीतिक स्थिरता कमजोर रहनु यस क्षेत्रका ठुलो लोकतन्त्रहरूले समेत स्थायित्व र सुरक्षा व्यवस्थापनमा कठिनाई भोगिरहेको सङ्केत हो। श्रीलङ्का भने १९९० दशकमा बलियो शासन संरचना भएको देश भए तापनि पछिल्ला वर्षमा शासकीय अवस्था मापनका सूचकहरूमा गिरावट, राजनीतिक सङ्कट, आर्थिक अस्थिरता र संस्थागत कमजोरीले राज्य प्रणालीलाई कति गम्भीर रूपमा प्रभावित गर्न सक्छ भन्ने देखाउँछ। समग्रमा, तीनै देशका सूचकहरूले दक्षिण एसियामा राजनीतिक स्थिरता, सरकारी प्रभावकारिता, कानुनी शासन र जबाफदेहिता अझै पनि

कमजोर आधारमा अडिरहेको र शासकीय सुधारका लागि व्यापक संस्थागत तथा नीतिगत हस्तक्षेप आवश्यक रहेको देखाउँछ ।

चित्र ७.१: विश्वव्यापी सुशासन सूचकका आधारमा नेपाल लगायत अन्य केही देशहरूको सुशासन अवस्था (percentile rank)



स्रोत: World Bank (n.d.) को आधारमा लेखकले तयार पारेको । यससम्बन्धी तथ्याङ्क यो लिङ्कबाट प्राप्त गर्न सकिन्छ - <https://www.worldbank.org/en/publication/worldwide-governance-indicators/interactive-data-access>

७.५ नेपालमा शासकीय सुधारसम्बन्धी नीतिगत तथा योजनागत प्रयासहरू

७.५.१ संवैधानिक तथा कानुनी व्यवस्था

नेपालको संविधानले सङ्घीय गणतन्त्रात्मक शासन प्रणालीको स्थापना गरेको छ । संविधानको प्रस्तावनामा अन्य कुराका अतिरिक्त बहुदलीय लोकतान्त्रिक शासन प्रणाली, नागरिक स्वतन्त्रता, मौलिक अधिकार, मानव अधिकार, बालिग मताधिकार, आवधिक निर्वाचन, पूर्ण प्रेस स्वतन्त्रता, स्वतन्त्र, निष्पक्ष र सक्षम न्यायपालिका र कानुनी राज्यको अवधारणा लगायतका लोकतान्त्रिक मूल्य र मान्यतामा आधारित समाजवादप्रति प्रतिबद्ध रही समृद्ध राष्ट्र निर्माण गर्न र सङ्घीय लोकतान्त्रिक गणतन्त्रात्मक शासन व्यवस्थाको माध्यमद्वारा दिगो शान्ति, सुशासन, विकास र समृद्धिको आकाङ्क्षा पूरा गर्न संविधान जारी गरिएको उल्लेख छ ।

संविधानको भाग ४ अन्तर्गत धारा ५० मा राज्यको राजनीतिक उद्देश्य, सामाजिक र सांस्कृतिक उद्देश्य तथा आर्थिक उद्देश्य र राज्यको अन्तर्राष्ट्रिय सम्बन्धबारे उल्लेख भएको छ। त्यसैगरी, धारा ५१ मा राज्यका विभिन्न १३ वटा नीतिहरूबारे उल्लेख छ। धारा ५१ को (ख) मा राजनीतिक तथा शासन व्यवस्थासम्बन्धी नीति रहेको छ। यस अनुसार:

- (१) राजनीतिक उपलब्धि रक्षा, सुदृढीकरण र विकास गर्दै आर्थिक, सामाजिक तथा सांस्कृतिक रूपान्तरणका माध्यमबाट जनताको सर्वोत्तम हित र समुन्नति प्रत्याभूत गर्ने,
- (२) मानव अधिकारको संरक्षण र सम्बर्धन गर्दै विधिको शासन कायम राख्ने,
- (३) नेपाल पक्ष भएका अन्तर्राष्ट्रिय सन्धि सम्झौताहरूको कार्यान्वयन गर्ने,
- (४) सार्वजनिक प्रशासनलाई स्वच्छ, सक्षम, निष्पक्ष, पारदर्शी, भ्रष्टाचारमुक्त, जनउत्तरदायी र सहभागितामूलक बनाउँदै राज्यबाट प्राप्त हुने सेवा सुविधामा जनताको समान र सहज पहुँच सुनिश्चित गरी सुशासनको प्रत्याभूति गर्ने,
- (५) आमसञ्चारलाई स्वच्छ, स्वस्थ, निष्पक्ष, मर्यादित, जिम्मेवार र व्यावसायिक बनाउन आवश्यक व्यवस्था गर्ने,
- (६) सङ्घीय इकाइविच जिम्मेवारी, स्रोत साधन र प्रशासनको साभेदारी गर्दै सुमधुर र सहयोगात्मक सम्बन्धको विकास र विस्तार गर्ने उल्लेख छ।

यसैगरी धारा ५१ को (ट) मा न्याय र दण्डसम्बन्धी नीतिबारे उल्लेख छ। यसमा उल्लेख भएका नीतिहरू हुन्:

- (१) न्याय प्रशासनलाई छिटो छरितो, सर्वसुलभ, मितव्ययी, निष्पक्ष, प्रभावकारी र जनउत्तरदायी बनाउने,
- (२) सामान्य प्रकृतिका विवाद समाधानका लागि मेलमिलाप, मध्यस्थताजस्ता वैकल्पिक उपायहरू अवलम्बन गर्ने,
- (३) राजनीतिक, प्रशासनिक, न्यायिक, सामाजिक लगायत सबै क्षेत्रको भ्रष्टाचार र अनियमितता नियन्त्रणका लागि प्रभावकारी उपाय अवलम्बन गर्ने।

संविधानको धारा ५२ मा राज्यको दायित्वबारे उल्लेख छ। यस अनुसार नेपालको स्वतन्त्रता, सार्वभौमसत्ता, भौगोलिक अखण्डता र स्वाधीनतालाई अक्षुण्ण राख्दै मौलिक हक तथा मानव अधिकारको संरक्षण र सम्बर्धन, राज्यका निर्देशक सिद्धान्तहरूको अनुसरण तथा राज्यका नीतिहरूको क्रमशः कार्यान्वयन गर्दै नेपाललाई समृद्ध तथा समुन्नत बनाउने राज्यको दायित्व हुने भनिएको छ।

संविधानको भाग ५ मा राज्यको संरचना र राज्यशक्तिको बाँडफाँट सम्बन्धमा व्यवस्था गरिएको छ। जसअनुसार, सङ्घीय लोकतान्त्रिक गणतन्त्र नेपालको मूल संरचना संघ, प्रदेश र स्थानीय तह

गरी तीन तहको हुने र राज्यशक्तिको प्रयोग तीनै तहले गर्ने व्यवस्था छ।^१ संघ, प्रदेश र स्थानीय तहबिच राज्यशक्तिको बाँडफाँटसम्बन्धी व्यवस्था संविधानको अनुसूची ५ देखि ९ सम्म उल्लेख गरिएको छ।^२ संघ, प्रदेश र स्थानीय तहले आफ्नो अधिकारभित्रको आर्थिक अधिकारसम्बन्धी विषयमा कानून बनाउने, वार्षिक बजेट बनाउने, निर्णय गर्ने, नीति तथा योजना तयार गर्ने र त्यसको कार्यान्वयन गर्ने गरी अधिकारको प्रयोग गर्न सक्ने व्यवस्था गरिएको छ।^३

संविधानको मर्म र भावनाअनुसार मौलिक हकको कार्यान्वयन र सुशासनलाई बल पुऱ्याउन केही ऐन तथा नियमहरूको निर्माण पनि भएको छ। आर्थिक कार्यविधि तथा वित्तीय उत्तरदायित्वसम्बन्धी कानूनको निर्माण भएको छ। सार्वजनिक खरिदसम्बन्धी कानूनको निर्माण भएको छ। सूचनाको हकसम्बन्धी कानून र संयन्त्रको व्यवस्था छ। राजनीतिक दलहरूको व्यवस्थापनका लागि राजनीतिक दलसम्बन्धी कानून निर्माण भएको छ।

नेपालको कार्यकारिणी अधिकार संविधान र कानून बमोजिम मन्त्रिपरिषद्मा निहित हुने र संविधान र कानूनको अधीनमा रही नेपालको शासन व्यवस्थाको सामान्य निर्देशन, नियन्त्रण र सञ्चालन गर्ने अभिभारा पनि मन्त्रिपरिषद्मा रहने व्यवस्था छ।^४ त्यसैगरी, प्रदेशको कार्यकारिणी अधिकार प्रदेश मन्त्रिपरिषद्मा निहित हुने व्यवस्था छ।^५ साथै, स्थानीय तहको कार्यकारिणी अधिकार गाउँ कार्यपालिका र नगर कार्यपालिकामा निहित हुने व्यवस्था छ।^६

शासकीय व्यवस्थालाई प्रभावकारी बनाउने सिलसिलामा संविधानले विभिन्न संवैधानिक निकायहरूको व्यवस्था गरेको छ। विगतदेखि अस्तित्वमा रहेका स्थायी प्रकृतिका मुख्य संवैधानिक निकायहरू अख्तियार दुरुपयोग अनुसन्धान आयोग, महालेखा परीक्षक, लोकसेवा आयोग, निर्वाचन आयोग र राष्ट्रिय मानव अधिकार आयोग हुन्। वि.सं. २०७२ मा जारी भएको नेपालको संविधानले अरू संवैधानिक निकायसरहको स्थायी आयोगको रूपमा राष्ट्रिय प्राकृतिक स्रोत तथा वित्त आयोगलाई नयाँ संयन्त्रको रूपमा स्थापना गरेको छ। यसैगरी, संविधानले 'अन्य आयोग' को रूपमा राष्ट्रिय महिला आयोग, राष्ट्रिय दलित आयोग, राष्ट्रिय समावेशी आयोग, आदिवासी जनजाति आयोग, मधेशी आयोग, थारु आयोग र मुस्लिम आयोगको समेत व्यवस्था गरेको छ। यी 'अन्य आयोग' का सम्बन्धमा दश वर्षपछि सङ्घीय संसदले पुनरावलोकन गर्न सक्ने भन्ने संवैधानिक व्यवस्था (नेपालको

१. नेपालको संविधान, धारा ५६

२. नेपालको संविधान, धारा ५७

३. नेपालको संविधान, धारा ५९

४. नेपालको संविधान, धारा ७५

५. नेपालको संविधान, धारा १६२

६. नेपालको संविधान, धारा २१४

संविधान, धारा २६५) ले यी आयोगहरू अस्थायी प्रकृतिका हुन् भन्ने देखिन्छ । संविधानमा उल्लेख गरे तापनि महान्यायाधिवक्तालाई संवैधानिक निकाय भने मानिंदैन ।

शासकीय व्यवस्थामा प्रभावकारिता ल्याउन तथा शासनका तीन अङ्गका काम कारवाहीमा सन्तुलन ल्याउन विगतदेखि नै संविधानमा केही विशिष्ट प्रकृतिका संस्थाहरूको व्यवस्था हुने गरेको देखिन्छ । वर्तमान संविधानमा पनि केही संस्थाहरूको व्यवस्था गरिएको छ । त्यस्ता संस्थाहरूलाई संवैधानिक निकायको रूपमा भने लिइँदैन । संविधानले नै संवैधानिक निकायको परिभाषा अन्तर्गत समावेश गरेको छैन । नेपालको संविधानमा उल्लेख भएका त्यस्ता संस्थाहरू देहायबमोजिम रहेका छन्:

(अ) **संवैधानिक परिषद् (धारा २८४):** सर्वोच्च अदालतका प्रधान न्यायाधीश र संवैधानिक निकायका पदाधिकारीहरूको नियुक्तिका लागि सिफारिश गर्न प्रधानमन्त्रीको अध्यक्षतामा संवैधानिक परिषद्को व्यवस्था गरिएको छ । परिषद्मा प्रधान न्यायाधीश, प्रतिनिधि सभाको सभामुख, राष्ट्रिय सभाको अध्यक्ष, प्रतिनिधि सभाको विपक्षी दलको नेता र प्रतिनिधि सभाको उपसभामुख सदस्य रहने व्यवस्था छ । प्रधान न्यायाधीशको सिफारिश गर्न भने सङ्घीय कानून मन्त्री समेत सदस्य रहने व्यवस्था छ । नेपाल सरकारको मुख्य सचिवले परिषद्को सचिवको रूपमा काम गर्ने छ । राज्यको यति उच्चस्तरका पदाधिकारी रहने यस परिषद्को निर्णय प्रक्रियाको निष्पक्षतामा भने आलोचना हुने गरेको छ ।

(आ) **न्याय परिषद् (धारा १५३):** न्यायाधीशको नियुक्ति, सरुवा, अनुशासनसम्बन्धी कारवाही, बर्खास्ती र न्याय प्रशासनसम्बन्धी अन्य विषयको परामर्श गर्न वा परामर्श दिन एक न्याय परिषद् रहने व्यवस्था छ । प्रधान न्यायाधीशको अध्यक्षतामा गठन हुने यस परिषद्का अन्य सदस्यहरूमा सङ्घीय कानून तथा न्याय मन्त्री, सर्वोच्च अदालतका वरिष्ठतम न्यायाधीश एकजना, राष्ट्रपतिले प्रधानमन्त्रीको सिफारिसमा नियुक्त गरेको एकजना कानूनविद् र नेपाल बार एसोसिएशनको सिफारिशमा राष्ट्रपतिद्वारा नियुक्त कम्तीमा २० वर्षको अनुभवप्राप्त वरिष्ठ अधिवक्ता वा अधिवक्ता समेत रहनेछन् । परिषद्मा न्यायाधीशभन्दा राजनीतिक रूपमा नियुक्त हुने पदाधिकारीको सङ्ख्या बढी हुने व्यवस्था गरिएकाले न्यायालयको स्वतन्त्रतामा हस्तक्षेप भएको भन्ने विवाद व्यापक रहेको छ ।

(इ) **न्याय सेवा आयोग (धारा १५४):** नेपाल सरकारले कानूनबमोजिम सङ्घीय न्याय सेवाको राजपत्राङ्कित पदमा नियुक्ति, सरुवा, बढुवा गर्दा वा त्यस्तो पदमा बहाल रहेको कुनै कर्मचारीलाई विभागीय सजाय गर्दा सिफारिस गर्ने समेत कार्यका लागि न्याय सेवा आयोगको व्यवस्था गरिएको छ । सो आयोगमा प्रधान न्यायाधीश अध्यक्ष हुने र सङ्घीय कानून तथा न्याय मन्त्री, सर्वोच्च अदालतका वरिष्ठतम न्यायाधीश, लोक सेवा आयोगको अध्यक्ष र महान्यायाधिवक्ता सदस्य रहने व्यवस्था छ । यस आयोगमा पनि कानून मन्त्रीको संलग्नतालाई अस्वाभाविक मान्ने गरिन्छ ।

(ई) **महान्यायाधिवक्ता (भाग १२):** नेपालमा एक महान्यायाधिवक्ता हुने र निजको नियुक्ति प्रधानमन्त्रीको सिफारिसमा राष्ट्रपतिद्वारा हुने व्यवस्था छ। मूलतः प्रधानमन्त्रीको कानुनी सल्लाहकारको रूपमा लिइने महान्यायाधिवक्ता व्यवहारमा भने नेपाल सरकारको कानुनी सल्लाहकार मानिन्छ। महान्यायाधिवक्ता दलीय व्यक्ति हुने हुँदा मुद्धा मामिलाको सवालमा सधैं विवादित रहने गरेको भन्ने आरोप लाग्ने गरेको छ।

(उ) **भाषा आयोग (धारा २८७):** नेपाल सरकारले प्रदेशहरूको प्रतिनिधित्व हुने गरी भाषा आयोगको गठन गर्ने व्यवस्था छ। यस आयोगमा अध्यक्ष र आवश्यक सदस्यहरू रहने व्यवस्था गरिएको छ। देशमा प्रचलनमा रहेका विभिन्न भाषाहरूको सम्बन्धमा अध्ययन अनुसन्धान तथा अनुगमन गरी सुझाव पेस गर्नु भाषा आयोगको मुख्य दायित्व हो।

७.५.२ आवधिक योजना

विभिन्न आवधिक योजनाहरूले शासकीय सुधारसँग सम्बन्धित नीति तथा रणनीतिहरू अवलम्बन गर्ने गरेको देखिन्छ। उदाहरणको लागि हेर्ने हो भने सोही योजना (आ.व. २०८१/८२-२०८५/८६) ले सुशासनलाई राष्ट्रको दीर्घकालीन लक्ष्यको रूपमा लिई राजनीतिक, प्रशासनिक, न्यायिक, निजी तथा गैरसरकारी क्षेत्रमा सुशासन कायम गर्नु योजनाको उद्देश्य राखेको छ। त्यसैगरी, यसले शासकीय सुधार तथा सुशासन प्रवर्धनलाई संरचनात्मक रूपान्तरणको प्रमुख क्षेत्रको रूपमा लिएको छ। पन्ध्रौँ योजना (आ.व. २०७६/७७-२०८०/८१) ले पनि सुशासनलाई देशको दीर्घकालीन राष्ट्रिय लक्ष्यको रूपमा लिएको थियो भने शासकीय सुधार र सुशासन अभिवृद्धिलाई रूपान्तरणको प्रमुख संवाहकको रूपमा लिएको थियो।

७.५.३ वार्षिक नीति तथा कार्यक्रम र बजेट

संसदमा प्रस्तुत हुने सरकारको वार्षिक नीति तथा कार्यक्रममा समेत शासकीय सुधारका विषयहरू पर्ने गरेका छन्। आर्थिक वर्ष २०८२/८३ को नीति तथा कार्यक्रममा सरकारले सुशासन प्रवर्धन गर्न कटिबद्ध रहेको र सुशासन सुधारका कार्यहरू अघि बढाउने जनाएको छ भने आर्थिक वर्ष २०८०/८१ को नीति तथा कार्यक्रममा सुशासनमा कुनै सम्झौता नगर्ने, राज्यका सबै तहमा सुशासनको प्रत्याभूति गर्ने उल्लेख थियो। त्यसैगरी, सूचना प्रविधिको विकास मार्फत सुशासनमा सुधार गर्ने र सुशासन विरोधी क्रियाकलापहरूको सम्बोधन गर्नेतर्फ जोड दिने नीति रहेको थियो। आर्थिक वर्ष २०७९/८० को नीति तथा कार्यक्रममा पनि सुशासनलाई प्राथमिकतामा राखिने, खास क्षेत्रहरू जस्तै सहकारी, सेवाप्रवाह र वित्तीय क्षेत्र, सार्वजनिक क्षेत्र व्यवस्थापन, विद्युतीय कारोबारजस्ता क्षेत्रमा सुशासन कायम गर्ने नीति लिएको थियो। त्यस्तै, आर्थिक वर्ष २०७७/७८ को नीति तथा कार्यक्रमले पनि सुशासन प्रवर्धनका लागि आवश्यक महत्वपूर्ण कानुनी व्यवस्थाहरू गर्ने, सार्वजनिक प्रशासनको कार्य संस्कृतिमा सुधार ल्याई सुशासन कायम गर्न क्रियाशील रहने उल्लेख गरेको थियो। भ्रष्टाचार नियन्त्रण, सेवा प्रवाहमा सुधार र सुशासनमा पनि जोड दिएको थियो।

७.६ शासकीय सुधारको कार्यान्वयनका सम्भाव्य चुनौतीहरू

शासकीय सुधार जनचाहना हो, तर जब कुनै स्वार्थ समूह वा शक्तिशाली वर्गलाई त्यस सुधारले असर गर्छ, त्यसवेला सुधारको प्रक्रियामा अवरोध आउने गर्छ (Odugbemi et al., 2008)। हरेक प्रकृतिको सुधार एक जटिल प्रक्रिया हो। सुधारका लागि राजनीतिक र प्रशासनिक नेतृत्व तयार हुनुपर्छ। परिवेश पनि सान्दर्भिक हुनुपर्छ। साधनस्रोत र क्षमता पर्याप्त हुनुपर्छ। सरोकारवालाबाट साथ र सहयोग प्राप्त पनि गर्न सक्नुपर्छ। त्यसैले, सुधार प्रक्रियालाई सफल र दिगो बनाउन नागरिक, सरोकारवाला र सम्बद्धहरूको आवाजको संयोजन हुनु आवश्यक हुन्छ।

सुधारको मार्गमा अनेकौं अवरोध र चुनौतीहरू रहन्छन्। यसमा राजनीतिक चुनौती मुख्य हो। नेपालमा मूलभूत राष्ट्रिय मुद्दाहरूमा राजनीतिक दलहरूका बिच समझदारी कायम गर्ने विषय, संविधान संशोधन गर्ने विषय, निर्वाचन प्रणालीमा परिवर्तनको विषय र दलको आन्तरिक लोकतान्त्रीकरण गर्ने विषय राजनीतिक रूपमा चुनौतीपूर्ण छन्। यसैगरी, राजनीतिक दलहरूमा व्याप्त व्यक्तिगत नेतृत्वको प्रभुत्वको अन्त्य गर्ने पनि चुनौतीको रूपमा रहेको छ। दलहरूबिचको अस्वस्थ प्रतिस्पर्धामा कमी ल्याउन पनि कठिन देखिन्छ। सार्वजनिक संस्थाहरू लगायत समग्र शासन संयन्त्रहरूमा हुने गरेको दलीयकरण कम गर्न कठिन छ। त्यसैगरी, सङ्घीय शासन प्रणाली भएर पनि नहटेको केन्द्रीयकरणको मानसिकता र व्यवहारमा परिवर्तन गर्न पनि त्यति नै कठिन छ।

राजनीतिक अस्थिरता र बारम्बार सरकार परिवर्तनले अन्य सम्बन्धित सुधार लगायत राजनीतिक सुधार समेतमा आएको अवरोधलाई निरन्तरता दिएको छ। राजनीतिक दलहरूभित्रको लोकतान्त्रीकरणको विषय सम्बोधन नगर्दा व्यक्तिगत वा समूहगत लाभका आधारमा राजनीतिक निर्णयहरू हुने भएकाले पारदर्शिता र सुशासनमा आधारित सुधारमा बाधा पुगिरहेको छ। राजनीतिक दलभित्र सीमित आन्तरिक लोकतन्त्र र वरिष्ठ तथा केही नेतृत्व समूहको प्रभुत्व हुनुले नयाँ नेतृत्व र सुधारमुखी नीतिगत सोचको अवलम्बन गरी राजनीतिक सुधार गर्ने विषय सजिलो पनि देखिदैन।

सङ्घीयता कार्यान्वयनमा देखिने कमजोरीले सुधार प्रयासलाई अझ चुनौतीपूर्ण बनाएको छ। सङ्घीय, प्रादेशिक र स्थानीय सरकारहरूबिच स्पष्ट सहकार्य र जिम्मेवारीको कमीले बनेका नीतिहरू प्रभावकारी रूपमा कार्यान्वयन हुन नसकेको अवस्था छ। भ्रष्टाचारले राजनीतिक निर्णय र नीति कार्यान्वयनमा असर पार्दा शासकीय संयन्त्रप्रति नै जनताको विश्वास घटेको छ र सुधार प्रयासमा गतिरोध बढेको छ।

सामाजिक असमानता र बहिष्कारले पनि सुधारमा ठूलो चुनौती उत्पन्न गरेको छ। जात, धर्म, लिङ्ग र भौगोलिक आधारमा देखिएका असमानताले राजनीतिक सहभागितामा असर पुऱ्याएको छ। समावेशी सुधार प्रयासलाई परम्परागत लाभ समूहले रोकिरहेको छ। नीति निरन्तरता र कार्यान्वयन संस्कृतिको कमजोरीले सुधारलाई ढिला बनाएको छ। रणनीतिक योजना बनाइए तापनि तिनको प्रभावकारी कार्यान्वयन र निगरानी प्रणाली कमजोर भएको छ।

त्यस्तै, न्यायिक ढिलासुस्ती र कानुनको कमजोर कार्यान्वयनले सुधारको प्रभाव सीमित बनाएको छ । कानुनी प्रक्रिया ढिला हुने गरेको, स्रोतसाधनको पर्याप्तता नभएको र क्षेत्रीय असमानता समेतले सुधारलाई रोकिरहेको छ । अन्ततः, बाह्य राजनीतिक वा दातृ संस्थाको प्रभावले प्राथमिकतामा अवरोध सिर्जना गरेको छ । यसले दिगो सुधार प्रक्रियालाई प्रभावित बनाएको छ । यी सबै चुनौतीहरूले गर्दा नेपालमा राजनीतिक सुधारलाई जटिल बनाएको र प्रभावकारी कार्यान्वयन रोकिरहेको छ ।

लोकतन्त्रको आवरणभित्रैबाट राजनीति अधिनायकवादतर्फ अग्रसर हुने गरेको उदाहरण संसारभर पाइन्छन् । लोकतान्त्रिक अधिनायकवादले कानुनको शासनको धज्जी उडाउने गरेको विश्व इतिहासले पनि देखाएको छ । शासन व्यवस्था परिवर्तनसँगै राजनीतिक अवस्थामा स्थिरता आउन नसक्दा नेपाल पनि लोकतान्त्रिक अधिनायकवादको अवस्थाबाट गुञ्जन सक्ने सम्भावना पनि छ । राजनीतिक तवरले गरिएका निर्णयहरूलाई न्यायिक उपचारबाट समाधान गरी सम्भावित राजनीतिक अनिश्चिता रोकेका उदाहरणहरू गणतन्त्र स्थापनापछिका केही राजनीतिक घटनाक्रमहरूले पुष्टि गरेका छन् । यस किसिमका राजनीतिक कदमहरू सुशासनको लागि गम्भीर चुनौती हुन् । जसका कारण पारदर्शिता र जवाफदेहितामा अवरोध सिर्जना हुन्छ भने जनताका मौलिक अधिकारमाथि पनि चुनौती देखिन्छन् ।

नेपालको संवैधानिक सर्वोच्चतालाई व्यवहारमा उतार्न सकिएको छैन । यसले संवैधानिक सर्वोच्चताको मान्यतामा स्खलन आएको छ । संविधान सभा मार्फत संविधान निर्माणपछि पनि कानुनको शासनमा विचलन आएको छ । कानुनको शासन कायम गर्ने र त्यसको परिपालनाले मात्र सुशासन कायम हुन सक्छ । तर, नेपालमा कानुनको शासनको व्यावहारिक पक्ष अत्यन्त कमजोर भएको छ । न्यायालयमा दलगत भागवण्डाको आधारमा न्यायाधीशको नियुक्ति गर्ने प्रवृत्ति बढ्दै जाँदा निष्पक्ष र स्वतन्त्र न्यायापालिकाको मर्ममा प्रहार भएको छ । चार वर्षको फरकमा दुई पटक प्रधानन्यायाधीशउपर महाभियोग प्रस्ताव ल्याउनु तर संसद् ती दुवै अवस्थामा कुनै निर्णयमा नपुग्नु यसको एक ज्वलन्त उदाहरण हो ।

त्यसै गरी, सरकारी संयन्त्रबाट हुन सक्ने पक्षपात, अनियमितता र अन्यायको रोकथाम गरी शासन व्यवस्थामा सन्तुलन ल्याउन गठन भएका संवैधानिक निकाय र विशेष कानुनद्वारा खास कार्यका लागि स्थापित संस्थाहरूमा सरकारको अधिक हस्तक्षेप हुने प्रवृत्ति बढेको छ । यसले गर्दा सुशासन कायम गर्ने कार्यमा बाधा पुग्न गएको छ । यस्ता स्वतन्त्र संस्थाहरूले पेस गर्ने वार्षिक प्रतिवेदनमा औँल्याइएका कमी कमजोरी सुधार गर्ने कुरामा संसद् र सरकारी पक्ष थप जिम्मेवार हुनुपर्ने देखिन्छन् ।

नेपालमा राजनीतिक नेतृत्वले सुधारको प्राभावकारी प्रयास नै गर्न सकेको छैन । पेसागत हकहितका लागि सङ्गठित हुन पाउने संवैधानिक हक रहे तापनि निजामती प्रशासन लगायतका सार्वजनिक क्षेत्रमा दलगत आधारमा कर्मचारी युनियन गठन गर्न प्रोत्साहन गर्दा प्रशासनयन्त्र राजनीतिक आधारमा विभाजित भएको छ । सङ्घीयता कार्यान्वयनको लागि अत्यन्त आवश्यक संयन्त्र प्रशासन हो तर त्यही प्रशासनको व्यवस्थापन गर्ने मुख्य कानुनको रूपमा चिनिने सङ्घीय निजामती सेवा ऐन अहिलेसम्म जारी हुन सकेको छैन ।

देशमा शासकीय सुधारको सबैभन्दा बाधक पक्ष नै भ्रष्टाचार हो। भ्रष्टाचार जति बढ्दै जान्छ, सुशासन कायम गर्न त्यति नै कठिन हुँदै जान्छ। तर, राजनीतिक नेतृत्व र लगभग सबै समयका र तहका सरकारहरू भ्रष्टाचार नियन्त्रण गर्ने सम्बन्धमा आशातित जिम्मेवार देखिँदैनन्। बरु, सरकारबाट नीतिगत निर्णयको नाममा हुने निर्णयहरूको कारण ठुला भ्रष्टाचारहरू बढिरहेका छन्।

संसद् र संसदीय समितिहरू कमजोर हुन पुगेका छन्। संसद् र संसदीय समितिहरू दलका नेताका छाया संस्थाजस्ता देखिएका छन्। कानुन निर्माण गर्दा अध्ययन, अनुसन्धान र तथ्य एवम् प्रमाणको उपयोग गर्न छोडिएको छ। विचौलिया र स्वार्थ समूहको चाहना र हितमा आधारित भएर कानुनको निर्माण हुन थालेको भन्नेजस्ता गम्भीर आरोपहरू आएका छन्। निर्मित कानुनको कार्यान्वयनको निगरानी गर्ने र सुधार गर्ने सम्बन्धमा पनि संसदीय समितिहरू कमजोर देखिएका छन्।

सुशासनका सबै पक्ष र समग्र सामाजिक व्यवस्थामा विखण्डनको अवस्था सिर्जना हुन गइरहेको यस अवस्थामा तत्काल सुधारको मार्गचित्र कोरेर अगाडि नबढेमा देशमा ठुलो सङ्कट आउन सक्नेछ। यी सबै विषय देशको शासकीय तथा राजनीतिक सुधारका लागि चुनौती हुन्।

७.७ शासकीय तथा राजनीतिक सुधारका सम्भावनाको खोजी

सुधार निरन्तर चल्ने प्रक्रिया हो। सुधारलाई दिशानिर्देश गर्न सकिन्छ तर गन्तव्य यहाँसम्म हो भन्न सकिँदैन भन्ने मान्यता रहेको छ। शासकीय व्यवस्थामा पनि के-कस्ता सुधार गर्ने भनेर दिशानिर्देश गर्न सकिन्छ। नेपालजस्तो देशका लागि ठुला कुरा गर्ने भन्दा पनि साना तर तात्कालिक महत्त्वका विषयमा सुधार प्रक्रिया निर्देशित हुनु आवश्यक छ। सुशासनको अवधारणा र यसका विविध पक्षलाई विश्लेषण गर्ने हो भने सुधारका लागि लामो सूची बन्न सक्छ। त्यसैले, आफ्नो परिवेशअनुरूप अत्यावश्यक तर न्यूनतम सुधारको आधारमा अधि बढ्नु श्रेयस्कर हुने देखिन्छ। यसै सन्दर्भमा सन् २००४ मा Governance म्यागजिनमा प्रकाशित Merilee S. Grindle को Good Enough Governance: Poverty Reduction and Reform in Developing Countries नामक लेखमा उल्लेख भए अनुसार सुशासन भनेको अथाह कामको सङ्ग्रह नभई जति तत्काल आवश्यक छ र जति गर्न सकिन्छ त्यसमा ध्यान दिनुपर्ने भन्ने विषयलाई नेपालले अवलम्बन गर्न सक्नुपर्ने देखिन्छ।

शासकीय प्रबन्धका दृष्टिले नेपालमा धेरै पूर्वाधारको निर्माण भइसकेको छ। संरचनागत पूर्वाधार केन्द्रदेखि पालिकाका वडासम्म विस्तार भएको छ। वर्तमान संविधान र यसको आवश्यकताअनुरूप अनेकौं कानुनी पूर्वाधार बनेका छन् र बाँकी कानुनी प्रबन्ध गर्न सक्ने अवस्था विद्यमान छ।

नेपालमा झण्डै साढे तीन दशकको लोकतान्त्रिक शासन व्यवस्थाको अनुभवका आधारमा हेर्दा मुख्यतः राजनीतिक सुधार पहिलो प्राथमिकतामा पर्ने देखिएको छ। राजनीतिक सुधारमा मुख्यतः संवैधानिक सुधार, निर्वाचन प्रणालीमा सुधार र दलहरूको आन्तरिक लोकतान्त्रीकरणमा जोड दिनुपर्ने देखिन्छ। रानीतिक दलका विधानहरूमा परिमार्जन गर्नुपर्ने देखिन्छ।

संवैधानिक सुधार अन्तर्गत गरिने सुधारले शक्ति पृथकीकरण र सन्तुलनको विषयमा स्पष्टता, नीति तथा कानुनी व्यवस्थामा परिमार्जन, राष्ट्रिय प्राथमिकता तथा स्थानीय आवश्यकताको सुनिश्चितता, सार्वजनिक प्रशासनमा सुधार, संस्थागत प्रभावकारिता, नियमनसम्बन्धी संयन्त्रको प्रभावकारिता, सङ्घीयता, सामाजिक समावेशीकरण आदि विषयमा प्रभावकारिता ल्याउनुपर्ने हुन्छ ।

संविधानको विद्यमान व्यवस्थामा परिवर्तन वा सुधार गर्ने विषय राजनीतिक दलहरू मूलतः सङ्घीय संसद्मा प्रतिनिधित्व गर्ने राजनीतिक दलहरूको क्षेत्राधिकारमा पर्दछ । त्यसैले, संवैधानिक सुधार गर्दा विशेषतः संविधानका मूलभूत विषयमा राजनीतिक शक्तिहरूबिच न्यूनतम साझा समझदारी बन्नुपर्ने हुन्छ ।

संवैधानिक सुधारको विषय संविधान आफ्नै परिमार्जनबाट हुनुपर्ने रायहरू पनि आएका छन् । एउटा विशेष परिस्थितिमा बनेको संविधानले अर्को विकसित परिस्थितिको सामना गर्न यसमा समसामयिक सुधार हुनु आवश्यक हुन्छ । त्यसैले, अहिले संविधानमा संशोधन हुनुपर्छ भन्ने आवाज उठ्न थालेका हुन् । भट्टराई (२०८१) का अनुसार:

“यदि यो संविधानका आधारभूत विषयहरू (गणतन्त्र, सङ्घीयता, समावेशिता, धर्मनिरपेक्षता र लोकतन्त्र) लाई बचाउने हो भने संविधान संशोधन अनिवार्य भइसकेको छ । यो संविधान तत्कालीन समाजको चेतनास्तर र सशस्त्र द्वन्द्व व्यवस्थापनको उपज थियो । आज समाज त्यसभन्दा अघि बढिसक्यो र द्वन्द्वको अवस्था पनि छैन । भनिन्छ, समाजमा प्रत्येक दशकमा नयाँ पुस्ताको हस्तक्षेपकारी भूमिका प्रकट हुन्छ । यही मान्यतालाई आधार मान्दा पनि यो संविधान लागू भएको दस वर्ष पुग्न लाग्दै छ । यो संविधान त्यस बखतको समाजको चेतनाको पुञ्ज थियो । विज्ञान र प्रविधिको विकास अनि वैश्वीकरणको प्रभावका कारण आज नयाँ पुस्ता हस्तक्षेपकारी सामर्थ्यका साथ राजनीति र समाजमा प्रवेश गरिसकेको छ । यो पुस्ताको इच्छा र आकाङ्क्षाको सम्बोधन गर्नसमेत संविधानको संशोधन अत्यावश्यक भइसकेको छ” ।

वि.सं. २०७२ मा जारी भएको नेपालको संविधानमा सुधार गर्ने विषयवस्तु धेरै छन् । राजनीतिकर्मी लगायत विभिन्न व्यक्तिहरूले राष्ट्रियस्तरका पत्रपत्रिकाहरूमा प्रकाशित आफ्ना लेखहरू मार्फत औल्याएका केही महत्वपूर्ण विषयहरू देहाय बमोजिम छन्:

- संघ र प्रदेशमा सरकार गठनका सम्बन्धमा रहेका विद्यमान प्रावधानहरूले सरकार सञ्चालनमा स्थिरता ल्याउन नसकेकाले तिनमा संशोधन गरी एउटै दलले बहुमत ल्याएर सरकार गठन गर्न सक्ने प्रावधानको खोजी गर्नुपर्ने (पौडेल, २०२२; उप्रेती, २०७८; वाग्ले, २०८१; मिश्र, २०७६; “निर्वाचन प्रणाली सुधार गर्न”, २०७९; नेपाल, २०८०) भन्ने धारणाहरू आइरहेका छन् ।
- कतिपयको धारणा प्रत्यक्ष निर्वाचित कार्यकारीको व्यवस्था गर्नुपर्छ र सांसदलाई मन्त्री बनाउने परिपाटी हटाउनुपर्छ भन्ने पनि देखिन्छ (पोखरेल, २०२३; देवकोटा, मि. न.; सुवेदी र काका,

२०८१; पाण्डे, २०८१क; मरासिनी, २०८१; “संविधान नै संशोधन गर्ने”, २०८१; सिलवाल, २०८१) ।

- समानुपातिक प्रतिनिधित्वको विषय आवश्यक भए तापनि यसको अत्यधिक दुरुपयोग भएकाले वैकल्पिक प्रबन्ध गर्नुपर्ने आवाज उठ्ने गरेको छ (रिजाल, २०७९; “निर्वाचन प्रणाली फेर्ने”, २०८०; श्रेष्ठ, २०७९) ।
- सङ्घीय संसद्को राष्ट्रिय सभाको जुन मान्यता हो, त्यो सावित हुन नसकेकाले यसको गठनको वैकल्पिक व्यवस्थाबारेमा सोच्नुपर्ने धारणाहरू (पौडेल, २०७७; कार्की, २०८०; चिमोरिया, २०८०; देवकोटा, २०८०; वाग्ले, २०८०) आइराखेका छन् ।
- संवैधानिक निकायका पदाधिकारीको नियुक्तिको लागि सिफारिस गर्ने अधिकार पाएको संवैधानिक परिषद्को काम कारवाहीमा अत्यधिक आलोचना हुने गरेकाले यसमा सुधार गर्नुपर्ने प्रश्नहरू उठ्ने गरेका छन् (पाण्डे, २०८१ख; श्रेष्ठ, २०७७; महारा, २०८०; शर्मा, २०८१) । एकथरिले सो परिषद्बाट प्रधान न्यायाधीशलाई अलग गर्नुपर्ने तर्क गरेका छन् भने कतिपयले उम्मेदवारको छनौट प्रक्रियालाई मजबुत बनाउन जोड (त्रिताल, २०७८) दिएको देखिन्छ ।
- न्याय परिषद्मा राजनीतिक नियुक्ति हुने व्यक्तिहरूको बाहुल्यता हुँदा न्यायालयको स्वतन्त्रता र निष्पक्षतामा अवरोध आउने गरेको देखिएकाले त्यसमा पनि सुधार हुनुपर्ने आवाज उठिरहेका छन् ।
- प्रधान न्यायाधीशवाहेक अन्य न्यायाधीशहरूको संसदीय सुनुवाइ आवश्यक हो कि होइन भन्ने प्रश्न उठ्ने गरेका छन् । यसमा पनि सुधार हुनु आवश्यक देखिएको छ ।
- हालसम्मको अभ्यासको आधारमा हेर्दा प्रदेश संरचनाको औचित्य पुष्टि नभएको मात्र होइन, प्रदेश संरचना देशको लागि बोझ नै सावित भएकाले यस सम्बन्धमा समेत पुनर्विचार गर्नुपर्ने (उप्रेती, २०७९; आचार्य, २०७९; “संविधान संशोधन गरेर”, २०८१; पन्त, २०७५) आवाज उठेको छ ।
- त्यस्तै, जिल्ला समन्वय समिति हटाउने वा त्यसलाई संवैधानिक मान्यतासहित उचित भूमिका दिने सम्बन्धमा स्पष्ट हुनुपर्ने देखिन्छ (सुवेदी, २०७९; “सरकारले जिल्ला समन्वय”, २०८१; “७५३ वटा सरकार”, २०८१) ।
- विद्यमान संवैधानिक निकायहरूको सङ्ख्या घटाउने र भूमिका बढाउनेतर्फ ध्यान दिनुपर्ने देखिन्छ । उदाहरणको लागि राष्ट्रिय समावेशी आयोगले नै महिला लगायत अन्य समावेशी समूहहरूको कार्य गर्ने गरी व्यवस्था गर्दा उपयुक्त हुने देखिन्छ । बरु, आयोगमा प्रत्येक समूहको तर्फबाट कम्तिमा एकजना सदस्यले प्रतिनिधित्व गर्ने व्यवस्था गर्नु उपयुक्त देखिन्छ ।

नेपालकै स्तरका विभिन्न देशको अभ्यासको अध्ययन गर्दा नेपालमा सुशासन कायम गर्न केही सहज हुने देखिन्छ । यहाँ कानुनी र संरचनागत पूर्वाधार राम्रो रहेको छ । विद्यमान व्यवस्थाको राम्रो कार्यान्वयन

गर्ने र कार्यान्वयन गर्दै जाँदा कुनै समस्या देखिए भने सुधार गर्दै जाने पद्धतिको विकास गर्न सके नेपालमा सुशासन कायम गर्न निकै सहज हुने अनुमान गर्न सकिन्छ। तर, यसको लागि राजनीतिक नेतृत्वमा त्यस किसिमको सोच, प्रतिबद्धता, इमानदारी र त्यागको आवश्यकता भने जरुरी देखिन्छ।

आर्थिक सुधारको मार्गमा शासकीय तथा राजनीतिक सुधारको महत्वपूर्ण योगदान रहन्छ। तसर्थ, सुधार कार्यमा राजनीतिक स्वामित्व र नेतृत्व प्रभावकारी बनाउने, सबै क्षेत्रका नीतिगत विषयमा स्पष्टता र स्थिरता ल्याउने, कानुनी स्पष्टतामा सुधार गर्ने, सेवाप्रवाहमा प्रक्रियागत सरलता र प्रविधिको प्रयोगमा जोड दिने, पारदर्शी निर्णय प्रक्रियामा जोड दिने, उत्तरदायित्वको सुनिश्चितता गर्न कानुनी र संरचनागत सुधार गर्ने, विषयक्षेत्रगत अन्तरसम्बद्धताको विकास गर्ने, नागरिक सहभागिता र जनविश्वासमा अभिवृद्धि गर्नेजस्ता मार्गचित्र अवलम्बन गर्नुपर्छ।

मुख्यतः भ्रष्टाचार नियन्त्रण गर्ने कार्यमा प्रभावकारिता ल्याउनुपर्छ। भ्रष्टाचार नियन्त्रणका रोकथाम र उपचारात्मक/दण्डात्मक पक्षहरूमध्ये रोकथाममा सरकारको मुख्य भूमिका हुने भएकाले सरकारले भ्रष्टाचारको रोकथामसम्बन्धी स्पष्ट नीति र रणनीतिहरू तर्जुमा गरी इमानदारीपूर्वक तिनको कार्यान्वयन गर्नुपर्छ। भ्रष्टाचार नियन्त्रणका लागि स्थापित संस्थाहरूको संस्थागत, कानुनी र साधनस्रोतमा सशक्तिकरण गरी तिनलाई स्वतन्त्र रूपमा कार्य गर्नसक्ने वातावरण संसद् र सरकारले निर्माण गरिदिनुपर्छ।

७.८ निष्कर्ष र सुझाव

७.८.१ निष्कर्ष

कानुनी र संवैधानिक संरचनाको कमजोर कार्यान्वयन, राजनीतिक दलहरूभित्रको अपारदर्शी र गैरलोकतान्त्रिक व्यवहार, संवैधानिक निकायहरूको चरम राजनीतिकरण, प्रशासनमा गहिरो दलीय हस्तक्षेप, र भ्रष्टाचार संस्कृतिले नेपालको शासकीय र राजनीतिक सुधारमा अवरोध गर्दैआएको देखिन्छ। यिनै समस्याले राजनीतिक र प्रशासनिक प्रणालीको प्रभावकारिता, विश्वसनीयता र जनउत्तरदायित्वलाई गम्भीर रूपमा क्षति पुऱ्याइरहेको छ।

राजनीतिक दलहरूले आफ्नै आन्तरिक संरचना, मूल्य-मान्यता र लोकतान्त्रिक अभ्यासलाई सुदृढ गर्न नसक्दा देशमा मूलभूत रूपमा लोकतान्त्रिक मूल्यमान्यताको संरक्षण कमजोर हुँदै गएको छ। दलहरूबिच यी मूल्यहरूको सम्बर्धन र यसबाट सिर्जित बृहत्तर हित मार्फत जनकल्याणका लागि भन्दा पनि सत्ता समीकरणका लागि सहकार्य र सहमति गर्ने संस्कार बलियो हुँदै गएको छ।

त्यस्तै, राजनीति क्रमशः 'जनताको लागि' नभई 'जनतामाथि' भन्ने धारणा उन्मुख हुँदै जाँदा जनताको प्रत्यक्ष हित र सहभागी भूमिका कमजोर बनाएको छ। नेपालको शासकीय सुधारमा देखिएको सङ्कटको मूल केन्द्र कानुनको शासनको कमजोर कार्यान्वयन नै हो। यस्तै, संवैधानिक नियन्त्रण र सन्तुलनको

व्यवस्था व्यवहारमा कमजोर भएको छ भने स्वतन्त्र संवैधानिक निकायहरूको राजनीतिकरणजस्ता सुशासन कमजोर पार्ने कार्यहरू अत्यन्तै गम्भीर समस्याका रूपमा देखिएका छन् । यी र यस्ता अन्य निकायहरूका पदाधिकारी नियुक्तिमा दलगत भागबन्डा गरिने, पेसागत योग्यताभन्दा राजनीतिक निष्ठालाई प्राथमिकता दिने कार्यले यिनको विश्वसनीयता कमजोर भएको पनि देखिन्छ ।

खर्चिलो र असमान प्रतिस्पर्धा उत्पन्न गर्ने निर्वाचन अभ्यासले आर्थिक रूपमा शक्तिशाली समूहलाई बढी प्रभावकारी बनाउने र कमजोर समुदायलाई पछाडि पार्ने राजनीतिक असन्तुलन सिर्जना गरेको छ । राजनीतिक दलहरूको वित्तीय अपारदर्शिताले पनि सुशासन कमजोर बनाउने प्रमुख कारकको रूपमा काम गरेको देखिन्छ भने यसले जनताप्रति उत्तरदायित्व घटाउने, अवैध स्रोत प्रवाह बढ्ने र राज्यसत्ता समेत प्रभावित पार्ने अवस्था सिर्जना गर्न योगदान गरेको देखिन्छ ।

सरकारबाहेकका क्षेत्रहरू जस्तै नागरिक समाज, निजी क्षेत्र, सामुदायिक संस्थाहरूप्रति कमजोर सहकार्य र नियमनकारी भूमिकाको अस्पष्टता पनि शासकीय कमजोरीको रूपमा देखिएको छ । खास गरी, संवैधानिक प्रावधान र भावनालाई ध्यानमा राखी वि.सं. २०७४ पछिका संसदीय अभ्यासले राजनीतिक र शासकीय सुधारलाई ध्यान दिन सकेन । संसदीय अभ्यास र संसदीय समितिहरूका कार्यसम्पादन अनुसन्धानमा आधारित हुन नसकेको, विधेयकको गुणस्तरमा कमी र कार्यपालिकामाथि निगरानी राख्ने व्यवस्थापिकाको क्षमतामा आएको ह्रासले सुशासनको आधार नै कमजोर बनाउँदै गएको छ ।

यस परिवेशमा राजनीतिक र शासकीय व्यवस्थामा समयोचित सुधार र परिमार्जन गर्दै देशको आर्थिक-सामाजिक समुन्नति हासिल गर्ने दिशामा ठोस रूपमा अग्रसर हुनु अत्यावश्यक देखिन्छ ।

७.८.२ सुभावहरू

शासकीय तथा राजनीतिक सुधार समयको माग हो । सुधारको निरन्तरता अपरिहार्य मानिन्छ । स्थापित लोकतान्त्रिक मुलुकहरूमा समेत खासगरी शासकीय सुधारलाई सदैव प्राथमिकतामा राखेको पाइन्छ (OECD, 2022) । नेपालमा विगत आठ दशकमा सातवटा संविधान निर्माण भए तापनि राजनीतिक स्थायित्व देखिन सकेको छैन । २०७२ सालमा संविधान सभामार्फत बनेको संविधानले समेत राजनीतिक स्थायित्वलाई दिगो बनाउन नसकिरहेको अवस्था छ । नेपालको राजनीतिक परिवर्तन राजनीतिक नेतृत्व व्यवस्थापनको हतियार मात्र बनेको हो कि भन्ने देखिन्छ । शासकीय प्रबन्ध त अझै कमजोर रहेको अवस्था छ । त्यसैले, शासकीय तथा राजनीतिक सुधारको प्रक्रिया अन्यौलपूर्ण रहेको अवस्था छ ।

शासकीय तथा राजनीतिक सुधारको विषय मुख्यतः राजनीतिक नेतृत्वको सुझबुझमा अघि बढ्ने प्रक्रिया हो । राजनीतिक नेतृत्व यस किसिमको सुधारमा बढी जिम्मेवार हुनुपर्ने हुन्छ । त्यसैले, नेपालको सन्दर्भमा सुशासन कायम गर्दै देशको सर्वतोमुखी समुन्नतिका लागि मूलभूत रूपमा तत्काल गर्नेपर्ने र गर्न सकिने सुधारको सम्भावनावारे यस खण्डमा चर्चा गरिएको छ ।

- (१) **लोकतान्त्रिक मूल्यमान्यताको संरक्षण र व्यवहारको विकास गर्नुपर्छ।** यस्तो व्यवहार राजनीतिक विषय भएकाले यसको लागि राजनीतिक दल र संसदले सहमति र सहकार्य गर्नु आवश्यक छ। निर्वाचन आयोगले यसमा सहजीकरण गर्न सक्छ। दलहरूको आन्तरिक लोकतन्त्र र व्यवस्थापन सहभागितामूलक र पारदर्शी बनाएर मूल्यमान्यताहरूको प्रवर्धन गर्न सकिन्छ। राजनीतिक दलहरूमा आन्तरिक सुधारका साथै व्यापक सुधारका विषयमा विभिन्न दलहरूबिचमा सहकार्य गर्न सकेमा लोकतान्त्रिक मूल्यमान्यताको विकास र प्रयोगमा सहजता आउने र जनतामा विश्वासको वातावरण निर्माण हुनसक्छ। मुख्यतः हालसम्मको अवस्थाको गहन समीक्षा गरी शासकीय संस्कारमा नै आमूल रूपान्तरण (transformation of governance culture) नै गर्नु आवश्यक छ।
- (२) **कानूनको शासनलाई प्रभावकारी बनाउनुपर्छ।** लोकतन्त्रको मेरुदण्ड नै कानूनको शासन भएको हुनाले यसको संरक्षण र सम्बर्धन गर्नेतर्फ उच्च प्राथमिकता दिनुपर्छ। यसको लागि तथ्य र अध्ययनको नतिजाका आधारमा बाह्य प्रभाव नरहने गरी कानून निर्माण हुनुपर्छ। कानूनको कार्यान्वयन निष्पक्ष र समानताको भावनाअनुरूप हुने व्यवस्था गर्नुपर्छ। न्यायिक क्षेत्रमा अहस्तक्षेपको नीति अवलम्बन गर्नुपर्छ। न्यायाधीशको नियुक्ति र खराब आचरणको कारबाही गर्ने जिम्मेवारी पाएको न्याय परिषदमा गैरराजनीतिक व्यक्तिहरू मात्र रहने व्यवस्था गर्नुपर्छ। न्यायाधीशले गरेको भ्रष्टाचार हेर्न छुट्टै संयन्त्र बनाउनुपर्छ।
- (३) **संवैधानिक व्यवस्थाअनुरूप नियन्त्रण तथा सन्तुलनको व्यवस्थापन तथा अभ्यासमा विशेष जोड दिनुपर्छ।** लोकतान्त्रिक व्यवस्थामा शक्ति पृथकीकरण, नियन्त्रण र सन्तुलनको महत्त्वपूर्ण स्थान रहेको हुन्छ। संविधानले निर्दिष्ट गरेका व्यवस्थाहरूको पूर्णपालना र व्यवहार गर्नु सरकार लगायत सबैको कर्तव्य हुन्छ। संविधानलाई मिचन खोज्ने र कानूनका प्रावधान विपरीत निर्णय गर्ने परिपाटीमा नियन्त्रण गर्ने पर्छ। यसका लागि संसद, सरकार र न्यायालयले विशेष ध्यान दिनु आवश्यक छ।
- (४) **संवैधानिक निकायलगायत अन्य विशेष प्रकृतिका संस्थाहरूको स्वायत्तता, स्वतन्त्रता र निष्पक्षतामा अभिवृद्धि हुने व्यवस्था गर्नुपर्छ।** सरकारका काम कारवाहीको निगरानी (watchdog) को रूपमा काम गर्नुपर्ने स्वतन्त्र संवैधानिक निकायहरूमा दलगत भागबण्डाका आधारमा पदाधिकारी नियुक्ति गर्ने प्रचलन तत्काल अन्त्य हुनुपर्दछ। संस्था राम्रो र सबल हुन त्यसमा नियुक्त हुने पदाधिकारी उच्च नैतिक चरित्र भएको, स्वच्छ, इमान्दार, सम्बन्धित विषयको विज्ञ र दलीय आग्रहभन्दा माथि उठ्न सक्ने व्यक्ति हुनुपर्दछ। त्यस्तो व्यक्तिले मात्र संवैधानिक निकायको गरिमा र वैशिष्ट्य राखेर काम गर्न सक्छ। यसका लागि यस्ता गुणहरू भएको व्यक्ति नियुक्त हुनसक्ने कानुनी व्यवस्था गर्नुपर्छ। यस सम्बन्धमा राजनीतिक नेतृत्व, संसद र सरकारले विशेष ध्यान दिनु आवश्यक छ।

(५) **प्रशासनमा राजनीतिक हस्तक्षेप हुने प्रवृत्तिमा रोक लगाउनुपर्छ** । सार्वजनिक प्रशासन सक्षम र प्रभावकारी नभएसम्म शासकीय व्यवस्था सुदृढीकरण गर्न सकिदैन । त्यसैले, सार्वजनिक प्रशासनमा निरन्तर सुधारको विषयलाई प्राथमिकतामा राखेर कार्य गर्नुपर्छ । प्रशासनलाई कमजोर बनाएमा आफ्नो स्वार्थअनुरूप काम गर्न गराउन सजिलो हुन्छ, भन्ने राजनीतिक सोचमा परिवर्तन हुनुपर्छ । प्रशासनमाथि हुने अनुचित राजनीतिक हस्तक्षेप कम गर्न नेपालमा राजनीतिक पार्टी र प्रशासनिक निकायबिच कानुनी रूपमा स्पष्ट सीमारेखा कायम गर्नुपर्छ । योग्यतामा आधारित पदस्थापन र बहुवा प्रणाली कडाइका साथ लागु गर्नुपर्छ । निर्णय प्रक्रियामा पारदर्शिता बढाउनुपर्छ । स्थानीयदेखि सङ्घीय तहसम्म राजनीतिक निर्देशन र प्रशासनिक कार्यान्वयनबिचको भूमिकालाई स्पष्ट परिभाषित गर्नुपर्छ । आन्तरिक नियन्त्रण प्रणाली सुदृढ बनाउनुको साथै निरीक्षण तथा अनुगमन संयन्त्रलाई स्वतन्त्र र प्रभावकारी बनाउनुपर्छ । राजनीतिक हस्तक्षेपका घटनामा दण्डहीनता अन्त्य गरेर जबाफदेहिता सुनिश्चित गर्नुपर्छ ।

(६) **निर्वाचन प्रणालीलाई कम खर्चिलो, सुलभ र विश्वसनीय बनाउनुपर्छ** । निर्वाचन प्रणालीको कारणले देखिएका विकृतिहरूमा सुधार नल्याई राजनीतिक दलहरूमा सुधार ल्याउन सकिदैन भन्ने तथ्यलाई राजनीतिक नेतृत्वले जति छिटो बुझ्यो त्यति नै सहज किसिमले सुधार गर्न सकिन्छ ।

निर्वाचन प्रणालीलाई कम खर्चिलो, सुलभ र विश्वसनीय बनाउन सबैभन्दा पहिले मतदाता रजिस्ट्रेशन र मतदान प्रक्रियालाई डिजिटाइज गर्नु आवश्यक छ । अद्यावधिक डिजिटल मतदाता सूची र स्मार्ट कार्ड/ई-मतदाता परिचयपत्रमार्फत व्यवस्थित गर्दा त्रुटिहरू समेत घट्न गई निर्वाचन प्रक्रिया छिटो र कम खर्चिलो हुन्छ ।

निर्वाचन प्रक्रिया सरल र पहुँचयोग्य बनाउन पनि ध्यान दिनुपर्छ । उम्मेदवार दर्ता, प्रचारप्रसार, मतगणनाजस्ता चरणहरूमा अनावश्यक पेपरवर्क घटाउनुपर्छ । हाल नेपालमा निर्वाचन अभियान धेरै महँगो र सधैं पार्टीहरूको आर्थिक शक्ति अनुसार असमान रहेको भनिन्छ । त्यसैले, प्रचार खर्चको सीमा निर्धारण, डिजिटल र स्थानीयस्तरको सस्तो प्रचार माध्यमको प्रयोग र उम्मेदवारहरूको खर्च नियमन र सार्वजनिक गर्ने व्यवस्था गर्न सकिन्छ ।

मतगणना र परिणाम घोषणा प्रक्रियामा पारदर्शिता सुनिश्चित गर्नु अत्यन्त आवश्यक छ । हाल नेपालमा मतगणना ढिला र कहिलेकाहीँ विवादास्पद हुने गरेको अनुभव छ । यसका लागि डिजिटल मतगणना प्रणाली र निर्वाचन आयोगको प्रत्यक्ष अनुगमन, साथै नागरिक समाज र मिडियाको निगरानीलाई सक्षम बनाउने उपायहरूमा पनि जोड दिनुपर्छ ।

स्थानीय तहमा गैरदलीय प्रतिनिधित्व र सन्तुलित निर्वाचन प्रणाली अपनाउनु पनि महत्त्वपूर्ण छ । यसले राजनीतिक दबाव घटाउने, स्थानीय विकास र सेवाप्रवाहमा प्रशासनिक दक्षता बढाउने र सरकारप्रति जनताको भरोसा सिर्जना गर्ने वातावरण तय गर्न योगदान गर्छ ।

प्रशासन र निर्वाचन आयोगका कर्मचारीलाई समयमै प्रशिक्षण दिइने व्यवस्था गर्नुपर्छ ताकि प्रक्रिया निष्पक्ष र प्रभावकारी रहोस् । अन्ततः निर्वाचन सामग्री खरिद, मतदान, र मतगणनामा अनियमितता रोक्ने निगरानी संयन्त्र बलियो बनाउनु नेपालको निर्वाचन प्रणालीको विश्वसनीयता बढाउने प्रमुख उपाय हो ।

- (७) **राजनीतिक दलहरूको वित्तीय व्यवस्थापन पारदर्शी र उत्तरदायी बनाउने सुदृढ व्यवस्था हुनुपर्छ ।** लोकतन्त्रको आधार मानिने राजनीति दलहरूको वित्तीय व्यवस्थापनमा पारदर्शिता ल्याई जनताप्रति उत्तरदायी बन्न राजनीतिक दलहरू आफैं अग्रसर हुनु जरुरी देखिन्छ ।

नेपालमा राजनीतिक दलहरूको वित्तीय व्यवस्थापन पारदर्शी र उत्तरदायी बनाउन दलहरूले आफ्नो वार्षिक आम्दानी र खर्चको विस्तृत विवरण निर्वाचन आयोग वा अन्य नियामक निकायमा अनिवार्य रूपमा पेस गर्नुपर्छ । विदेशी वा अस्पष्ट स्रोतबाट प्राप्त दानमा प्रतिबन्ध लगाई अनुमति प्राप्त प्रक्रियावाहेक रकम स्वीकार नगर्ने सुनिश्चित गरिनुपर्छ । राजनीतिक दलहरूले आफ्ना खर्च विवरणको पेसागत हिसाब किताब प्रणाली राख्नुका साथै स्वतन्त्र वार्षिक लेखापरीक्षण अनिवार्य गर्नुपर्छ र सोको प्रतिवेदन सार्वजनिक गरिनुपर्छ । चुनावी प्रचार, पार्टी सञ्चालन र कार्यक्रम खर्चमा कानुनी सीमा निर्धारण गर्नुपर्छ र नियम उल्लङ्घन भएमा आर्थिक दण्ड वा पदाधिकारी जिम्मेवार बनाउने व्यवस्था हुनुपर्छ । यससँगै नागरिक समाज र मिडियालाई दलको वित्तीय गतिविधिमा निगरानी गर्न पहुँच दिइनु आवश्यक छ, जसले दलहरूलाई आफ्नो वित्तीय गतिविधिमा जवाफदेही बनाउँछ र पारदर्शिता सुनिश्चित गर्न समेत सघाउ पुग्छ ।

- (८) **सरकारबाहेकका अन्य क्षेत्रलाई प्रभावकारी बनाउने वातावरण सिर्जना गर्नुको साथै उनीहरूसँगको सहकार्य मजबुत बनाउनु पर्छ ।** सरकारले नीति निर्माण र नियमनकारी भूमिका निर्वाह गरी सरकार बाहेकका संस्थाहरूको परिचालनलाई प्रोत्साहन गर्नुपर्छ । सरकारले निजी क्षेत्र लगायत अन्य क्षेत्रको विकासमा सहजीकरणको भूमिका खेल्नुपर्छ ।

- (९) **भ्रष्टाचार नियन्त्रणमा विशेष जोड दिनुपर्छ ।** भ्रष्टाचार नियन्त्रणविना शासकीय व्यवस्थामा प्रभावकारिता ल्याउन सम्भव छैन भन्ने सम्बन्धमा राजनीतिक नेतृत्वमा ज्ञान हुनु जरुरी छ । यसको लागि देशको कार्यकारी प्रमुखको रूपमा प्रधानमन्त्रीले विशेष अग्रसरता लिनुपर्छ । हाल कार्यान्वयनमा रहेको सुशासन तथा भ्रष्टाचार नियन्त्रणसम्बन्धी कानुन वर्तमान संविधान जारी हुनुपूर्वको भएकाले यिनले सङ्घीय शासन प्रणालीको मर्मलाई राम्ररी आत्मसात् गर्न सकेका छैनन् । साथै, सुशासन र भ्रष्टाचार नियन्त्रणका सन्दर्भमा अन्तर्राष्ट्रिय, क्षेत्रीयस्तरमा विकास भएका नयाँ-नयाँ मान्यता र सोचलाई मौजुदा ऐन कानुनले ग्रहण गर्न सकेका छैनन् । अतः सुशासनसम्बन्धी कानुनी र संस्थागत क्षमतामा समसामयिक सुधार गर्दै अधि बढ्नुपर्ने खाँचो छ ।

- (१०) **संसद् र संसदीय समितिहरूलाई प्रभावकारी बनाउनु पर्छ ।** यसका लागि अनुसन्धानमा आधारित अध्ययन र सोही आधारमा कानुनको निर्माण गर्ने पद्धतिको विकास गर्नुपर्छ र सरकारका कार्यमा

संसद् र संसदीय समितिको निगरानी क्षमता बढाउनुपर्छ । २०७४ सालपछिको संसद् र संसदीय समितिको भूमिका शासकीय प्रभावकारिताका दृष्टिले अत्यन्त कमजोर देखिएको हुँदा यसमा सुधार नगरी देशमा सुशासनको संरक्षण र सम्बर्धन गर्न सकिँदैन । अध्ययन अनुसन्धान र तथ्य एवम् प्रमाणमा आधारित कानूनको निर्माण र कार्यान्वयनको निष्पक्ष र नियमित अनुगमन गर्ने व्यवस्था हुनुपर्छ । सुशासनका लागि स्थापित संवैधानिक निकाय र अन्य विशेष प्रकृतिका संस्थाहरूको कार्यसम्पादनमा सहजीकरण र तिनको उचित अनुगमन गर्ने व्यवस्था मजबुत बनाउनु पर्छ । राजनीतिक दलहरू र संसदले यस सम्बन्धमा विशेष ध्यान दिनुपर्ने देखिन्छ ।

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श्रेष्ठ, कल्याण । २०७७, पुस ३ । किन असफल भयो संवैधानिक परिषद् ? *हिमालखबर* । <https://www.himalkhabar.com/news/121467>

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त्रिताल, शारदा प्रसाद । २०६८ । सुशासन: प्रशासन, व्यवस्थापन र विकास । *सोपान मासिक* । मकालु प्रकाशन, ढिल्लीबजार काठमाण्डौ ।

त्रिताल, शारदा प्रसाद । २०७९ । नेपालमा संवैधानिक निकाय: विद्यमान अवस्था र सुधारका क्षेत्रहरू । *कामाद जर्नल* । पूर्णाङ्क ३५ ।

CHAPTER 8

EXAMINING FIDUCIARY RISKS IN FISCAL FEDERALISM: A CASE OF LOCAL GOVERNMENTS IN NEPAL

Dr. Gopi K. Khanal

Abstract

The essence of a public fund lies in the fact that it involves the use of people's money by fiduciary agents – bureaucrats and politicians – while the actual owners, the public, remain largely invisible. In the absence of direct oversight by the public, there is an inherent risk that these agents may misuse the funds they are entrusted to manage. This paper investigates the nature of fiduciary risks within fiscal federalism, focusing on local government dynamics in Nepal. The paper offers an overview of Nepal's local government landscape, elucidates the theoretical foundations of fiscal federalism, and highlights the conceptual framework of fiduciary risks. Specifically, drawing on the theoretical framework of second-generation fiscal federalism, it critically examines intergovernmental fiscal relationships through a political economy lens, aiming to formulate strategies for ensuring sound fiscal governance with a focus on local government. The paper assesses the level of fiduciary risks across local governments in seven provinces. It offers concrete measures for enhancing public financial management capacity, promoting social accountability measures to strengthen downward accountability, and suggesting continued central oversight to mitigate fiduciary risks effectively.

8.1 Introduction

8.1.1 Background

With the promulgation of a new Constitution in 2015, Nepal transitioned to a federal governance system. The new system decentralized state power among three tiers of government – federal, provincial and local. The shift to a federal system was largely driven by the demand for decentralized governance and increased participation of all ethnic groups. Inclusive governance and devolution of power were driving forces of this transition. Nepal is federalized into seven provinces and a total of 753 local-level governments. Following the promulgation of the Constitution, the country has already concluded two elections at all levels of government in line with the political, administrative, and fiscal aspects of federalism.

Fiscal federalism being one of the pillars of the current polity, the country has prioritized the issues around fiscal federal materialization via policies and legal

provisions. Among other legal and policy tools for the distribution and management of resources, the country has established frameworks for fiscal federalism. The Intergovernmental Fiscal Arrangement Act of 2017 serves as a key legal instrument in shaping the structure of intergovernmental fiscal transfers among the three levels of government. The framework is based on the Constitution, which has provisions on the framework for fiscal federalism, allocating powers of spending, taxing, and regulating among the three levels of government. Like the practices of many other countries, spending decentralization is more pronounced than revenue decentralization, with most broad-based taxes such as value-added taxes, income taxes, and corporate income taxes retained by the central government. Approximately one-third of the national budget is transferred by the central government to provinces and local governments through grants and revenue-sharing mechanisms.

In a federal system, local governments in Nepal enjoy significant spending and taxing authority. Local governments receive approximately 12 percent of the federal budget through grants, revenue sharing, and royalties from natural resources (Ministry of Finance, 2024). They also have the power to generate own-source revenue from property taxes, land revenue, and business taxes and other tax and non-tax revenues. However, with the decentralization of fiscal power to local governments, concerns have arisen regarding the quality of local spending and governance of these resources. With the devolution of the state purse among various levels of government, there is a growing concern, especially regarding fiduciary risks in local public finance management.

The concerns on the fiduciary risks have been highlighted in the annual reports of the Office of the Auditor General [OAG] (2024), a constitutionally mandated body to conduct audits, and the Commission for the Investigation of Abuse of Authority [CIAA] (2024), which investigates public corruption. The CIAA finds that nearly half (51.42 percent) of the corruption-related complaints against the offices of the federal, provincial, and local bodies are related to the activities of the local governments. The federal government bodies account for about 35.69 percent, and the provincial government bodies account for 12.89 percent of the corruption complaints. These data also indicate that fiduciary risks have emerged as one of the most significant threats to public governance also as evidenced by the increasing number of corruption cases filed by the CIAA against public officials and the irregularities observed by the OAG (Office of Auditor General, 2024). Besides opportunities embedded in it, federalism has posed challenges to improving the quality of public fiscal behaviors in Nepal. Ensuring good fiscal behaviour is crucial for a resource-poor country where there is a huge demand for public investment.

It is in this context that this paper aims to briefly assess the current status of fiduciary risks in local government within the architecture of local public financial management thereby providing some evidence-based policy suggestions to address local government fiduciary risks and improve local government fiscal behaviors in the context of fiscal federalism.

8.1.2 Methods of the Study

This chapter adopts a descriptive-analytical approach to explore the nature of fiduciary risks in fiscal federalism, focusing particularly on local governments in Nepal. The descriptive-analytical approach combines both description and analysis. The descriptive component entails providing factual information and describing characteristics to offer a clear and comprehensive account of the subject matter.

This chapter relies on secondary sources of data and information. Its analysis is grounded in various legal documents such as the Constitution, laws like the Intergovernmental Fiscal Arrangement Act 2017, and the Local Government Operation Act, 2017. It examines numerous annual reports published by organizations such as the OAG, the CIAA, and the National Natural Resources and Fiscal Commission (NNRFC). Data on fiduciary risks are sourced from the online portal of the Ministry of Federal Affairs and General Administration (MoFAGA), the Economic Survey of the Government of Nepal (GoN) for the fiscal year (FY) 2022/2023. However, the main data source of this paper is the fiduciary risks assessment scores published by the MoFAGA for the FY 2022/23. Telephone surveys were conducted with key officials of local government and incumbent and former senior public officials at federal and provincial ministries and local development experts to gather additional insights for the report especially being based on three questions: perceived fiduciary risks at local levels, use of legal instruments to promote fiscal governance and lessen fiduciary risks and the possible ways to minimize fiduciary risks at the local fiscal governance. The list of people consulted through telephone is provided in Annex 1.

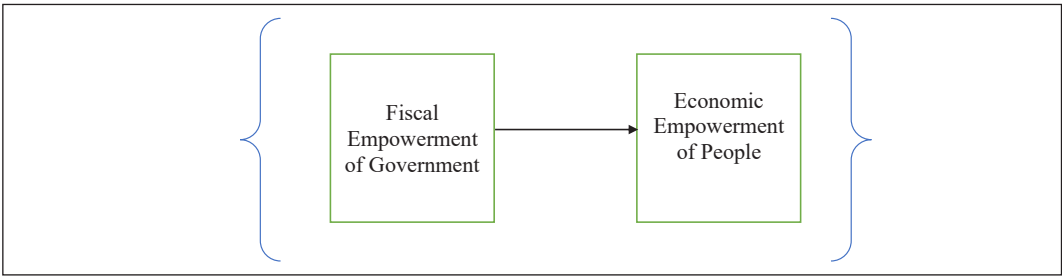
8.2 Conceptual Underpinnings of Fiscal Federalism and Fiduciary Risks

8.2.1 Theoretical Constructs of Fiscal Federalism

At the heart of fiscal federalism lies the socio-economic empowerment of people through the fiscal empowerment of their government (Bahal & Bird, 2018). In the context of Nepal, fiscal federalism entails strengthening fiscal capacity of the

national, provincial, and local governments to deliver equitable socio-economic prosperity for the people. When governments are fiscally empowered, they possess sustainable levels of fiscal resources and reliable institutional capacity, resulting in tangible benefits for citizens through investments in citizen welfare and national development. Fiscal federalism is a means to achieve a sustainable and equitable level of prosperity for citizens. To achieve this goal, there must be sufficient fiscal space at all levels of government and the institutional capacity to deliver prosperity. The broad approaches to enlarging fiscal space include expenditure rationalization and revenue generation through taxes and other sources of income (Heller, 2005). Good fiscal governance serves as the engine that aids in both enlarging fiscal space and delivering results effectively. Delivering economic prosperity to people inclusively and equitably, while ensuring value for money through good fiscal governance, is the bedrock of fiscal federalism.

Figure 8.1: Essence of Fiscal Federalism



Source: Constructed by the author

From a pragmatic perspective, fiscal federalism refers to the distribution of spending, taxing, and borrowing power and responsibilities among different levels of government (Schiavo-Campo & Sundaram, 2007). In practice, there is an asymmetric distribution of these powers among national and sub-national governments. Devolving spending power is often easier than devolving taxing and borrowing power due to practical and technical reasons (Eyraud & Lusinyan, 2011).

The administration of broad-based taxes by different levels of government may hinder cost-effectiveness due to the increased costs hindering economies of scale. The degree and structure of expenditure assignment, revenue arrangement, and borrowing power may vary from country to country and are shaped by the prevailing political context (Ter-Minassian, 1997). However, generally, many countries around the world have stronger spending decentralization than revenue decentralization

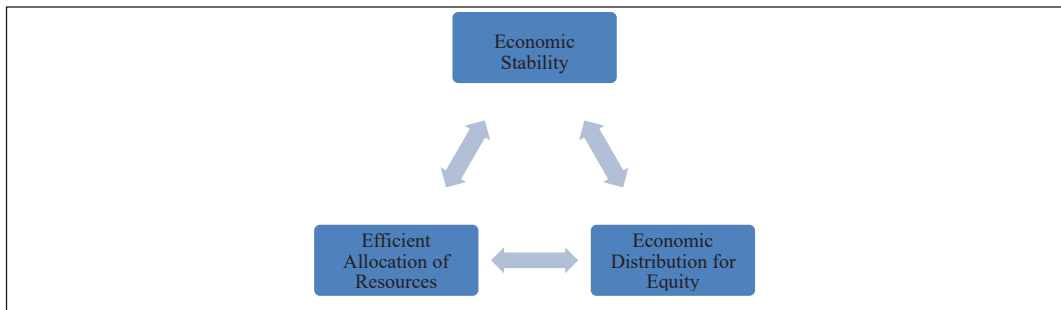
(Ter-Minassian, 1997). Some taxing power is typically retained by the central government, and these resources are shared with sub-national governments.

The literature on fiscal federalism has extensively discussed the first-generation and second-generation theories. The first-generation theory of fiscal federalism emphasizes the principle of subsidiarity, which advocates that taxing, spending, and regulating functions of public finance should primarily be carried out by the lowest level of government unless there are compelling reasons for intervention by higher levels of government (Musgrave, 1959; Oates, 2004; Tiebout, 1956). This approach posits that lower-level governments, being closer to the people, have a better understanding of their preferences, leading to allocative and productive efficiency. It asserts that governments act in the best interests of citizens and allocate public funds efficiently and effectively. Proponents of this theory believe in the benevolent role of government in maximizing economic efficiency. However, critics have criticized the assumption of benevolent political and administrative actors. The second generation, as advocated by Weingast (1995), views the structure and functions of public governance from a political-economic perspective. It challenges the assumption of the government's benevolent role and suggests that without proper accountability measures and institutions, political and bureaucratic actors may mismanage and misallocate public funds. They may prioritize their interests, neglecting the preferences of citizens.

The literature on fiscal federalism has extensively discussed the four pillars of fiscal federalism: expenditure assignment, revenue assignment, intergovernmental fiscal transfers, and borrowing management (Bahl, 2008). These studies have proposed roles and responsibilities for these functions among different levels of government. The primary task in designing the intergovernmental fiscal architecture is to clarify the roles and responsibilities of each level of government in terms of what they will do and who will pay for what. Granting taxing power without clarifying expenditure responsibilities is akin to putting the cart before the horse (Bird & Vaillancourt, 2006). There is no one-size-fits-all approach to distributing expenditure responsibilities among governments. It requires a broader consensus on the economic roles of government. Musgrave (1959) suggested three economic roles of government: allocation of scarce resources for providing public goods and services to correct market failures, redistribution of income to achieve equitable distribution of social outcomes among households, and economic stability to attain high levels of employment with reasonable price stability. Given the national scope, distribution and stability functions are generally suited for the national level, whereas allocation

functions are carried out by all levels of government. In a mixed economy, the private sector and community sector also play important roles. Many economists advocate for the role of government in providing public goods where markets are inefficient due to free-rider problems.¹

Figure 8.2: Economic Roles of Government



Source: Musgrave (1959)

The second pillar of fiscal federalism is revenue assignment, which involves distributing taxation powers and revenue sources among different levels of government. This pillar determines the authority to decide on tax bases, set tax rates, retain tax proceeds, and allocate tax revenues. According to Musgrave (1959), taxes related to economic stability, such as customs duties, are typically suited for the national government, while taxes related to income distribution, such as progressive income taxes, are more suitable at the national level as well. Taxes that are regional and have no externalities, such as property taxes and small business taxes, are assigned to the local level. The tax system may vary from country to country, and there are no specific theories regarding the taxing power of intermediate-level governments, such as provinces in Nepal. However, in Nepal, own-source revenue accounts for only a small percentage of total revenue at the subnational level. Provinces spent only eight percent of their own sources in the FY 2022/23. There is considerable dispersion of vertical fiscal gaps - defined as the gap between own spending (total spending minus transfers paid) and own revenue (total revenue minus transfer received) – among local governments, ranging from 60 percent for

1. The free-rider problem occurs when an individual can benefit from public goods and services without paying for them. The free-rider problem is associated with public goods, which have two distinct features: non-excludability and non-rivalry. Non-excludable means it is almost impossible to prevent non-payers from consuming the goods. Non-rival means one person's consumption of a good does not reduce its availability for others. Examples include national defense, streetlights, and clean air. This situation creates a market failure.

metropolitan cities to 99 percent for rural municipalities for FY 2022/23 (World Bank, 2024).

8.2.2 Conceptual Outlines of Fiduciary Risks

The term 'risk' originates from the Italian word 'risicare', meaning 'to dare' (Pickett, 2010). In this context, risk represents a conscious choice rather than an inevitable outcome. Griffiths (2005) defines risk as the likelihood that an event or action may impact an organization's ability to achieve its goals and execute its strategy effectively. The Ministry of Federal Affairs and Local Development (2012) characterizes risks as unforeseen events that could lead to adverse and unexpected consequences. The MoFAGA (2021) has defined fiduciary risks as the potential for misusing, mismanaging, or inefficiently using public funds due to capacity weaknesses, non-compliance with legal processes, or corruption in local government.

The concept of fiduciary risks in public finance is grounded in the fundamental principle of public governance, which stipulates that funds cannot be mobilized from citizens or spent without explicit approval from their elected representatives (Schiavo-Campo, 2007a).

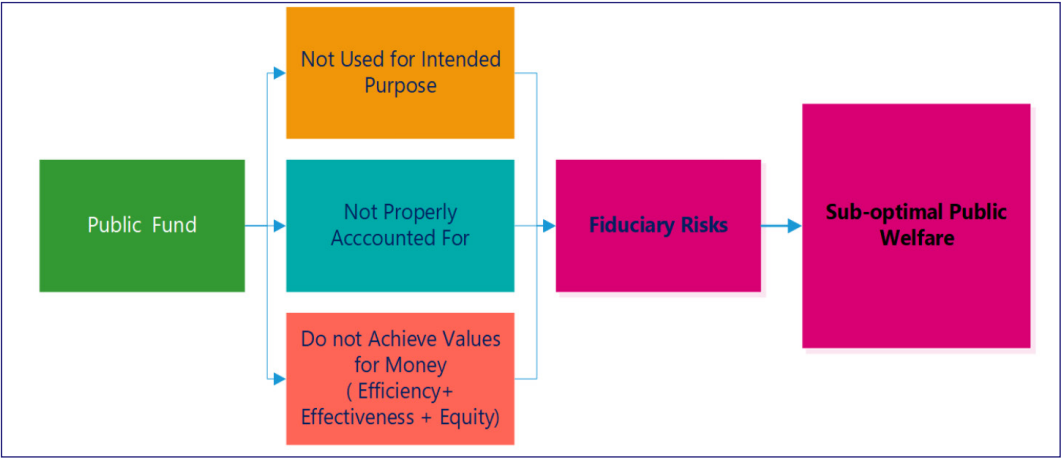
Fiduciary risks are attributed to various factors, including capacity limitations, corruption practices, and weak accountability within the public finance system. This definition underscores that fiduciary risks stem from corruption, capacity challenges, and other deficiencies in the public governance framework. Fiduciary risks result in inefficient and ineffective management of public funds, which ultimately leads to suboptimal welfare gains for the citizens (Khanal, 2017).

The World Bank warns that disregarding fiduciary risks may result in new crises that could reverse previously achieved gains and jeopardize reform efforts (The World Bank, 2024). According to the World Bank (2003), fiduciary risks arise from discrepancies between actual expenditures and authorized budgets. The UK's Department for International Development (2008) defines fiduciary risks as the risks associated with funds not being used for their intended purpose, failing to achieve value for money, or being inadequately accounted for. Given that local government has a weak institutional capacity to manage spending and taxation, fiduciary risks are perceived as potential threats to local finance in Nepal.

When public funds are not used for their intended purpose, are not properly accounted for, and fail to achieve value for money, fiduciary risks will emerge resulting in suboptimal public welfare. For optimal welfare gains, public funds must be used for their intended purpose, which means acting at the will of citizens.

They must be properly accounted for. There should be transparency and accountability in the use of public funds, so that all transactions are reported to their principal, which is the citizen. Public funds must be used economically, efficiently, and in a fair way to produce benefits for every segment of society, with care given to the most vulnerable (The UK Department for International Development, 2008).

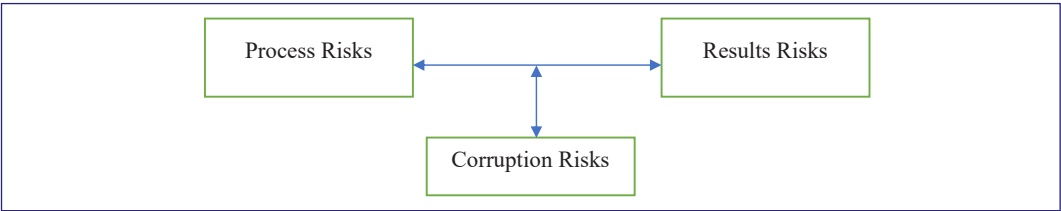
Figure 8.3: Implication of Fiduciary Risks



Source: The UK Department for International Development (2008)

According to the Ministry of Federal Affairs and Local Development (2012), fiduciary risks in local government are classified into process risks, corruption risks, and result risks. Process risks involve non-compliance with legal procedures in public financial management, while corruption risks entail the misuse of funds for personal gain by local officials. Result risks refer to the failure to achieve expected outputs, outcomes, and impacts due to corruption or inadequate capacity. Immediate benefits generated by the use of public funds are termed outcomes, while long-term benefits to target groups are referred to as impacts (Imas & Rist, 2009).

Figure 8.4: Components of Fiduciary Risks



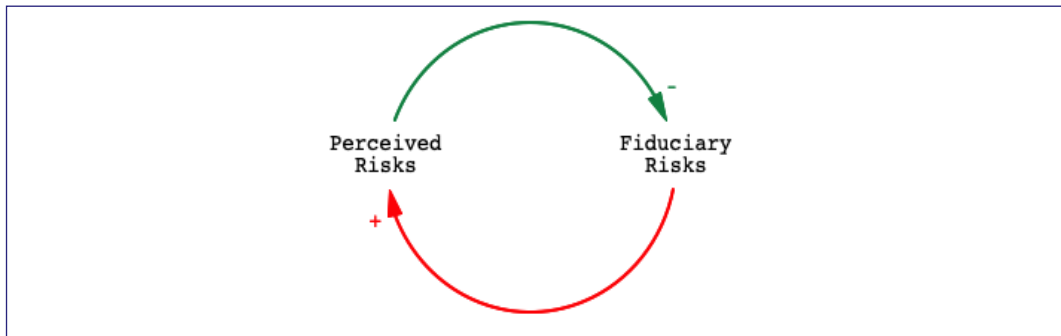
Source: MoFAGA, 2021

Besides these broader components, the fiduciary risks entail the following elements:

- 1) **Misuse of funds:** Spending on unauthorized or unrelated activities. The misuse of funds is a breach of fiduciary duty. When bureaucratic and/or political agents misuse public funds, they are violating the trust placed in them by the public. Misappropriation of funds, embezzlement, and improper use of authority are examples of the misuse of funds. It can range from careless mistakes to a deliberate criminal act.
- 2) **Fraud and corruption (theft, bribery and diversion of funds):** Corruption is the misuse of public power, including the public funds for private gain. Theft, bribery and diversion of public funds are the different forms of corruption. Theft is an unlawful taking of public funds or assets by public officials. It is a direct violation of fiduciary duty by fiduciary agents. Bribery is an act of offering, giving, or receiving something of value to influence a person's actions or decisions. Bribery is a transactional form of corruption and it involves two parties: the briber and the bribee. Diversion of funds is a broader form of misuse where the public fund is redirected from its intended purpose to an unauthorized purpose.
- 3) **Weak internal control:** The Internal control system is a framework of rules, procedures, and mechanisms adopted by local government to ensure proper use of public funds, compliance with laws and regulations, efficient and effective operations, prevention and detection of fraud and errors, and others. A robust internal control system is fundamental to ensure value-for-money.
- 4) **Inadequate capacity:** Fiduciary risks occur due to weak institutional and human resources capacity. Many local governments do not have the trained manpower to handle financial administration and procurement management.
- 5) **Lack of transparency and accountability:** Weak reporting and poor oversight mechanisms may erode transparency and accountability.

The perceived risks among public officials, which relate to the fear of being caught by oversight agencies or facing social stigma if involved in corruption or mismanagement of funds, have an inverse relationship with fiduciary risks. When the perceived risks are high, there tend to be fewer fiduciary risks, whereas low perceived risks elevate the likelihood of fiduciary risks (MoFAGA, 2021). Policy options to address this include increasing the perceived risks by establishing institutions or raising public awareness to encourage questioning. Strengthening downward accountability measures such as social audits, public audits, public hearings, and participatory planning can also boost the perceived risks.

Figure 8.5: Relationship Between Fiduciary Risks and Fiscal Risks



Source: MoFAGA, 2021

8.3 Empirical Studies on Fiscal Federalism and Governance

The literature on fiscal federalism presents mixed results regarding the relationship between fiscal federalism and governance. This relationship is largely determined by country-specific cases and the level of democracy. Governance varies by form of government. Treisman (2000b), when utilizing Transparency International's Corruption Perception Index (CPI) as the primary dependent variable in regression analyses, discovered that federal states exhibit higher levels of corruption compared to unitary ones. In a subsequent investigation, Treisman (2000a) determined that countries with a greater number of governmental tiers tend to exhibit higher perceived corruption levels, potentially resulting in poorer delivery of public services.

Oates (1972) asserts that fiscal decentralization leads to productive and allocative efficiency by aligning local citizen preferences and needs with services and by promoting competition among jurisdictions. He argues that fiscal decentralization can help mitigate externalities by allowing governments to internalize the costs and benefits of their decisions and services at minimum cost, which will result in productive efficiency. Local governments, being the proximate governing body to the people, can efficiently deliver goods and services right at their doorstep. According to Tiebout (1956), fiscal decentralization is believed to result in efficiency as individuals select their place of residence based on the quality of services provided by local governments. Local governments engage in competition to attract residents by delivering efficient goods and services. People tend to move to areas with effective governance and services, motivating local governments to uphold efficiency to retain current residents and draw in new ones. This competitive

dynamic among local governments incentivizes them to enhance their services and policies to retain and attract residents

Using a difference-in-differences method (DiD), Asthana (2012) argues that decentralization from higher to lower levels of government initially leads to a significant increase in corruption. However, over time, this corruption tends to decrease, although it persists in the medium term. This finding holds significance for Nepal, which embarked on the path to federalism in 2015, restructuring local governments substantially. Asthana (2012) observed that the most prevalent form of corruption was manipulating expenditure bills.

Ko and Jhi (2013) conducted a study on the relationship between decentralization and corruption at the local government level in China. They collected data from 31 provinces spanning from 1998 to 2008 and empirically tested whether fiscal decentralization exacerbates corruption in China. Their findings revealed that fiscal decentralization in local governments with robust law enforcement deters corruption, whereas a weaker relationship was observed when law enforcement was lacking. Fiscal decentralization in provinces with weak law enforcement was associated with higher instances of corruption, whereas in provinces with stronger law enforcement, corruption was reduced.

Asthana (2008) examined the relationship between fiscal decentralization and corruption in the drinking water sector of Madhya Pradesh, India. The study revealed that corruption levels were higher in water supply operations managed by local governments compared to those run by regional agencies. This disparity was attributed to the relatively robust monitoring and checks-and-balances systems in regional governance structures, which were less prevalent at the local level. The study suggested that capacity building, institutional development, and enhanced oversight from higher levels of government are necessary to address corruption at the local level. Asthana (2008) emphasized that fiscal decentralization should be accompanied by strong transparency measures to effectively combat corruption.

Sow & Razafimahefa (2015), under the International Monetary Fund (IMF), researched the relationship between fiscal decentralization and the efficiency of service delivery. The study highlights the benefits of revenue decentralization compared to expenditure decentralization in enhancing efficiency in service delivery. According to the findings, fiscal decentralization can be an effective policy tool to improve performance in service delivery, provided there is effective autonomy of local governments, strong accountability systems, good governance,

and robust capacity at the local level. The research suggests that while expenditure decentralization tends to enhance service delivery performance in advanced economies, its impact is mixed in developing and emerging economies. However, revenue decentralization has a consistently positive impact on service delivery across all types of economies. The policy implications of this finding in Nepal suggest that the Government should assist local governments in enhancing their revenue capacity by supporting them in preparing revenue improvement plans and implementing them.

Arikan (2004) utilized a cross-country dataset on the Corruption Perception Index by Transparency International to model the relationship between corruption and decentralization using ordinary least squares methods. His findings suggest benefits of fiscal decentralization extend beyond the traditional arguments of allocative efficiency, such as better alignment between spending and consumer preferences proposed by Tiebout (1956). Instead, he asserts that there are advantages in the reduction of corruption, as bureaucrats in fiscally decentralized economies are less likely to engage in corrupt practices. This implies that decentralization of the economy is crucial through investment in local economic development for better local fiscal governance. The lesson for Nepal is that it should focus on building the local economy by fostering business development, creating jobs, and encouraging entrepreneurship.

Altunbas and Thornton (2012) conducted a study using a dataset comprising 64 developed and developing countries. They found that countries with a larger share of fiscal and expenditure decentralization were associated with lower levels of corruption. Fiscal decentralization was found to have a beneficial impact on improving governance. However, they cautioned that sub-national government autonomy appeared to diminish the benefits of fiscal decentralization to governance, suggesting that fiscal decentralization should be accompanied by central government monitoring, facilitation, and technical support. Allowing local governments unrestricted freedom may negatively impact the effectiveness of fiscal decentralization in improving governance.

Ivanyna and Shah (2011) conducted a comprehensive econometric analysis using a sample of 158 countries. Their research revealed a significant but comparatively lower positive impact of decentralization, specifically through empowering local governments, to control corruption. They suggest that downward accountability of local politicians is crucial for enhancing governance quality at the local level. Among the various dimensions of decentralization, they emphasize the political

aspect, focusing on elected local governments and citizen participation, as vital for good governance. Corruption, as defined by the authors, encompasses the abuse of public office for private gain or the misuse of official power against public interests.

Smoke and Fedelino (2013) identified a positive association between fiscal decentralization and public financial management reforms. They highlighted the potential benefits of better coordination between these reform initiatives for overall public sector performance and local fiscal discipline. Strengthening public financial management, they suggested, is crucial for effective local service delivery and ensuring downward accountability of local governments to their constituents. Guo (2008), in his examination of fiscal behavior in China, found that fiscal decentralization initiatives were primarily driven by political motives aimed at purchasing political stability. However, he also observed that the institutional structure of the local fiscal system was not conducive to sustainable fiscal behaviors.

Bird and Smart (2002) discussed the flypaper effect of transfers at the local level. They argued that individuals tend to be more cautious with their money, whereas local governments may become less vigilant in spending grants. This phenomenon occurs because local citizens may not exert pressure on local politicians for the effectiveness of grants, leading politicians to perceive the grant as a 'free lunch'. Sato (2007) noted that grants can distort local public choice, undermine the disciplinary functions of local autonomy and result in overexpansion of local spending. The flypaper effect occurs when a grant-recipient local government increases public spending more than the increase in local own-source revenue, often due to voter ignorance about the value of such resources for their well-being (King, 2016).

Khanal (2017) investigated the implications of performance systems and fiscal decentralization. In concurrence with general claims, his findings validate that the Minimum Conditions and Performance Measurement (MCPM) system, to some extent, contributes to reducing the level of municipal fiduciary risks. He indicates that the performance-based funding system is a good mechanism to improve the quality of local governance in municipalities. However, his study also shows that not all functional areas of the performance measurement system contribute equally to making such an impact. Among the performance measures analyzed, only the planning and programme management cluster was a significant predictor of fiduciary risks. Programme management focuses on implementation management. He suggests that having strong programme management and implementation capacity is one of the central elements that could contribute to reducing fiduciary risks.

Bhatta (2011) conducted a study on fiscal decentralization and fiduciary risks in local governance, identifying various fiduciary issues such as poor public financial management systems, weak central oversight, and low levels of downward accountability. This research suggests that the nature and severity of fiduciary risks need to be understood within the broader context of the general public's financial management system and the inherent constraints in local governance. In 2011, the Ministry of Local Development carried out a public expenditure and tracking survey of topping-up grants to local bodies provided by Local Governance and Community Development Programme LGCDP. The study concluded that the perceived risks of being caught committing fraud or corruption were very low at local bodies. However, it is important to note that this study surveyed only a limited sample, including three districts, six Village Development Committees (VDCs), and one municipality (LGCDP, 2011).

The implication of their research suggests that a sound legal system, strong law enforcement, and political will are prerequisites for successful fiscal decentralization. The findings of the studies hold significant implications for Nepal, particularly given the growing concerns about corruption at the local level due to the diminished monitoring role of the MoFAGA, the focal ministry for local government in Nepal. Before the implementation of federalism, the Ministry of Local Development, the predecessor of MoFAGA, wielded substantial influence and provided robust technical support to local governments. However, with the transition to federalism, there has been a noticeable decline in the monitoring and support mechanisms provided by the central government to local governments. This shift has raised concerns about the potential increase in corruption at the local level, as local governments may lack adequate oversight and technical guidance without the strong backing of the central ministry.

In the past, the Ministry of Local Development played a significant role in implementing social accountability measures such as public auditing, public hearings, social auditing, citizen charters, social mobilization, and participatory planning processes. However, these initiatives faced challenges under the Federalist system. Reinforcing these accountability mechanisms is essential to reducing corruption and improving governance at the local level.

Hence, it is implied that Nepal's efforts to tackle corruption at the local level cannot solely rely on technical measures, such as investigations by oversight agencies. Instead, it necessitates strengthening the accountability of local elected officials to

the citizens. The mere presence of elected officials is not sufficient; there must be regular mechanisms in place for holding local politicians accountable to the citizens.

8.4 Political Economy of Fiscal Federalism and Local Government in Nepal

This heading discusses expenditure assignment, revenue assignment practices and intergovernmental fiscal borrowing and transfers, considering contemporary fiscal federalism.

8.4.1 Expenditure Assignment

The Constitution of Nepal established a cooperative federal system, distributing state power and responsibilities at the federal, provincial, and local levels. The Constitution's Schedules 5-9 outline the concurrent and exclusive powers of these levels. Schedule 5 lists 35 areas of federal authority, Schedule 6 mentions 21 subjects under provincial authority, Schedule 7 incorporates 25 concurrent functions of the federal and provincial levels, Schedule 8 lists 22 areas of local-level authority, and Schedule 9 includes 15 powers shared among all three levels of government.

The concurrent powers specified in Schedule 7 must be exercised per the Constitution, federal law, and provincial law. The exclusive powers of the local government listed in Schedule 8 must be exercised in accordance with the Constitution and law made by the Rural or Municipal Assembly. The concurrent powers enumerated in Schedule 9 must be exercised in accordance with the Constitution, federal law, provincial law, and Rural or Municipal Assembly law, as the case may be. The Constitution grants each level the power to make laws within its exclusive areas. However, in the case of concurrent functions, the law passed by the lower-level government should not contradict the provisions of the law passed by the upper level. If a lower-level government passes any law that contradicts an upper-level law, it will be null and void to the extent of such contradiction in the matter of the concurrent function.

To resolve the confusion regarding expenditure functions among the levels of government, the Government unbundled the powers and functions listed in Schedules 5-9 of the Constitution. This report was approved by the Council of Ministers of the Government on February 1, 2017 (Federalism Implementation and Administration Restructuring Coordination Committee, 2017). Consequently, various laws have been enacted by the three levels of government, including the Local Government Operation Act 2017, the Inter-governmental Fiscal Arrangement Act 2017, and the Federal, Provincial, and Local Coordination and Relations Act 2020.

The Government has been updating the first unbundling report since then. However, there are contentious issues between the central and subnational levels of government, with different opinions prevailing when it comes to fiscal matters. There are differences regarding who will have authority over sectors such as education, health and forestry. The political climate in the country is much more favorable to the local government than to the provincial government. Among the sectoral ministries, the Ministry of Health has been more open to devolving authority to subnational governments, while the Ministry of Forest and the Ministry of Education have been criticized for being more conservative in handing over power to subnational governments. Power politics in handing over responsibilities to subnational entities are evident among political parties. Since the Madhesh-based political parties are credited with pressuring for federalism in Nepal, their leaders are perceived to be more pro-federalist compared to leaders of other political parties.

There are some ambiguities in the use of jurisdiction between different levels of government at the policy, institutional and implementation levels. Since the rights listed under the exclusive functions of one level are also included in the concurrent functions of other levels, there is a conflict in the interpretation and use of such rights. Due to this duplication of jurisdiction, there is confusion about which level of government should exercise jurisdiction and how much responsibility should be taken by which level of government. There is a tendency to allocate the budget of government at all levels to plans of the same nature and to implement small plans and programmes within the local levels and the provincial ones (The Asia Foundation, 2019).

8.4.2 Revenue Assignment

The Constitution of Nepal, the Local Governments Operation Act, 2017, and the Intergovernmental Fiscal Arrangement Act, 2017 are the main legal foundations for the management of allocating revenue-raising responsibilities in Federal Nepal. There are exclusive and concurrent taxing powers for different levels of government. Table 1 highlights the allocation of revenue-generating power and authority of the three tiers of government. Most of the broad-based taxes have been reserved for the federal government. Thirty percent of value-added tax and internal excise duties are shared by the sub-national government: 15 percent to local and 15 percent to provinces.

Table 8.1: Tax Assignment of Federation, Province and Local Government in Nepal

Exclusive Tax and Non-Tax Revenues			Concurrent Tax and Non-Tax Revenues of Provinces and Local Governments
Federal	Province	Local	- House and land registration fees - Advertisement tax - Entertainment tax - Vehicles tax - Sales from sand and gravel
- Customs duty - Value Added Tax - Personal income tax - Corporate income tax - Remuneration tax - Visa fee - Passport fees - Excise duty	Tax on agricultural income	- Property tax - Small business tax - Rental tax - Land tax - Tax on scrap materials - Tax on herbal plants - Charges for local services - Small vehicle tax	

Source: *Intergovernmental Fiscal Arrangement Act, 2017*

The Intergovernmental Fiscal Arrangement Act, 2017, has sorted out the issue of concurrent tax between the provinces and the local governments. The following provisions have been made to administer and share the concurrent taxes.

Table 8.2: Management of Concurrent Tax in Nepal

SN	Tax	Responsible Agencies for Tax Legislation	Responsible Agencies for the Collection of Taxes	Share of Local Government (%)	Share of the Provincial Government	Set Rates
1	House and land registration fees	Province	Local	60	40	Province
2	Advertisement tax	Local	Local	60	40	Local
3	Entertainment tax	Province	Local	60	40	Province

SN	Tax	Responsible Agencies for Tax Legislation	Responsible Agencies for the Collection of Taxes	Share of Local Government (%)	Share of the Provincial Government	Set Rates
4	Sales from sand and gravel ²	Province	Local	60	40	Province
5	Vehicle tax	Province	Province	40	60	Province

Source: National Natural Resources and Fiscal Commission, 2019

Despite the revenue potentialities, the fiscal dependency of the sub-national government is still high. The tax scope of the province are limited. Tax on agricultural income and vehicle tax are the main taxes of Provinces. By law, the provinces need to share 40 percent of the resources generated from vehicle tax with the respective local government. Like elsewhere, taxing agricultural income is not feasible on political and practical grounds. Most of the vehicles are registered in Bagmati Province, showing the skewed volume of potentialities. Resource generated from selling sand and gravel is a vital source of income for many local governments in Nepal. The Local Government Operation Act has listed this source of income under the exclusive rights of local government. However, the Government has issued guidelines keeping these resources as the concurrent rights of provinces and local governments, resulting in conflict among the sub-national governments. Some local governments have shared these resources with the Province, while many local governments are reluctant to share. The Government has initiated to enactment of a law to settle this issue.

Nepal has huge responsibilities to maintain its welfare. For this, the country needs concerted and concrete efforts to widen its fiscal space. One option for the purpose is to increase the tax capacity by formulating the right policies, building credible tax institutions and strengthening the technical capacity of revenue administration across all tiers of government. Building tax capacity is a part of state building. In a recent study, the International Monetary Fund (IMF) (2023) finds that even low-income countries can raise the tax-to-GDP ratio by, on average, 6.7 percentage points to reach their full potential provided that they have rights institutions. However, the volume of tax should be increased by enlarging the pie of the GDP,

2. There are debates over whether revenue from the sale of sand and gravel should be shared with the provinces, even though the provincial governments have made laws on the matter. There are no legal provisions regarding the sharing of these sources in either the Intergovernmental Fiscal Arrangement Act or the Local Government Operation Act of 2017.

not by the tax rate. Nepal must adopt policies to mobilize domestic resources by enlarging the size of the economic cake for achieving sustainable goals, addressing climate change, and stabilizing the debt-to-GDP ratio as well.

The Constitution of Nepal has adopted the market-preserving federalism under which the whole country is considered a single united market. The fiscal behavior of a jurisdiction should not create negative externalities and fiscal disincentives to market forces. There have been repeated grievances by the private sector that the tax-related decisions of sub-national governments have had negative implications for promoting investment. To tackle this problem, the Government should cooperate with the sub-national governments through an intergovernmental council. The tax system should not crowd out private investment. There is an intense debate between the Ministry of Finance and the Local Governments on the rental tax from the corporate sectors. Rental tax is an exclusive right of local governments. The Ministry of Finance has defined rent collected by the corporate sectors from corporate buildings as a part of income tax. The issues have not been settled yet.

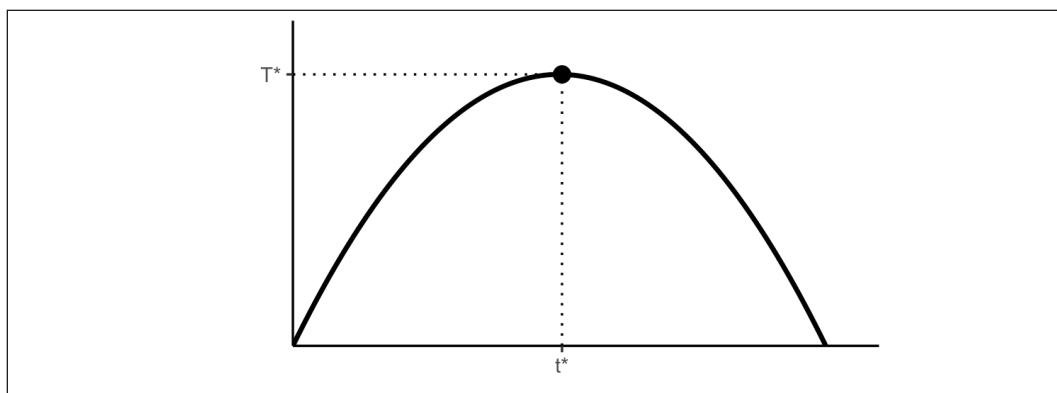
Property tax levied by local governments has been subject to criticism on equity grounds. Wealth-rich but income-poor property owners have raised complaints against the local governments on the property tax rate and its valuation. In core city areas, the value of property is higher than in the outer city. Building owners complain that the value of a building does not mean that it will produce higher income. There are conflicting provisions in the Local Government Operation Act, 2017 and Intergovernmental Fiscal Arrangement Act, 2017. The former is coordinated by the MoFAGA, the focal point of local governments in Nepal, and the latter is guided by the Ministry of Finance. There are different official stances on local taxation between these Ministries. The MoFAGA advocates for local finance whereas the Ministry of Finance is more concerned with broad-based taxation. Nepal heavily relies on easy consumption-based taxes such as value-added taxes. The share of income tax on total tax revenue is much less than the share of consumption-based tax. Given Nepal's high dependence on remittances, prolonged addiction to consumption-based tax may invite fiscal risks in the future.

There is empirical evidence that relying on own-source revenue is good for improving local governance and obtaining sustainable finance to meet expenditure needs. Local government in Nepal has limited options to raise own-source revenue solely by increasing the tax rate. One potential option is to broaden the tax base, for which local governments must enhance the economic capacity of local areas to bring many taxpayers into the tax net. Local economic development is essential to

increasing tax revenue. A poor jurisdiction cannot increase tax proceeds. The central government must support building the tax capacity of local government.

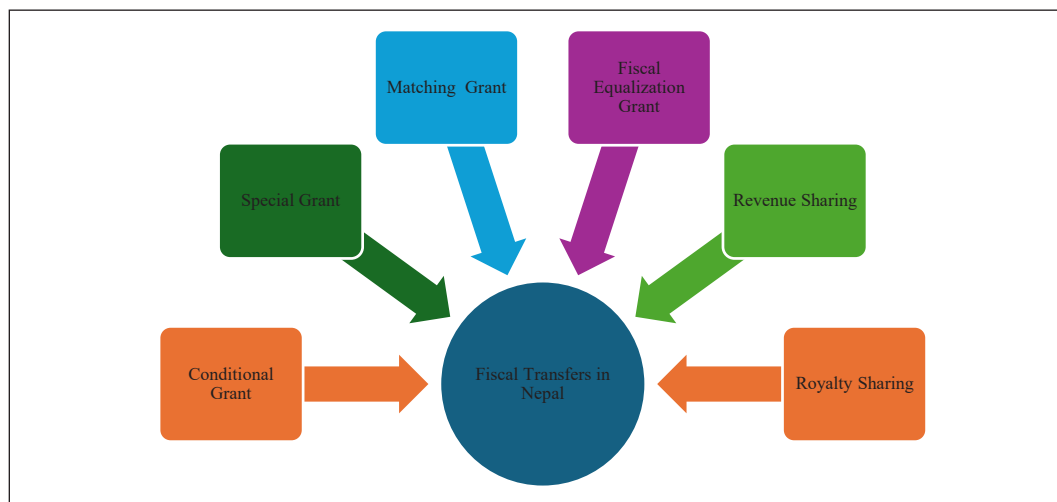
Local governments in Nepal have been focusing on increasing tax rates rather than expanding the tax base. As suggested by economist Arthur Laffer, there is no linear relationship between tax rates and tax revenue. When the government increases a tax, revenue may rise initially, but after a certain point, it starts to decrease as people are encouraged to stop doing business or resort to tax evasion. Local governments should conduct proper tax mapping and bring as many potential taxpayers as possible into the tax net.

Figure 8.6: Laffer Curve



8.4.3 Intergovernmental Fiscal Transfers in Nepal

The Inter-Governmental Fiscal Arrangement Act of 2017 outlines fiscal transfers from the federal to the subnational government and from the province to the respective local government. Provinces and local governments receive fiscal equalization grants, revenue sharing, royalties from natural resources, special grants, matching grants, and conditional grants from the federal government. Provinces also provide fiscal equalization grants, conditional grants, matching grants, special grants, and 40 percent of revenue collected from vehicle taxes to local governments. The amounts of revenue, fiscal equalization grants, and natural resources royalties are distributed based on formulas set by the National Natural Resources and Fiscal Commission (NNRFC). Revenue from Provincial vehicle tax shared with local governments is also based on a formula set by the NNRFC.

Figure 8.7: Fiscal Transfers in Nepal

Source: National Natural Resources and Fiscal Commission, 2019

The NNRFC divides the fiscal equalization grant into three categories: minimum grant, performance-based grant, and formula-based grant. For the FY 2025/26 federal government has allocated 30.83 billion rupees for the fiscal equalization grant. Approximately 4 percent of the fiscal equalization grant is allocated for performance, 34.65 percent for the minimum grant, and 61.35 percent for the formula-based grant. The NNRFC has established 11 performance indicators for Provinces and 17 for local levels. It has devised the following formula to distribute the formula-based fiscal equalization grant to sub-national governments.

Table 8.3: Indicators for Formula-Based Fiscal Equalization Grant from Centre to Local Level and From Province to Local Level for the FY 2025/2026

SN	Indicators	Weightage (%)
1	Human Development Index	10
2	Socio-economic inequality	5
3	Infrastructure development status (access to road-35 percent, Access to electricity-10 percent, Access to ICT-10 percent, Access to drinking water-15 percent, Sanitation (access to toilet facility) 15 percent, Level of urbanization-15 percent)	15

SN	Indicators	Weightage (%)
4	Expenditure needs and revenue-generating capacity	70
Total		100

Source: National Natural Resources and Fiscal Commission, 2025

As per the Intergovernmental Fiscal Arrangement Act of 2017, fifteen percent of the value-added tax and internal excise levied by the federal government should be distributed to the provinces, and 15 percent to the local levels, according to the formula determined by the NNRFC. This law includes a provision for sharing royalties from natural resources: 50 percent for the central government, 25 percent to related provinces, and 25 percent for related local levels in royalties of natural resources raised from mountaineering, electricity, forestry, mining and minerals, water, and other natural resources. According to this provision, the federal Ministry of Finance distributes this amount to the respective provinces and local levels per the formula determined by the NNRFC. Federal government transfers royalty only after it has been collected, unlike the revenue sharing from VAT and internal excise duty. Since the royalty is distributed mostly on a derivation basis, not all local governments receive these resources. Some local governments have raised questions on the modalities of royalty sharing.

Table 8.4: Mandated Formula for Transfer of Revenue from Federal to Subnational Governments

SN	Source	Federal (%)	Province (%)	Local Level
Taxes				
1	Value-added taxes	70	15	15
2	Internal excise duty	70	15	15
Royalty from Natural resources				
1	Mountaineering	50	25	25
2	Electricity	50	25	25
3	Forest	50	25	25
4	Mines and minerals	50	25	25
5	Water and other natural resources	50	25	25

Source: Intergovernmental Fiscal Arrangement Act, 2017

The government provides an estimated share of revenue to sub-national governments. The sub-national governments make their annual plans with these ceilings. If the Government is unable to raise expected revenue, it will hamper the budget of sub-national governments. There is a tendency to spend revenue sharing on current expenditures at the local level which also receive revenue sharing from Provincial governments. The province allocates 40 percent of the amount raised from vehicle taxes to local levels as recommended by the NNRFC. For the FY 2025/26, when dividing the amount raised from vehicle taxes among local governments, 55 percent is allocated based on population-related indicators, 25 percent on infrastructure-related indicators, 10 percent on geographical area, and 10 percent on forest coverage.

For the FY 2023/24, the Government allocated a total expenditure of NPR 17.51 billion. Within this allocation, NPR 4.08 billion was earmarked for fiscal transfers to provinces and local levels (Government of Nepal, 2023). In the FY 2022/23, intergovernmental fiscal transfers to provinces and local levels accounted for 33.1 percent of the total federal budget. In the FY 2021/22, intergovernmental fiscal transfers to provinces and local levels accounted for 12.3 percent of the national GDP (Office of the Auditor General, 2022). Financial transfers to provinces and local levels constitute a significant portion of the federal government's budget in Nepal.

Table 8.5: Amount of Fiscal Transfer from the Federal Government to Sub-National Government (NPR, billion and percentage) for FY 2022/23

SN	Grant Heading	Province	Local Levels	Total
1	Fiscal equalization grant	53.75	92.70	146.50
2	Conditional grant	37.76	192.88	230.60
3	Matching grant	4.84	5.29	10.1
4	Special grant	3.31	6.83	10.1
5	Total grant	99.66	297.70	397.30
6	Grant as a percentage of the total federal budget	7.01	20.95	27.96
7	Revenue sharing	64.03	64.03	128.06
8	Total transfers	163.69	361.73	525.46
9	Share of fiscal transfer in the total federal budget	11.52	25.46	36.98

SN	Grant Heading	Province	Local Levels	Total
10	Share of total transfer in national GDP	3.04 %	6.72 %	9.76 %

Source: OAG, 2024

8.4.4 Local Borrowing in Nepal

The federal government, provincial governments, and local levels can mobilize resources through internal debt within the limits set by the NNRF. According to the Intergovernmental Fiscal Arrangement Act (IGFT) of 2017, provinces and local governments are required to obtain consent from the Government before mobilizing resources from public debt. The federal Government and provincial governments can issue bonds and take internal loans under existing laws. The authority to receive foreign grants and loans lies solely with the Government. Macroeconomic stability shall not be affected while mobilizing the public debt.

Provincial and local governments cannot implement any plan or programme or carry out any project using foreign grants or assistance without the prior approval of the federal government. Provision for foreign assistance is mentioned in Section 13 of the Intergovernmental Fiscal Arrangement Act (IGFT), 2017. Section 8(4) of the Public Debt Management Act, 2022, also provides that if provinces or local levels fail to repay loans taken from or guaranteed by the federal Government, the Government may introduce a revenue intercept provision to recover the debt from their revenue-sharing allocation. Provinces and local governments can take internal debt from the Federal government. However, none of the provinces has yet mobilized resources from public debt directly. Since their expenditure capacity is low and each year they have not been able to spend all the budget available to them, they have not focused on mobilizing resources from public debt.

The municipalities in Nepal have been taking project-based internal borrowing from specialized government agencies called the Town Development Fund, mainly for urban infrastructure. Unlike many countries, sub-national borrowing has not led to fiscal distress in public finance in Nepal. Given the prolonged addiction to remittance and limited earnings from exports, the volume of national debt may pose fiscal stress to Nepal. Currently, the total debt as a percentage of GDP has reached 41.57 (Ministry of Finance, 2024). Though this figure is not high in comparison to many other countries, the debt-to-GDP ratio beyond 40 percent is not sustainable due to the structure of our economy and sources of earnings. Public debt always

consumes a substantial amount of debt financing, which likely to hamper our public investment.

8.5 Fiscal Federalism and Fiduciary Risks at Local Government

8.5.1 Local Government Fiduciary Risks Assessment Framework

The federal Government has endorsed a framework for assessing fiduciary risks within local governments. District Coordination Committees (DCCs) are empowered to conduct annual assessments of municipalities and rural municipalities for these risks. The MoFAGA oversees the implementation of this framework and has created an online portal to monitor fiduciary risk at the local level.

The local government fiduciary risks assessment framework has been applied as a monitoring instrument for the DCCs, which have the constitutional duties of overseeing and coordinating local governments in Nepal in their respective district. There are 100 indicators related to process risks, results risks, and corruption risks in the areas of planning, budgeting and programme management; implementation capacity; accounting and reporting; monitoring, evaluation, and auditing; and revenue management. The fiduciary risks assessment framework assesses the level of fiduciary risks at the local level. The Government has developed detailed guidelines for assessing the local fiduciary risk.

Table 8.6: Public Financial Management Dimensions of Local Fiduciary Risks Assessment

SN	Dimensions	Process Risks	Results Risks	Corruption Risks	Total
1	Planning, budgeting and programme management	15	2	4	21
2	Implementation capacity	14	4	11	29
3	Accounting and reporting	10	2	5	17
4	Monitoring, evaluation, and auditing	5	3	8	16
5	Revenue management	9	2	6	17
6	Number of indicators	53	13	34	100

Source: Local Government Fiduciary Risks Assessment Procedure, 2019

8.5.2 The Level of Fiduciary Risks at Local Levels

8.5.2.1 Overall Level of Fiduciary Risks

The MoFAGA has rolled out an online portal for local fiscal risk assessment. Local governments can input relevant data along with supporting documents to substantiate their claims for scores via the portal. These scores are then validated by the teams of DCCs, and the results are automatically displayed on the portal. The analysis provided is based on data published on this online portal. As of April 2024, out of 753 local governments, 639 have entered data validated by their respective DCCs. The average score for fiscal governance across the country is approximately 65 percent. The score ranges from 16 to 99. According to the guidelines approved by the Government, scores on fiscal governance up to 40 are considered high risk, 41-80 are considered medium risk, and above 81 are considered low risk, with a score of 100 percent indicating no risk at all. Since the average score is 65 percent, the average level of fiscal governance at the local level falls within the medium-risk category. This indicates that Nepal's local governments face a moderate level of fiduciary risk. The overall level of local fiduciary risks is 35 percent.

Table 8.7: Average Scores Achieved by Local Government and Fiduciary Governance in Different Dimensions of Local Public Financial Management in the FY 2022/23

SN	PFM Sectors	Average Score (%)
1	Planning, budgeting and programme management	70.27
2	Implementation capacity and management	70.73
3	Accounting and reporting	71.73
4	Monitoring, evaluation, and auditing	52.23
5	Revenue management	59.67
6	Average national scores	64.92

Source: MoFAGA (<https://fra.mofaga.gov.np>)

The average score of local government in planning and budgeting is 70.27 percent, implementation capacity is 70.73 percent, accounting and reporting is 71.73 percent, monitoring, evaluation, and auditing is 52.23 percent, and revenue management is 59.67 percent. This indicates weaknesses in revenue management and monitoring, evaluation, and auditing. The Government should focus on building the revenue

management capabilities of local governments. Weaknesses in monitoring, evaluation, and auditing are symptoms of inadequate fiscal control, transparency, and accountability, which can perpetuate fiscal risks. A low score in revenue management may lead to fiscal dependency.

With scores of 99, Khairahani Municipality in Chitwan and Ilam Municipality in Ilam district are the top performers in fiscal governance, followed by Deumai Municipality with a score of 98.5. Other local governments in the top ten ranking include Marin Rural Municipality in Makwanpur, Kapurkot Rural Municipality in Salyan, Rapti Rural Municipality in Dang, Suryodaya Municipality in Bhaktapur, Bhagbatimai Rural Municipality in Dailekh, Ruru Rural Municipality in Gulmi, and Melamchi Municipality in the district of Sindhupalchok.

Table 8.8: High Performers in Fiduciary Good Governance

SN	Local Government	Full Score (100)	Planning and Budgeting (21)	Implementation Capacity (29)	Accounting and Reporting (17)	Monitoring, Evaluations and Auditing (16)	Revenue Management (17)
1	Khairahani Municipality	99	21	29	17	15	17
2	Ilam Municipality	99	21	29	17	16	16
3	Deumai Municipality	98.5	21	29	17	16	15.5
4	Marin Rural Municipality	97.5	21	28	16	16	16.5
5	Kapurkot Rural Municipality	97	21	27.5	17	16	15.5
6	Ruru Rural Municipality	95.5	21	27.5	17	15	15
7	Suryodaya Municipality	95.5	20	29	17	15	15.5
8	Bhagawatimai Rural Municipality	95	21	28	17	14	15
9	Rapti Rural Municipality	95	21	27	17	15	15

SN	Local Government	Full Score (100)	Planning and Budgeting (21)	Implementation Capacity (29)	Accounting and Reporting (17)	Monitoring, Evaluations and Auditing (16)	Revenue Management (17)
10	Melamchi Rural Municipality	94.5	21	27.5	16	15	15

Source: MoFAGA (<https://fra.mofaga.gov.np>)

Baudhimai Municipality in Rautahat has the lowest score of 16 out of 100, indicating an alarming level of fiduciary risks at 84 percent. Rubi Valley Rural Municipality in Dhading and Simrangad Municipality in Bara have 17 score. The other local governments in the bottom ten are Dudhpokhari Rural Municipality in Lamjung, Fatuwa Bijayapur Municipality in Rautahat, Badikedar Municipality in Doti, Feta Rural Municipality in Bara, Paroha Municipality in Rautahat, Subarna Rural Municipality in Bara, and Chhapkot Municipality in Sindhupalchowk.

Table 8.9: Local Governments Performing Low in Fiduciary Governance

SN	Local Government	Full Score (100)	Planning and Budgeting (21)	Implementation Capacity (29)	Accounting and Reporting (17)	Monitoring, Evaluations and Auditing (16)	Revenue Management (17)
1	Baudhimai Municipality	16	6.5	3	5	0.5	1
2	Rubi Valley Rural Municipality	17	7	6	2	1	1
3	Simrangad Municipality	17	1	5	4	0	7
4	Dudhpokharai Rural Municipality	17.5	3.5	7	3	1.5	2.5
5	Fatuwa Bijayapur Municipality	17.5	5.5	5	4	3	0

SN	Local Government	Full Score (100)	Planning and Budgeting (21)	Implementation Capacity (29)	Accounting and Reporting (17)	Monitoring, Evaluations and Auditing (16)	Revenue Management (17)
6	Badikedar Rural Municipality	18.5	4	4	6	1.5	3
7	Feta Rural Municipality	19.5	6	5	5	2	1.5
8	Paroha Rural Municipality	20.5	4.5	7	5	1.5	2.5
9	Suberna Rural Municipality	21.5	9	7	2	1	2.5
10	Chapakot Municipality	24	4.5	11.5	1	3	4

Source: MoFAGA (<https://fra.mofaga.gov.np>)

8.5.2.2 Level of Fiduciary Risks in Koshi Province

In Koshi Province, there are 137 local governments, out of which 99 have submitted their achievements in the fiduciary risk assessment portal. The average fiduciary governance score achieved by local governments in Koshi Province is approximately 64 percent and individual local government scores range from 25 to 99 percent. Ilam Municipality is the top performer, while Bhotekhola Rural Municipality in Sankhuwasabha district is the lowest, with just 25.5 percent of scores. Sadananda Municipality in Bhojpur is the second lowest performer with a score of 31.5 percent. In terms of Public Financial Management (PFM) dimensions, local governments in Koshi Province are weak in monitoring, evaluation and auditing, with an average score of 49.27 percent. They also exhibit weaknesses in revenue management, with a score of 57.22 percent. They demonstrate moderate strength in implementation capacity, with a score of 68.62 percent and, are relatively better in planning and budgeting, as well as accounting and reporting. Overall, it appears that local governments in Koshi Pradesh excel in process management but struggle with fiscal transparency and revenue management. Efforts to enhance monitoring, evaluation, auditing, and revenue management practices could lead to improved fiscal governance outcomes in the region.

Table 8.10: Average Scores of Local Governments of Koshi Province on Fiduciary Governance by Five Dimensions of Local Public Financial Management in the FY 2022/23

SN	PFM Sectors	Average Score (%)
1	Planning, budgeting and programme management	70.78
2	Implementation capacity and management	68.62
3	Accounting and reporting	71.95
4	Monitoring, evaluation and auditing	49.27
5	Revenue management	57.22
6	Average Scores	63.57

Source: MoFAGA (<https://fra.mofaga.gov.np>)

8.5.2.3 Level of Fiduciary Risks in Madhesh Province

Seventy-six out of the 136 local governments in Madhesh Province have reported their achievements on the portal. The average score is approximately 51 percent, ranging from 16 to 91.5 percent. Arnama Rural Municipality in Siraha is the top performer with an average score of 91.5, followed by Mirchaiya Municipality in Siraha with a score of 86. However, Bodhimai Municipality in Rautahat and Simrangad in Bara are the lowest performers, scoring 16 and 17, respectively. In the five dimensions of local public financial management (PFM), Madhesh's local governments exhibit weaknesses in monitoring, evaluation, and auditing, with a score of just 32.81 percent. They are weak in revenue management, scoring only 48.76 percent. They have moderate performance in the remaining three dimensions. The level of local fiduciary risks in Madhesh is recorded at approximately 49 percent, the highest in Nepal. The Government should focus on building the PFM capacity of local governments with strong oversight from the center to mitigate the fiduciary risks in this province.

Table 8.11: Average Scores of Fiduciary Governance of Madhesh Province on PFM in the FY 2022/23

SN	PFM Sectors	Average Score (%)
1	Planning, budgeting and programme management	59.65
2	Implementation capacity and management	58.33
3	Accounting and reporting	57.82

SN	PFM Sectors	Average Score (%)
4	Monitoring, evaluation, and auditing	32.81
5	Revenue management	48.76
6	Average Scores	51.47

Source: MoFAGA (<https://fra.mofaga.gov.np>)

8.5.2.4 Level of Fiduciary Risks in Bagmati Province

Bagmati Province comprises 119 local governments, out of which 117 have reported their scores on fiscal governance. The average score for the FY 2022/23 was around 71 percent, ranging from a low score of 17 percent for Rubi Valley Municipality to a high of 99.5 percent for Khairahani Municipality. The local governments in Bagmati Province demonstrate a stronger position in Planning, Budgeting, and Implementation Management, with scores of 77.64. However, they exhibit relative weaknesses in Monitoring, Evaluation, and Auditing with a mere score of 56.17 percent. The average level of local fiduciary risk in this Province is approximately 29 percent.

Table 8.12: Scores of Fiduciary Governance of Bagmati Province in PFM in FY 2022/23

SN	PFM Sectors	Average Score (%)
1	Planning, budgeting and programme management	77.64
2	Implementation capacity and management	74.87
3	Accounting and reporting	75.87
4	Monitoring, evaluation, and auditing	56.17
5	Revenue management	70.14
6	Average scores	70.94

Source: MoFAGA (<https://fra.mofaga.gov.np>)

8.5.2.5 Level of Fiduciary Risks in Local Government of Gandaki Province

In Gandaki Province, there are 85 local governments, out of which 78 have entered data into the online portal for fiduciary risk assessment. The average score for the FY 2022/23 was 66 percent, ranging from a minimum of 17.50 to a maximum of 90.50 percent. Madhyabindu Municipality emerged as the top performer, while Dudhpokharari Rural Municipality received the lowest score of 17.75. Local governments in Gandaki Province performed well in accounting and reporting,

with an average score of 73.30 percent. They were also modest performers in Monitoring, Evaluation, and Auditing, with an average score of 53.93 percent. The level of local government fiduciary risk in this Province is approximately 34 percent.

Table 8.13: Scores of Fiduciary Governance of Gandaki Province in PFM

SN	PFM Sectors	Average Score (%)
1	Planning, budgeting and programme management	71.83
2	Implementation capacity and management	69.65
3	Accounting and reporting	73.30
4	Monitoring, evaluation, and auditing	53.93
5	Revenue management	61.27
6	Average score	66

Source: MoFAGA (<https://fra.mofaga.gov.np>)

8.5.2.6 Level of Fiduciary Risks in Local Government of Lumbini Province

In Lumbini Province, local governments achieved an average score of around 71 percent, ranging from a minimum of 40.50 to a maximum of 95.50. Out of 109 local governments, 104 provided the data. They performed well in accounting and reporting, with scores averaging 78.73 percent. However, they showed weaknesses in monitoring, evaluation, and auditing, where they scored an average of 58.77 percent. They demonstrated moderate performance in revenue management, with scores averaging 66.60 percent. The level of fiduciary risks in Lumbini Province is moderate, with scores of about 29 percent. Ruru in Gulmi is the top performer and Samarmai rural municipality is the weakest one.

Table 8.14: Scores of Fiduciary Governance of Lumbini Province in PFM in FY 2022/23

SN	PFM Sectors	Average Score (%)
1	Planning, budgeting and programme management	71.15
2	Implementation capacity and management	75.63
3	Accounting and reporting	78.73

SN	PFM Sectors	Average Score (%)
4	Monitoring, evaluation, and auditing	58.77
5	Revenue management	66.60
6	Average scores	70.18

Source: MoFAGA (<https://fra.mofaga.gov.np>)

8.5.2.7 Level of Fiduciary Risks in Local Government of Karnali Province

There are 79 local governments in Karnali Province, out of which 78 furnished data for fiduciary assessment. The average score for local governments for the FY 2022/23 was 73 percent. Scores ranged from 35.50 to 97. Local governments in Karnali Province performed well on indicators related to implementation capacity and management but showed weakness in revenue management. Kapurkot Rural Municipality in Salyan was the top performer with scores of 97, while Chaukune in West Surkhet was the lowest performer, achieving just 35.50 percent on average. The level of fiduciary risk in this Province is 27 percent. Local governments in this Province have moderate performance in monitoring, evaluation and auditing and revenue management.

Table 8.15: Scores of Fiduciary Governance of Karnali Province in PFM in FY 2022/23

SN	PFM Sectors	Average Score (%)
1	Planning, budgeting and programme management	77.08
2	Implementation capacity and management	80.86
3	Accounting and reporting	78.96
4	Monitoring, evaluation, and auditing	64.42
5	Revenue management	63.76
6	Average scores	73.02

Source: MoFAGA (<https://fra.mofaga.gov.np>)

8.5.2.8 Level of Fiduciary Risks in Local Government of Sudurpaschim Province

In Sudurpaschim Province, there are 89 local governments, and 88 of them participated in the assessment. The average score was around 59 percent, with scores ranging from 18.50 to 90. Suklaphata Municipality in Kanchanpur emerged as the top performer, while Badikedar Rural Municipality was the weakest. Local

governments in this province performed well in the area of implementation capacity and management but showed weakness in revenue management.

Table 8.16: Scores of Fiduciary Governance of Sudurpaschim Province in PFM in FY 2022/23

SN	PFM Sectors	Average Score (%)
1	Planning, budgeting and programme management	63.79
2	Implementation capacity and management	67.12
3	Accounting and reporting	65.31
4	Monitoring, evaluation and auditing	50.22
5	Revenue management	49.93
6	Average scores	59.27

8.6 Some Fiduciary Risks observed by the Office of the Auditor General at the Local Level

The Auditor General's audit report for the transactions of the FY 2022/23 shows that the amount of irregularities in the 748 local governments that it audited accounts for 2.71 percent of their transactions. The total amount of irregularities was Rs 31,010 million. With this, the cumulative number of irregularities of local governments has reached Rs 193,458.30 million.

According to the OAG Report, 2024, only 307 out of 753 local governments have carried out internal auditing as mandated by Article 77 of the Local Government Operation Act, 2017. This is a serious fiduciary concern. The report mentions that capital expenditure accounts for 29.95 percent of the total expenditure of local governments for the FY 2022/23. This violates the provision of Article 21 of the Intergovernmental Fiscal Arrangement Act, 2017, which states that current expenditure must be met by own-source revenues and revenue sharing. The motive is to mobilize other forms of fiscal equalization grants for capital expenditure that generate growth. The auditor has also pointed out that NPR 7.44 billion of unallocated funds remained with 291 local governments for the FY 2022/23.

The Local Government Operation Act, 2074, has not made clear provisions about tax exemptions. The OAG report, 2024, noted that 11 local governments have made decisions through their executive bodies to grant tax exemptions amounting to NPR

5,278,000 in contract agreements, which is against the letter and spirit of the Local Government Operation Act, 2074.

Table 8.17: Share of Amount of Irregularities in Total Expenditure in Local Government

SN	Province	Audited Local Government	Share of the Amount of Irregularities in Total Expenditure (%)
1	Koshi	136	2.54
2	Madhesh	132	4.96
3	Bagmati	119	1.64
4	Gandaki	85	1.98
5	Lumbini	109	2.47
6	Karnali	77	3.67
7	Sudurpaschim	88	2.04
8	Total	746	2.71 %
9	Metropolitan cities	6	2.63
10	Sub-Metropolitan cities	11	3.18
11	Municipalities	273	2.72
12	Rural municipalities	456	2.67
Total		746	2.71

Source: OAG, 2024

8.7 Summary of Expert Opinions Based on Observations

8.7.1 Observations of Respondents on Local Fiduciary Risks

Fiscal federalism has been institutionalized in Nepal, with the National Natural Resources and Fiscal Commission (NNRFC) functioning, although its institutional capacity remains weak. Respondents reported that there is overlap and duplication in the functions of the three tiers of government. They also reported that local governments need to improve their expenditure capacity. Metropolitan cities have the potential to mobilize resources from local borrowing for capital expenditures. Heavy reliance on fiscal transfers undermines the accountability of local elected officials to local citizens. There is always the possibility of spending grant money haphazardly. Local people question the use of their own source revenue. Respondents

suggested that one option to reduce fiduciary risks is to decrease reliance on fiscal transfers and enlarge the local fiscal space through their own source revenue.

The respondents observed that local governments are more visible and effective than the Provincial ones. To improve governance, the respondents suggest empowering Ward Offices by building their institutional capacity, as the general public tends to judge the government based on the functioning of the ward office. This is because people can more easily monitor the activities of the ward. The more power given to the ward office, the more of a watchdog role people can play. Local governance has been functioning better in the federal system than in the previous unitary system. The effectiveness of local government largely depends on the integrity and capacity of local politicians. The respondents argued that building the capacity of local political officials is important to improve good governance at the local level. Local political officials should be trained in the law and the importance of integrity. If corrupt local officials are punished, other local political officials will not dare to engage in corruption. There should be zero tolerance for corruption. The respondents mentioned that if local political officials maintain their integrity, there is a limited chance that local bureaucrats will engage in corruption. Residents notice that corruption increases when there is a close nexus between bureaucrats and local politicians. Some respondents suggest that when selecting candidates for Mayor, Deputy Mayor, and Ward Chairpersons, there should be an integrity test.

Respondents mentioned that voter education is crucial to reducing fiduciary risks. They also suggested that enforcement of participatory planning, civil consultation for budget preparation, and the implementation of social accountability tools, such as social audits, are necessary. If voters are aware of the rights and responsibilities of local government, as well as the rights and responsibilities of citizens, there is a limited chance of fiduciary risks.

The respondents also observed that user committees - implemented projects are the main sources of fiduciary risk at the local levels. Other risks arise from project-specific conditional grants provided by provincial and federal politicians to their constituencies through local governments, cartels of contractors, the procurement of goods by local officials, and the procurement of consultancy services through quotation and direct procurement. They suggested that there must be a cash contribution rather than a labor contribution in user-implemented projects. They also observed that the management of sand and gravel sales is another source of fiduciary risk. They even pointed out there is some form of policy corruption at local levels, as they tend to change laws in favor of interest groups. They suggested implementing e-bidding

strictly and limiting the consultancy-related activities at the local level. Project banks were also identified as a necessity. Strict enforcement of the medium-term expenditure framework, they observed, could help reduce fiduciary risks.

The main actors for controlling fiduciary risks are the local political officials and local bureaucrats, primarily the Mayors/Chairpersons and Chief Administrative Officers themselves. The respondents argue that if these authorities demonstrate the highest level of integrity, corruption will be significantly reduced.

Other stakeholders are central-level agencies such as the Ministry of Finance, the Financial Comptroller General Office, and the Ministry of Federal Affairs and General Administration. If these institutions support building the system and developing capacity, fiduciary risks at the local level can be reduced. There must be regular technical backstopping from these institutions. Oversight agencies like the Office of the Auditor General and the Commission for the Investigation of Abuse of Authority also have an important role to play. Citizens and civil society groups at the local level have an important role in reducing fiduciary risks. The local government associations, such as the Municipal Association of Nepal and the National Association of Rural Municipalities of Nepal, should advocate and lobby to improve fiduciary governance at the local level.

8.7.2 Summary of Expert Opinions

During the preparation of this paper, experts' opinions were collected through a telephonic survey (list of individuals consulted is provided in Annex 1). Following is the summary of their opinions that include legal and related other reforms as follows.

Reforms/Actions Required	Reasons
Reforming the Good Governance Act 2008	• The Act, being enacted in a unitary context, has not been amended in the federal context to capture the entire spectrum of fiscal roles and rules.
	• It does not recognize several new institutions related to public financial management created after federalism.
	• It requires incorporating mitigation measures to control fiduciary risks as well.

Reforms/Actions Required	Reasons
Reforming the Public Procurement Act 2007 and its rules	• Frequent changes to it, especially through the rules related to it (amended about 13 times), have created instability in handling public procurement. • Frequent changes in organizational structure through the rules have damaged institutional memory in many institutions.
Enhancing the integrity of public officials	• Personal thinking, convictions and behaviors of implementing personnel are as important as robust institutional oversight and a system of good public governance. • Disposition of integrity and honesty to the state in general, and public service in particular, starts from the family and builds strongly with moral education in an early phase of life, so this aspect is key to reducing fiduciary risk in the long run. • Instilling integrity and honesty in personnel with more weightage and primacy of these behaviours in training institutions, in-service training, and entry-service training is also important to control fiduciary risks in fiscal federalism.
Resolving blame games	• Politicians and bureaucrats are blaming each other for the deteriorating quality of public financial management. • Most of the supervising and oversight institutions are created to investigate fiduciary risks, but there are no institutions to support or guide public officials during implementation. • Public officials are penalized or punished if they make irregularities and mistakes; however, there is no concrete system of incentives to lure them to take risks to better perform and achieve results.

Reforms/Actions Required	Reasons
Capacitating local staff and elected representatives	• They noticed severe capacity constraints in public procurement at the local government level. • There are repeated mistakes in following the due processes of laws due to ignorance of the provisions of the laws. • Suggested rolling out the previous system of Minimum Conditions and Performance Measures during the unitary system to provide incentives to local government for better public financial management performance in the present context • Linking the scores of fiduciary risk assessments to conditional grants, revenue sharing, and fiscal equalization grants.
Populist programmes and projects add more risks	• The elected representatives of local government raise serious concerns about the nature of conditional grants from the provinces and federal government, saying that they are politically driven and mostly guided by motives to please the voters of provincial and federal parliamentarians. • They notice the small size of projects under the conditional grants, and most of these projects are related to the exclusive functions of local government. They say that the federal government has consistently failed to deliver the promised fiscal equalization grant, arbitrarily reducing it by 50 percent in the previous fiscal year and by 20 percent in the current fiscal year. They argue that this kind of fiscal behavior will create problems for resource-poor local governments in implementing their annual programmes.

Reforms/Actions Required	Reasons
Weak internal auditing practice	• They observed that the internal audit system has been ad hoc and weak in local government. • The role of the District Coordination Committee (DCC) and the sanctioning provisions by amending the Local Government Operation Act, 2017. Authorizing the DCC to conduct internal auditing will empower the DCC to effectively monitor the management of public finance at the local level. • MoFAGA has not made an orientation on internal control guidelines.
Chief Administrative Officer	• The MoFAGA should play a constructive role in strengthening the mutual relationship between the Chief Administrative Officer (CAO) and the Mayor/Chairperson. The friction between the CAO and the Mayor/Chairperson will hinder the proper functioning of local government. • MoFAGA should play the role of an impartial guardian of local governments and an advocate of local governance. It should safeguard the constitutional rights of local governments.
Conditional grant	• The conditional grant has been used to please the voters. This grant has been provided without demand from the local government. • The conditional grant should not be provided on a project basis. • The NNRFC should have important role in the conditional grant.
User committees	• The practice of the user committee is no longer relevant • More priority should be given to e-procurement than to the consumer committee • The provision of cash contribution is more effective than labor contribution in consumer-implemented projects.
Accounting	• The metropolitan city must go to accrual accounting.
Online system	• Use of ICT and online systems is the key to reducing fiduciary risks.

8.8 Conclusion

The core of fiscal federalism in Nepal centers on enhancing the fiscal capacity of all levels of government through effective revenue generation and expenditure management. Immediate expansion of fiscal space is constrained by the small size of the economy; however, medium-term growth can be achieved by improving governance, investing in economic institutions, and attracting both internal and external investments. Decentralization and local economic development play a crucial role in strengthening local fiscal governance.

Nepal's fiscal framework involves complex interactions among federal, provincial, and local governments. While the federal government retains broad taxing powers, provinces and local governments have limited tax bases and face high fiscal dependency. Ongoing conflicts over resource-sharing and taxing authority further complicate effective fiscal governance. Enhancing the tax base and improving tax capacity are essential for sustainable local governance and reducing fiscal dependency.

Despite progress in service delivery, local governments face significant fiduciary risks, particularly in revenue management, monitoring, evaluation and auditing. The Fiduciary Risk Assessment (FRA) framework introduced by the MoFAGA is crucial for managing these risks. However, improvements are necessary in compliance with fiscal regulations, internal auditing practices, and overall financial oversight.

The audit report for the FY 2022/23 reveals serious issues, including irregularities amounting to 2.71 percent of audited transactions and significant unallocated funds. There has been inconsistent compliance with fiscal regulations, including improper use of capital expenditure funds and violations of tax exemption rules. Addressing these issues requires better adherence to regulations and enhanced internal auditing practices.

Stakeholders believe that addressing these challenges involves several key reforms: amending the Good Governance Act 2008 and the Public Procurement Act 2007, boosting the personal integrity of public officials, resolving the blame culture among bureaucrats and elected representatives, capacity building for both elected officials and bureaucrats, and strengthening internal auditing practices by empowering District Coordination Committees (DCCs). These measures will improve oversight and accountability.

Effective fiscal federalism in Nepal depends on expanding fiscal capacity, improving governance and addressing fiduciary risks. Strengthening local governments' revenue capacities and reducing fiscal dependency on higher levels are critical. Comprehensive reforms in governance, procurement, integrity, and auditing are essential to achieving these goals. Continued support from MoFAGA, similar to that provided by its predecessor, will be vital for enhancing public financial management and governance across the country.

Many local governments in Nepal show significant weaknesses in their monitoring, evaluation and auditing practices. The DCCs' role in monitoring is weak, and there are no legal sanctions for local governments that fail to comply with the DCC's monitoring reports. Project and impact evaluations are rarely, if ever, conducted at the local level. The National Planning Commission (NPC) should help build the capacity of local governments in these areas. While the MoFAGA has provided model guidelines for internal control systems, there is a lack of follow-up. Local governments report that they receive limited technical support from MoFAGA following the federal transition. The provinces are also too weak to provide this technical support.

Many local governments are weak in mobilizing their sources of revenue listed as their exclusive power. They are overly dependent on transfers from higher levels of government. There is significant potential to increase their own source revenue simply by expanding the tax base through strong tax mapping. The revenue section within many local governments is also weak.

Local governments in Madhesh Province have low performance in fiscal governance. A primary reason for this is the frequent transfer of the Chief Administrative Officer (CAO). Many local governments in Madhesh Province are often run by Acting CAOs. Also, provincial governments have been unable to provide technical support to these local governments, and there is a shortage of key human resources for public financial management.

8.9 Conceptual Framework of Fiduciary Risks Management and Key Recommendations

8.9.1 Conceptual Framework of Fiduciary Risks Management

Local governments are the foundation and delivery face of federal governance in Nepal. The trust in federalism will largely depend on the institutional effectiveness of local governments. Good fiduciary governance is the backbone of institutional

effectiveness. Compliance with due process of law, controlling corruption and providing the results that bring tangible benefits to the local taxpayers is crucial. Based on this analysis, this paper recommends the following conceptual framework for fiduciary risk management.

Figure 8.8: Conceptual Framework



8.9.2 Key Recommendations

8.9.2.1 Strategic Recommendations

- 1) **Provide more fiscal space for investments in development:** In the short term, prioritizing spending on development through rationalizing expenditure is essential. The central government allocates nearly one-third of its budget to the sub-national level, which is above average compared to its South Asian neighbors. However, Nepal faces challenges due to its relatively small economy. Increasing transfers to sub-national levels is contingent upon economic growth. With the tax-to-GDP ratio already at 20 percent, the main issues are with the structure and management of intergovernmental fiscal transfers. Conditional grants for sectors are often tied to specific projects rather than outcomes. Federal ministries select projects without consulting sub-national governments, often neglecting their priorities. These practices must be stopped.
- 2) **Develop local fiscal rules:** Local fiscal rules are formal constraints imposed on local finance to promote fiscal discipline, accountability, and sustainability at the local level. These rules set the boundaries on how local governments can manage their revenues, spending, and borrowing behaviors. They can be established by federal and local laws. The provincial governments also have

important roles to play, as they transfer a substantial amount of resources to local governments through fiscal grants and revenue-sharing mechanisms.

The Intergovernmental Fiscal Arrangement Act 2017, is a suitable law to include such provisions. Fiscal rules can be categorized into borrowing rules, spending rules, and revenue rules. In some countries, there are also balanced budget rules. In Nepal, the National Natural Resources and Fiscal Commission has set the borrowing rules for local governments. Fiscal rules can be made in the following areas such as:

- Maximum limit on administrative expenditure
 - Maximum limit on the gaps between actual revenue and projected revenue
 - Maximum limit on the number of projects
 - Minimum limit on the ratio of own-source revenue to total expenditure
 - Maximum limit on local borrowing
 - Use of borrowing for capital expenditure
 - Maximum limit on the number of administrative staff
 - Minimum percentage of tax coverage
- 3) **Focus on structural reforms:** The ultimate goals of controlling fiduciary risks are to provide improved service delivery efficiently, effectively, and equitably to local citizens, maintain social equity with fiscal safeguards for poor and vulnerable people, and promote local socio-economic prosperity. These goals require strong institutions built through continuous structural reforms. For good fiduciary governance, all three levels of government need to undertake structural reforms in every cycle of local public financial management, including: planning and budgeting, implementation, accounting and reporting, monitoring and evaluation, and revenue management.

8.9.2.2 Strengthening Public Financial Management System

- 1) **Strengthen public financial management at local levels:** Local governments are weak in revenue management and monitoring, evaluation, and auditing. Weak revenue management is a symptom of the inability of local governments to generate their own-source revenue, resulting in significant vertical fiscal gaps. The literature on fiscal federalism has demonstrated that having own-source revenue is crucial for strengthening the downward accountability of local governments toward local citizens. In contrast, high dependence on

fiscal transfers erodes such accountability. The level of fiduciary risk is lower in those local governments with higher levels of own-source revenue and lower fiscal dependency.

- 2) **Implement medium-term expenditure framework:** The OAG report of 2024 recommends strictly enforcing the medium-term expenditure framework (MTEF) and discontinuing the practice of allocating sector-specific lump-sum budgets without detailed project plans. At the local level, there is a tendency to pass lump-sum budgets for sectors through the local assembly, which are then allocated at the discretion of the executive board at a later stage. These practices have weakened the participatory planning process and undermined the role of the local assembly. Strict enforcement of the MTEF, along with the establishment of a project bank, will be a step towards ending such ad-hoc practices.
- 3) **Ensure predictability of fiscal transfers:** The fiscal equalization grant allocation needs to be predictable. The fiscal equalization grant allocation lacks predictability. The federal government has consistently failed to deliver the promised fiscal equalization grant, arbitrarily reducing it frequently. This reduction is not justifiable, causing significant challenges for resource-poor local governments. Local planning and budgeting are affected as local governments base their annual budgets on ceilings provided by federal and provincial authorities, but the allocated amounts are not transferred accordingly. Informally, the Ministry of Finance cites insufficient revenue at the center as justification for these actions. The circulars issued by the Ministry of Finance often restrict spending by subnational governments, exacerbating similar issues encountered with conditional grants.
- 4) **Ensure robust fiscal law enforcement at local levels:** Fiscal decentralization in local governments with robust law enforcement deters corruption. This finding implies that Nepal should prioritize institutionalizing strong law enforcement to combat corruption effectively. The MoFAGA, in collaboration with the Office of the Chief Minister and Council of Ministers, should equip the District Coordination Committee for strong monitoring and supervision of local government.
- 5) **Link all grants, including conditional grants, to the scores of the local government performance evaluation system:** Local governments blame conditional grants for serving as tools for political and administrative influence over sub-national governments. The blame is that projects are selected at higher levels of government and then imposed on local

governments. Provincial governments often criticize the central government for imposing projects without consulting them, while local governments have similar complaints against both federal and provincial authorities. One potential solution could be to establish targets and sector-wide conditional grants instead of specific projects tied to certain locations. Sub-national governments frequently accuse the federal government of prioritizing projects to please voters rather than addressing actual local needs. The architects of conditional grants must move beyond project-specific grants to result-based sector-specific grants and assess their implementation and results a part of the Local Government Performance Assessment System (LGPAS)³.

- 6) **Link special grant and matching grant to the scores of LGPAS:** The special grant and matching grant should also be based on the LGPAS scores. The resource-poor local government has been facing challenges in managing funds for matching. An asymmetric system that relaxes some provisions for weak local government could be applied to resolve this problem. The federal government provides special grants and matching grants to both the provinces and local governments, provided they submit duly filled proposals according to the guidelines. Proposals can be submitted once a year on a specific date, as announced by the NPC. Provincial Ministries of Finance (each province may have a different name) also publish similar notices. The main difference is that projects in provinces tend to be smaller in scale compared to those approved by the federal government.
- 7) **Implement recommendations of the constitutional and auditing bodies on fiscal governance:** The Commission for the Investigation of Abuse of Authority (CIAA) has suggested amending the Local Government Operation Act of 2017 to include the provision of adopting Procurement Rules, 2008 (Commission for the Investigation of Abuse of Authority, 2024). In the current system, local governments must apply the Federal Procurement Act. However, they have the power to enact their own procurement laws, provided they are consistent with the federal procurement law. It has been observed that local governments have created weak procurement rules, resulting in different provisions across the country and creating problems for the Office of the Auditor General when auditing the financial transactions of local

3. The Ministry of Federal Affairs and General Administration has recently approved the Local Government Performance Assessment System (LGPAS). There are 100 indicators related to local governance that include fiduciary risk assessment indicators. The MoFAGA is developing an online portal to assess the performance of local governments

governments. The MoFAGA, the focal point for local governments, should take the initiative to amend the current provision and make the federal procurement rules binding on all local governments.

- 8) **Ensure the credible expenditure and revenue projection:** The Annual Report of the Office of the Auditor General (OAG), 2024, has provided concrete measures to mitigate fiduciary risks at all levels of government. Honest implementation of these suggestions will improve the level of good fiduciary governance in Nepal. The report has suggested making realistic forecasts of revenue at all levels. There are incorrect practices at the local level where the size of revenue is inflated to increase the size of the budget, often for political purposes. The Local Government Fiduciary Risks Assessment Procedure has set a limit that there should not be more than a 10 percent gap between the actual revenue and forecasted revenue. This provision should be included in the Intergovernmental Fiscal Arrangement Act, 2017, making it legally binding.
- 9) **Spatial-based periodic plan:** Local government should prepare periodic plans that consist of strategic and spatial plans, and incorporate local planning and strategic guidance from the National Planning Commission (NPC). This planning process should involve on-site work by a dedicated team of at least three technical members, including urban planners, to ensure accuracy. The NPC should provide technical support for this. This provision will be instrumental in reducing planning risks.
- 10) **Risk-Sensitive Land Use Planning:** Local governments should immediately implement risk-sensitive land use plans, which will classify land and mandate that construction and land fragmentation only occur in designated areas, with a mandatory “Planning Permit” for such activities.

8.9.2.3 Mobilization of Local Revenue

- 1) **Management of natural resources:** Local government should improve revenue from riverbed materials like stone, gravel, and sand by establishing a “ghatgaddi” system, where materials are collected and stored before being sold. This ensures better control and revenue. They should explore intergovernmental partnerships with other nearby local governments to invest in processing industries for these materials, which would increase revenue and add value.
- 2) **Property and land tax collection:** Local governments can significantly increase their property and land tax revenue by collaborating with local

survey and land revenue offices. Using Open Street Mapping technology to map properties and land parcels will improve the accuracy of tax assessments and expand the tax base.

- 3) **Revenue from rental and business taxes:** By working with local community development organizations, local government can collect data on rental properties and potential business taxpayers. This will help them identify new tax sources and increase tax revenue.
- 4) **Realistic budgeting and internal revenue projection:** Many local governments overestimate their internal revenue, leading to a mismatch between income and expenditure. To address this, local government should conduct a comprehensive survey of potential revenue sources and taxpayers every five years. Until then, internal revenue projections should be based on the previous year's revenue growth trends to make them more realistic.
- 5) **Performance evaluation and improvement:** The MoFAGA has circulated a new work procedure for local government performance evaluation. Local government should form an internal task force to develop and implement an action plan based on this procedure.
- 6) **Revenue improvement plan:** Under the leadership of the local revenue advisory committee, the local government should create a five-year revenue improvement plan. This plan should be periodically updated and implemented to enhance revenue collection.
- 7) **Capital expenditure:** To improve the efficiency and effectiveness of resource allocation, local governments should allocate a certain percentage of their capital budget to projects exceeding one crore rupees. This will boost local production and employment.
- 8) **Organizational restructuring:** Local government should collaborate with the Office of the Chief Minister and the Council of Ministers of provinces to review its organizational structure. An internal task force should be formed to conduct an Organization and Management Survey and make the structure more efficient. Given the growing needs, at least 50 percent of the total positions should be technical.
- 9) **Timely execution of grants:** Local government should prioritize the timely execution of programmes funded by conditional, special, and complementary grants from the federal and provincial governments, as unspent funds must be returned at the end of the fiscal year. This requires building a robust annual programme implementation plan.

- 10) **Mobilization of revenue from community forests:** According to the Local Government Operation Act, 2074, community forests must present their programmes to the local assembly and transfer 10 percent of their income to the local government. This provision must be strictly enforced.

Annex 1: List of Experts Telephonically Consulted on the Situation of Fiduciary Risks at Local Levels

SN	Name	Designation	Office/Institution
1	Santosh Lal Shrestha	Mayor	Tansen Municipality, Palpa
2	Ram Krishna Khand	Mayor	Tilottama Municipality, Rupandehi
3	Pratikshya Sinjali	Deputy Mayor	Tansen Municipality, Palpa
4	Suman Ghimire	Joint Secretary	Government of Nepal
5	Jayamala Kumari Chaudhari	Deputy Mayor	Chandrapur Municipality, Rautahat
6	Purna Chandra Bhattarai	Former Secretary	Government of Nepal
7	Jaya Krishna Shrestha	Director	Local Development Training Academy
8	Tika Ram Aryal	Former Under Secretary	Ministry of Social Development, Lumbini Province
9	Ram Chandra Dhakal	Joint Secretary	Government of Nepal
10	Krishna Sapkota	Chief Administrative Officer	Debdaha Municipality, Ruapandehi
11	Kiran Nidhi Tiwari	Chief Administrative Officer	Chandrapur Municipality, Rautahat
12	Dharma Lama	Ward Chairperson	Namobuddha Municipality, Kavrepalanchok
13	Ganga Datta Awasthi	Member	National Planning Commission
14	Narayan Aryal	Chief Administrative Officer	Tilottama Municipality, Rupandehi

SN	Name	Designation	Office/Institution
15	Shridhar Khanal	Ward Secretary	Namobuddha Municipality, Kabhrepalanchok
16	Dr. Nahakul KC	Former Vice-Chairperson	Provincial Planning Commission, Lumbini Province
17	Sharad Basyal	Senior Women Development Officer	Ministry of Social Development, Lumbini Province
18	Reshmi Raj Pandey	Former Secretary	Government of Nepal

Annex 2: Fiduciary Risks Assessment Indicators in Local Government Performance Assessment System

Indicators	Yes	No
Annual budget includes projects/programmes coded according to the priority areas of local development determined by approved long-term and/or thematic plans.		
The budget is allocated only to projects/programmes selected and prioritized according to the approved project selection criteria.		
The annual budget and programmes are prepared based on the Medium-Term Expenditure Framework.		
Projects/programmes are coded for Sustainable Development Goals (SDGs)		
The annual budget and programmes are prepared within the budget limits set by the Revenue Projection and Budget Ceiling Determination Committee.		
Project or programme demands, including their priority order, are collected from community-level gatherings with stakeholder participation.		
The estimated revenue and expenditure (budget) for the upcoming fiscal year are approved by the executive and presented to the assembly by Ashar 10 of Nepali calendar (approximately June 24).		

Indicators	Yes	No
The presented revenue and expenditure (budget) estimates are discussed in the assembly, passed by the end of Ashar of Nepali calendar (approximately July 15), and made public.		
The annual budget and programmes are allocated on a project-by-project basis, and no unallocated funds are kept in any heading (except for funds specified by law).		
Administrative expenses are allocated not exceeding the amount of internal revenue (excluding carry-over of fiscal equalization grants) and revenue sharing.		
The annual implementation plan and procurement plan/master plan for projects/programmes are approved within the month of Shrawan of Nepali calendar (approximately mid-July to mid-August).		
Budget transfers are made only to approved programmes within the specified limits and headings.		
Procedures for the formation and operation of user committees are approved and published in the local official gazette.		
Completed projects are settled in an executive meeting, and among them, infrastructure projects completed by consumers' committees are handed over to the respective user committees.		
The overall physical progress percentage of a project or programme is greater than its annual target.		
The percentage of completed projects that are in operation is higher in the fiscal year of evaluation.		
Public hearings are conducted as per the regulations with stakeholder participation.		
Public auditing is conducted before the final payment for projects completed through user committees.		
Quarterly reviews of revenue collection and the financial and physical progress of the budget and programme implementation are completed within the month following the end of each quarter, and the annual review is completed within the first quarter of the next year. The reports are then made public through the website.		
The progress review of programmes operated by NGOs at the local level is also included in the annual review of projects or programmes.		

Indicators	Yes	No
Reports presented by assembly committees such as the Audit Committee, Legislation Committee, and Good Governance Committee are discussed in the assembly meeting.		
Management audits are conducted as per the specified format and procedure, and the report is discussed in the executive meeting.		
The percentage of projects or programmes to be implemented through user committees that have received orientation before implementation has increased.		
The Public Assets Management System (PAMS) has been implemented.		
Timely inventory inspections are conducted, and materials identified for auction in the report are regularly auctioned.		
Local laws regarding monitoring and evaluation are approved, and a branch and/or officials are designated for project monitoring and evaluation.		
On-site monitoring of projects or programmes is conducted as per the approved monitoring and action plan.		
A citizen charter is displayed in a place easily visible to service recipients.		
Revenue rates and bases are determined based on the recommendations of the local revenue advisory committee.		
Taxes are not imposed outside one's jurisdiction.		
The percentage of revenue collected is greater than the projected annual target.		
Revenue collection has increased compared to the previous fiscal year (by at least 10 percent).		
Collected revenue is deposited into the designated bank account on the same day, or on the next day if not possible.		
The revenue to be shared with the province by the local government is provided to the provincial consolidated fund monthly.		
A procurement section or unit has been established, and procurement work is carried out through it.		
Procedures related to internal control are approved and implemented.		

Indicators	Yes	No
A pre-bid meeting is held for public procurement, and the e-bidding system is adopted for procurement work that requires e-bidding by law.		
Funds established by law at the local level are operated according to approved directives or procedures.		
The Local Revenue Management System is updated with details of all taxpayers within the local level, and the taxes, fees, and service charges to be paid by taxpayers and service recipients are collected through this system and linked to the Sub-National Treasury Regulatory Application (SuTRA).		
The expenses of projects or programmes implemented by the local levels are accounted for only through the Local Consolidated Fund Management System.		
An organized record of financial transactions is maintained, and an integrated financial report is prepared by reconciling accounts in the Sub-National Treasury Regulatory Application (SuTRA) by the end of Ashoj (approximately mid-October) and sent to the Provincial Comptroller's Office and the Treasury and Comptroller's Office.		
Deposit records are updated, and if any deposits need to be confiscated, they are confiscated and a record is maintained.		
Quarterly internal audits are completed, and the report is submitted to the Mayor or Chairperson.		
The discrepancies pointed out by the internal audit are resolved before the final audit.		
The final audit of the previous fiscal year is conducted, and the report is discussed in the executive meeting within one month of its receipt and made public through the website.		
The final audit report of the previous fiscal year is presented to the assembly and discussed in the audit committee.		
The outstanding balance to be recovered as per the latest final audit report is zero.		
The percentage of cumulative outstanding balances from the past that have been settled has increased.		

Indicators	Yes	No
The unspent balance of grants (complementary, conditional, and special) received from the Government of Nepal and the provincial government is returned to the respective bodies within the same fiscal year.		
The suggestions mentioned in the report provided by the District Coordination Committee regarding the balance of development work within the local levels of the district are discussed in the executive meeting.		
Areas of inter-local-level cooperation and partnership are identified, and projects or programmes are implemented in partnership.		
The details, including the income and expenditure data, for the upcoming fiscal year are submitted to the Federal Ministry of Finance by the end of Poush each year according to the Nepali calendar (approximately mid-January).		
Projects or programmes are coded for gender-responsive budgeting (GRB Coding).		
Local child club networks participate in the local-level planning process.		
Parents are oriented on the use of the child nutrition allowance.		
The annual programmes of non-governmental organizations working at the local level are included in the municipality's annual budget and programme.		
The programmes operated by non-governmental organizations are regularly monitored, and their progress is reviewed.		
A risk-sensitive land-use plan or standard has been approved.		
Federal and provincial laws regarding the excavation, collection, use, sale, and management of stone, gravel, sand, soil, and mines are complied with		
A local disaster management fund has been established and is operated according to the approved procedure.		

Annex 3: Questionnaires

- 1) Perceptions of Fiscal Federalism and Local Governance
 - How do you perceive the current state of fiscal federalism in Nepal?

- What is your opinion on the performance and effectiveness of local governments in Nepal since the implementation of the new federal structure?
- 2) Fiduciary Governance at the Local Level
- How do you assess the level of fiduciary governance at the local level?
 - Who are the primary stakeholders in local fiduciary governance?
- 3) Fiduciary Risks and Mitigation Measures
- What are the main sources of fiduciary risks at the local level?
 - What mitigation measures are currently in place to address these fiduciary risks?
 - What additional reforms are required within the system of fiscal federalism to effectively control fiduciary risks?
- 4) Local Public Financial Management
- What is your opinion on the current state of public financial management practices at the local level, specifically concerning:
 - Planning and Budgeting
 - Procurement
 - Internal Controls
 - Accounting and Reporting
 - Revenue Management
 - What is the role of citizens in controlling local fiduciary risks?
- 5) Institutional and Practical Suggestions
- What institutional and practical suggestions would you propose to strengthen fiduciary controls and reduce risks at the local level in Nepal?

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CHAPTER 9

RESULT-BASED DEVELOPMENT AND PROJECT GOVERNANCE IN NEPAL

Dr. Teertha Raj Dhakal

Abstract

This chapter examines governance reforms in development and project management in Nepal over the past two decades. The chapter is based on a desk review of available literature, government reports and case studies on National Pride Projects and the National Development Action Committee, along with reflections from the author's years of experience as a policy and programme implementer in project monitoring. It identifies weaknesses such as the lack of evidence-based decision-making, poor project planning, resource misallocation and coordination issues in project governance and implementation. It also notes that despite efforts to improve planning, decision-making and implementation processes in development projects, results have remained unsatisfactory. Finally, the article puts forward specific recommendations, including institutionalizing a culture of results, enhancing beneficiary participation, restructuring the National Planning Commission and linking budgets to results and performance management reforms to strengthen result-based project governance.

9.1 Introduction

The World Bank (1992) defines governance as the exercise of power in managing a country's economic and social resources for development. According to the United Nations Development Programme [UNDP] (1997), governance comprises the mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences.

Development governance evolved to address the shortcomings of development administration, which emerged in the 1960s to complement traditional public administration in effectively addressing the complex challenges faced by developing countries in achieving developmental goals. Weidner (1970) defines development administration as the process that guides an organization towards the achievement of progressive political, economic and social objectives to achieve the desired development outcomes and distribute its costs and benefits legitimately and

inclusively. Development governance involves the role of the state in envisioning, facilitating, implementing development activities and achieving intended outcomes.

Project governance is ‘the system by which a project is governed, directed and controlled’ (McGrath & Whitty, 2015). In broader terms, project governance can be defined as ‘a set of management systems, rules, protocols, relationships and structures that provide the framework within which decisions are made for project development and implementation to achieve the intended business or strategic motivation’ (Bekker & Steyn, 2009, p. 22). This includes developing and prioritizing projects, coordinating implementation, monitoring progress and controlling them to ensure that their planned goals are realized.

Project governance is crucial in development governance because projects are the cutting edge of development (Gittinger, 1982). They are the primary means to implement policies and plans and achieve development outcomes. Effective project governance is considered a critical success factor in project execution (Garland, 2009). Governing projects involves overseeing development projects and their environmental factors, monitoring progress and mitigating risks throughout the project lifecycle. This requires that projects are implemented according to the schedule and completed within the anticipated quantity, quality, cost and time.

Starting in the 1990s, Nepal pursued liberalized economic policies, leading to various reform measures across different aspects of the economy. One key aspect of effectively implementing those reforms and achieving desired outcomes was the introduction of reform measures in development governance. These reforms focused on improving development and project planning and management, aligning budgeting with medium-term plans and enhancing the implementation, monitoring and evaluation of development interventions.

Over the years, governance has been an issue prioritized by the Government of Nepal (GoN). Specifically, there has been a growing recognition of the importance of good governance in the development and project management systems and processes of Nepal. This is reflected in the vision of the current Sixteenth Plan (2024/2025- 2028/2029), where the government envisions that social justice and prosperity can be achieved through good governance (National Planning Commission [NPC], 2024). Moreover, the Sixteenth Plan has also pinpointed issues around governance reforms and good governance as one of the areas requiring structural reforms.

Despite decades of planned development efforts, Nepal has not been able to reach closer to the anticipated outcomes in the overall development governance by achievements. This is also because development projects, which are crucial for implementing development policies and plans, often suffer from weak preparation and ineffective implementation, failing to complete them within the specified standards of quantity, quality, cost, and time. Even when projects are completed, they often fail to achieve planned results or deliver intended benefits.

It is in this background that this chapter, with the following objectives, examines the reform efforts that Nepal has undertaken since the 1990s:

9.2 Objectives of the Study

The overarching objective of this study is to conduct a thorough review of the reforms implemented in development governance in Nepal since the 1990s to make it more result-based and to identify key areas that require further reform. The specific objectives of this study are as follows:

- 1) To review the reforms implemented for enhancing the governance of result-based development policy and planning in Nepal,
- 2) To review the systems and practices of governance of development and projects in Nepal,
- 3) To examine the functioning of the institutions involved in result-based development and project governance,
- 4) To identify and propose key areas for revitalizing and advancing result-based reforms in development and project governance.

9.3 Methods of the Study

This study is primarily based on a desk review. Hence, secondary data were collected from a literature review that included a review of published official reports including periodic development plans, Medium-Term Expenditure Frameworks (MTEFs), annual policies, programme and budget documents, reports from administrative reform and public expenditure review commissions, relevant legal documents, mid-term review reports of the plans and budgets, policy review reports and audit reports, among others.

Two case studies were prepared and analyzed: National Pride Projects (NPPs) and the National Development Action Committee (NDAC). Information about the NPPs was mainly drawn from periodic plan documents, published and unpublished

progress reports and the performance audit report of the Office of the Auditor General. For the NDAC case, minutes and decisions of the Committee, as well as monitoring and evaluation reports compiled by the NPC and the Office of the Prime Minister and the Council of Ministers (OPMCM) were analyzed. Additionally, the author’s three-decade-long experience in the field of development and project governance, particularly in designing results framework, developing monitoring and evaluation (M&E) systems and facilitating M&E of development plans, policies, programmes and projects was taken into consideration.

9.4 Historical Reforms of Project Governance in Nepal

In Nepal, governance and economic reforms gained momentum, especially since the 1990s, with the reinstatement of multi-party democracy in 1990, which coincided with the global waves of liberal political and economic regimes being the influencers. Significant initiatives have been implemented since then to enhance development and project governance, with constituent elements including policy, planning and budgeting, implementation, monitoring and evaluation. In practice, development policies are mostly introduced through medium-term development plans, policy guides and detailed planning and resource allocation, while M&E systems provide evidence for improving the policies and plans.

Key reform measures implemented during the last two decades to enhance development and project governance are summarized in Table 9.1 and discussed in detail in the sections following the table under two headings: reform in development functions and institutional reform and restructuring.

Table 9.1: Key Institutional and Other Reforms in Development and Project Governance Between 2002 and 2023

Functions/ Structure	Key Reform Areas	Reform Approaches, Tools and Relevant Acts
Development functions	Policy and planning	• Consultative processes in periodic planning (2002/03) • Internalization of the concept of Result-based management (RBM) approaches in development planning from the Tenth Plan (2002/03)

Functions/ Structure	Key Reform Areas	Reform Approaches, Tools and Relevant Acts
	Budgeting and project planning	• Categorization of the budget- recurrent, capital and financing (FY 1998/99) • Medium-Term Expenditure Framework (MTEF) and Project Prioritization (2002/03) • Gender-responsive budgeting (2007/08) • Full application of Information and Communication Technologies (ICT) in Budgeting- Line Ministry Budget Information System (LMBIS), Provincial Line Ministry Budget Information System (PLMBIS). Sub-national Treasury Regulatory Application (SuTRA) since FY 2019/20 • Inter-governmental Fiscal Management Act, 2017 • Project Bank (2020); project classification, 2023
	Implementation	• Performance-based budget release (2002/03) • Reform in procurement (Public Procurement Act 2007) • Public Expenditure and Financial Accountability Framework (2008) • Financial Procedure and Fiscal Responsibility Act 2019 • Implementation of performance contracts (2019)
	Monitoring and evaluation	• M&E as a system- National Development Committee (NDAC) and Ministerial Development Action Committee (MDACs) (1992) • Poverty Monitoring and Analysis System (PMAS) and District PMAS (2005) • Results-based M&E (National M&E Guidelines, 2013 and 2018) • Monitoring and Evaluation Act, 2023

Functions/ Structure	Key Reform Areas	Reform Approaches, Tools and Relevant Acts
Institutional reform and restructuring	OPMCM and related agencies	• Restructuring the OPMCM has been ongoing since 2003 • Good Governance (Management and Operation) Act 2007 • Central Monitoring Committee (2007); Results-based Management (RBM) Division and Action Room in OPMCM (2019) • Technical audits by the National Vigilance Centre (2002) • Procurement monitoring- Public Procurement Monitoring Office since 2007 onwards
	Restructuring of the NPC	• NPC (Formation and Operation) Order, 2010 • Restructured NPC- Formation & Operation Order, 2018

Source: Summarized by the author based on various sources

9.4.1 Reforms in development functions

9.4.1.1 Development Policy Shifts Through Periodic Plans

Reforms in development policy, planning and governance progressed alongside the initial wave of liberalization and structural changes in the economy following the political changes of 1990. A thorough examination of the planning process leading up to the Seventh Plan revealed significant weaknesses in overall planning processes and a lack of institutionalization. Projects were selected arbitrarily, without considering socio-economic factors and government investment lacked long-term sustainability considerations, which normally would result in resource shortages during implementation. Autocratic and feudalistic political decisions hindered accountability and genuine public investment in the planning process. Programmes were centrally directed and heavily influenced by donors. This reality provided a realization to the democratic political establishments formed after the 1990s, besides serving as a crucial foundation for the development of the Eighth Plan (1991/92-1996/97), which placed poverty reduction at the center of development, was guided

by democratic values and promoted economic liberalization. It marked a major policy shift by prioritizing people's participation, encouraging private sector growth and introducing open-market reforms.

In response to the underperformance of planned development efforts, Nepal initiated reforms in its planning process after 1990, focusing both on its formulation process and its contents. The development process was criticized for utilizing a top-down planning approach that limited the inclusion of the voices of the people. Overcentralization of bureaucracy, low implementation capacities and widespread corruption were identified as key reasons for the low outcomes of development efforts. Therefore, the Eighth Plan committed to adopting a new philosophy of planning that focuses not only on the procedural structure and methodology of the plan but also on the social and political process of mobilizing and organizing people to achieve desired goals.

The Eighth Plan emphasized the need for people's participation in identifying, formulating and implementing the developmental projects and distributing benefits derived from the development process. This was considered a way to channel the aspirations and enthusiasm of the people following the political changes in the country (NPC, 1991). The objectives of the Plan were to achieve sustainable economic growth, alleviate poverty and maintain regional balance. In line with the liberalization policy, the focus was on private sector development, trade diversification and industrial development. Since the Ninth Plan, poverty alleviation has been the sole objective of the periodic plans, where the contribution of every sector of the economy to the poverty reduction objective was emphasized. Priority was given to modernizing agriculture, developing the energy sector and focusing on human resources development.

Starting in 2002, Nepal's periodic plans began incorporating RBM approaches with a primary focus on poverty reduction. The Tenth Plan (2002/03-2006/07), also known as the Poverty Reduction Strategy Paper (PRSP), aimed to institutionalize the RBM approaches, particularly the logical framework approach, to demonstrate the contribution of projects to sectoral outcomes and ultimately to poverty reduction. The RBM provided a structured framework for sector-level planning, emphasizing significant results components, budgeting, expenditure management and the development of monitoring and evaluation capacities (Sharma, 2006). The Plan established four strategic pillars for poverty reduction: promoting faster and pro-poor economic growth, infrastructure development, social sector development, inclusion and targeted programmes and good governance. In the Plan, sectoral goals

were aligned with poverty reduction, utilizing both intermediate (input, process and output) and final (outcome and impact) indicators along with baselines and targets to establish a robust foundation for result-based monitoring.

However, Nepal's reform effort in development planning was also criticized as being a donor-driven agenda. The PRSP process itself was a requirement of the World Bank and the International Monetary Fund (IMF) to receive their assistance. Although the PRSP approach emphasizes internal ownership, donor-driven tactics are quite evident, manifested in more stringent conditions in areas like privatization and deregulation (Khanal et al., 2005). Additionally, though it is said that the PRSP process was consultative, it is not clear how it meaningfully addressed the concerns of different stakeholders in the plan.

From the Eleventh (2007/2008-2009/2010) to the Fourteenth (2016/2017-2018/2019) Plans, due to an interim period of constitution-making and a political transformation process, periodic plans were prepared only for three years. The Eleventh Plan was formulated in the context of the end of a prolonged conflict and the historic People's Movement of 2006. The focus of the plan, therefore, was on maintaining peace, social harmony and reconstruction, rehabilitation, and reintegration in the post-conflict situation. The Twelfth (2010/2011- 2012/2013) and Thirteenth (2013/2014-2015/2016) Plans also aimed to reduce poverty, with high economic growth considered an important strategy alongside infrastructure and social sector development. Additionally, these plans targeted working to graduate the country from least developed countries (LDCs) to a developing country status and contribute to realizing Millennium Development Goals (MDGs). As the first periodic plan after the new federal Constitution, the Fourteenth Plan focused on federalizing development, socio-economic transformation, achieving high economic growth and poverty alleviation. These plans put special emphasis on inclusion, employment promotion and revitalizing the economy.

The Fifteenth Plan (2019/2020- 2023/2024) was developed with a long-term vision of 'Prosperous Nepal, Happy Nepali. The Plan aimed to achieve a growth rate of 9.6 percent. In addition to the National Pride Projects, the Plan selected 18 projects as game changers, expecting them to play a significant role in reaching the plan's objectives.

The ultimate goal of the policy and planning reform is to move away from traditional planning approaches, where planners create plan documents in isolation based on socio-economic analysis. Instead, the aim is to adapt towards a more consultative

approach that incorporates inputs from stakeholders at various levels. Additionally, integrating result-based approaches into the planning process aims to establish, achieve and monitor changes in the economy and the well-being of the people through the use of specific and relevant indicators.

9.4.1.2 Reform in Budgeting and Project Planning

The GoN has implemented the following reform measures to improve budgeting and project planning.

First, it changed the categorization of the budget to align with international definitions and practices. This change in the categorization of regular and development budgets to recurrent and capital budgets began in the FY 2004/05. According to the new categorization, the recurrent budget includes all expenditures on consumption expenses, principal and interest payments on domestic and foreign loans, while capital transfers, capital formation, investment in shares and loans and capital grants fall under capital expenditure. From the FY 2011/12, the previous expenditure classification of recurrent, capital and principal payments was re-classified as recurrent, capital and financing. This change was made to align with the IMF's Government Finance Statistics, 2001.

Second, it started results-based budgeting and the Medium-Term Expenditure Framework (MTEF), specifically since the Tenth Plan in FY 2002/03, in line with the recommendations of the Public Expenditure Review Commission of 2001. The objectives of the MTEF were to link annual programmes and budgets with the periodic plan, prioritize programmes and expenditures in relation to periodic plan objectives, adjust expenditure programmes in line with available resources, maintain macro-economic stability and provide funding guarantees to activities based on priority rankings (NPC, 2003). The MTEF aimed to reduce the gap between the periodic plan and annual programme budget as well as between the programme budgets and actual progress (Khanal et al., 2005). The rationalization of projects in the FY 2002/03 contributed to a decrease of 199 projects, resulting in an increased capacity to nearly double the budget allocation per project.

Improvements in the overall budgeting framework and alignment with plan priorities justified an increase in development expenditure in the FY 2004/05 (NPC, 2005). Initially, there was no legal basis for the formulation of MTEFs, which was one of the reasons for the low level of ownership of it in government line agencies. However, after the enactment of the Intergovernmental Fiscal Arrangement Act 2017 and the Financial Procedure and Fiscal Accountability Act 2019, the MTEF

has become legally mandatory not only at the federal level but also at provincial and local levels. The lack of legal backing for the mandatory preparation of MTEF was one of the reasons for the low ownership and internalization of MTEFs in ministries. Before these Acts were introduced, MTEF could not be well internalized in sectoral ministries as a core function.

Third, the use of Information and Communication Technologies (ICTs) has significantly increased in budgeting, including the LMBIS at the national level, Provincial Line Ministry Budget Information System (PLMBIS) at the provincial levels, and Sub-national Treasury Regulatory Application (SuTRA), which is a planning, budgeting and accounting software for local levels. Necessary legal arrangements have been made for project selection, budgeting, and fiscal transfers to sub-national levels.

Fourth, the mid-term budget review has been institutionalized. Based on the findings of these reviews, a practice has been institutionalized to revise and downsize revenue and expenditure targets.

Fifth, gender-responsive budgeting (GRB) has been institutionalized since the FY 2007/08 to promote gender equality in the country. Significant improvements in gender responsiveness in budgeting have been observed since the implementation of this budget. However, while the focus of GRB has been on women, it fails to acknowledge the diversity of women in terms of caste, class, religion, sexuality and other factors (Rana & Koirala, 2021).

Sixth, several reform measures have been introduced to enhance project planning and management. The first measure includes a requirement implemented by the NPC in 2002 for a logical framework for every project seeking approval. However, this criterion was only followed by foreign-aided projects and some government-funded projects and was not consistently practiced in most government-funded projects, including those at the federal government level. Another measure was the establishment of the Project Bank, which aims to allocate budget only to feasible projects by enhancing the identification, appraisal, selection and prioritization of projects.

Seventh, to enhance project governance, the NPC has developed two important documents meant to guide project planning and classification processes. The first document is the Integrated Standards for Project Development, Selection and Prioritization, 2022, which aims to identify, develop, select and prioritize development projects based on evidence-based, scientific and objective criteria.

The second document is the Criteria and Standards for Project Classification, 2023, which establishes criteria and standards for classifying projects to be implemented at the federal, provincial and local levels.

9.4.1.3 Implementation Reform

Nepal implemented several reform measures to enhance development policy and project management performance. A governance reform programme introduced during 2001-2005, later extended until 2007, aimed to implement the principles of new public management to improve the performance of ministries and departments. The primary focus of performance-based reforms was to align incentives with employees' and project managers' performance to achieve a more efficient public and development administration in Nepal. However, this recommendation of the programme could not be translated into practice.

Moreover, to create an environment to improve implementation, budget releases were also linked to project performance since the beginning of the Tenth Plan. Performance indicators were identified and arrangements were made for performance-based budget releases to ensure that the objectives and targets set out in priority one (P1) projects are achieved within specified timeframes. Under this system, budgets were automatically released to a project whose weighted progress in the last trimester was greater than or equal to 80 percent. If progress falls between 50 and 80 percent, the concerned parent ministry of the project must provide an authorization letter to the District Treasury and Control Office for budget release. If the weighted progress is less than 50 percent, the concerned parent ministry must conduct an investigation and analysis of the reasons behind the poor performance (NPC, 2070). This system, though implemented for some years, could not be sustainably institutionalized.

In addition, to institutionalize decentralization and improve the effectiveness of implementing local-level projects, reform efforts focused on strengthening local bodies. Three separate Acts were introduced in 1992 for the Village Development Committees (VDCs), and Municipality and District Development Committees (DDCs) to expedite the devolution of power and the development process. Further, the Local Self-Governance Act and related regulations were introduced in 1999, replacing the previous Acts to enhance the environment for decentralization and the devolution of authorities to local bodies. However, these legal systems and institutional mechanisms remained insufficient to address the growing demand for

fair participation and inclusion and to ensure the representation of marginalized people in the governance of development programmes.

Historically, procurement has been a highly debated and frequently criticized aspect of development management and governance in Nepal. Some common procurement-related issues include: process-oriented procurement activities, weak compliance with legal provisions, inadequate management, monitoring and oversight of contracts by projects, weak enforcement of penalties and sanctions for contractors who breach agreements, lack of institutionalization of e-government procurement, and capacity issues in procurement. As part of an overall implementation reform, Nepal enacted the Public Procurement Act in 2007, intending to make procurement activities of public agencies competitive, transparent, and accountable. This Act was also intended to support development projects by ensuring a transparent procurement process without any obstacles in implementation.

Despite the aim of resolving project implementation issues, public procurement in Nepal continues to face numerous challenges. These include poor procurement planning and preparation, conflicts of interest and inadequate monitoring of the procurement process.¹ Contractors, as one of the pressure groups and stakeholders in procurement legislation, often pressure the government to amend laws for their benefit, particularly in extending contract periods and increasing contract costs through variation orders, ultimately raising project costs. Public procurement regulation has been revised 13 times so far to address these issues, but despite the reform measures, the issues persist in project implementation in Nepal.

The Governance (Management and Operation) Act of 2063 includes provisions for performance contracts with government officials as a tool for result-based performance evaluation of the employees involved in project administration to promote an environment conducive to the effective implementation of development projects. It aims to enhance the implementation and completion of projects and programmes of national importance with high quality. The Act specifies conditions and requirements for these contracts, as well as the establishment of performance indicators to guide officials in fulfilling their responsibilities. Additionally, the Act mandates the creation of a Central Monitoring and Evaluation Committee chaired by the Chief Secretary to oversee and assess the performance of officials, ensuring effective and high-quality execution of their duties.

1. See the report by the Commission for the Investigation of Abuse of Authority (CIAA) on sick contracts and the role of public procurement via this link - <https://ciaa.gov.np/uploads/publicationsAndReports/jHOXP7.pdf>

The Constitution of Nepal has clearly defined the functions and responsibilities of federal, provincial and local governments, creating shared responsibilities among the three tiers of government in development governance and project implementation management. Each level of government authority is involved in policymaking, planning, programming, budgeting and implementation of projects and activities in its respective area. Given the shared responsibilities among the tiers of government, there is a need for effective coordination of functions, funds, functionaries and personnel to ensure programme effectiveness, prevent duplication of efforts, and avoid wasteful use of resources.

Furthermore, the Financial Procedure and Fiscal Responsibility Act of 2019 covers budget formulation, release, expenditure, internal control, internal audit, fiscal responsibility, transparency and result-based accountability. According to this Act, departmental ministers, provincial ministers and chiefs of Constitutional bodies are responsible for project selection, preparing MTEF and annual budgets, protecting and managing government properties and maintaining fiscal responsibility by monitoring programmes and projects. Chief Account Officers are responsible for maintaining books of accounts, managing budget expenditures and addressing audit objections. Ministers are accountable to the Prime Minister and Chief Account Officers are accountable to the ministers.

9.4.1.4 Reforms in Monitoring and Evaluation

Monitoring and Evaluation (M&E) were developed as a system in the Eighth Plan, which placed special emphasis on M&E under separate sections in the plan document (NPC, 1992). A new M&E system was established by the following decision of the Cabinet on 23rd July 1992. First, a National Development Action Committee (NDAC) under the Chairmanship of the Prime Minister to coordinate inter-ministerial activities and address high-level issues was formed. Second, the Central Monitoring and Evaluation Division under the NPC, to provide secretarial services to this Committee and serve as a central unit for the institutional development and operation of the M&E system, was established. Third, a Ministerial Level Development Action Committee (MDAC) under the chairmanship of the relevant minister in each ministry, to coordinate M&E activities and resolve project implementation issues, was created. If these issues are inter-ministry related or of a policy nature, the MDAC needs to forward them to the NDAC for higher-level actions. Fourth, M&E Divisions or sections in each development-related ministry were created.

In 2005, the GoN implemented a Poverty Monitoring and Analysis System (PMAS) at the central level and a District Poverty Monitoring and Analysis System (DPMAS) at the district level. This was a shift from the traditional focus on physical and financial progress monitoring. The goal of this new system was to monitor budget allocations to core programmes and policies, track the progress of process or activity indicators against their targets and analyze the impact of key policies and programmes within the PRSP. The PMAS included components such as implementation monitoring, outcome monitoring, impact assessment, a poverty management information system, and communication/advocacy. To monitor the progress of the intermediate and outcome indicators, the PMAS integrated the management information system and household surveys. Despite being a comprehensive and result-based monitoring and evaluation system, the PMAS struggled to be effectively institutionalized. This was partly due to its association with the PRSP, which was a lending conditionality set by the World Bank and the IMF.

The Government introduced the National Monitoring and Evaluation Guideline (NMEG) in 2013 and later revised it in 2018 to enhance its usefulness in monitoring and evaluating programmes and projects and the SDGs. This guideline consolidated all relevant previous M&E guidelines, including the PMAS, into one integrated M&E guideline. The main objective of NMEG is to contribute to promoting good governance, ensuring transparency and accountability, and making evidence-based decisions by simplifying the M&E system, making it systematic, result-oriented, reliable and effective. Other objectives include: conducting systematic and result-oriented M&E of inputs, activities, processes, outputs, outcomes and impacts of ongoing programmes and projects; developing indicators and sources of information for M&E, including the SDGs; and conducting systematic and coordinated monitoring and evaluation of the results of development programmes at the federal, provincial and local levels (NPC, 2018).

Recently, a new ‘Monitoring and Evaluation Act, 2023’ has been introduced as a milestone in institutionalizing M&E in the country. The Act delineates the role of M&E agencies in the government and serves the purpose of M&E policy, among others.

9.4.2 Institutional Reform and Restructuring

9.4.2.1 Office of the Prime Minister and Council of Ministers

The Office of the Prime Minister and the Council of Ministers (OPMCM), along with its associated agencies, have been crucial for development and project

governance in Nepal. As an apex administrative organization within the GoN, OPMCM plays a key role in development and project governance. It focuses on policy functions, facilitates inter-ministerial coordination, resolves project implementation issues, and monitors policies, plans and key projects.

The OPMCM was established by the Cabinet decision on the 8th of August 2003, merging the Prime Minister's Office (PMO) and the Cabinet Secretariat - two separate agencies - to avoid duplication of functions and reduce administrative costs. The PMO had previously served as the Personal Secretariat of the Prime Minister, while the Cabinet Secretariat was a ministry-level organization responsible for providing secretariat services to the Cabinet.

Since 2003, the OPMCM has undergone several restructuring processes in its role and organizational structure. In February 2007, the OPMCM was restructured as a desk model, followed by another restructuring. Furthermore, after the 2017 election, the newly elected government restructured the OPMCM in 2018. The GoN established the Results Management Division (RMD) to monitor the results of development policies, key programmes and projects. Additionally, an Action Room was created in the OPMCM to directly observe the progress of projects and resolve project implementation issues in the presence of high-level leaders, including the Prime Minister, in 2018. Since the OPMCM focuses on three areas - policymaking, coordination (sectoral ministries and provinces), and monitoring and evaluation - it plays a crucial role in governing development interventions and contributes to achieving development outcomes.

9.4.2.2 National Planning Commission

The NPC, first established in 1956, underwent several name changes over the years, including *Yojana Mandal* (1957), National Planning Council (1961), Ministry of Economic Planning (1963), and finally NPC (1968). After 1990, the NPC underwent multiple restructurings. The Administrative Reform Commission of 1991 recommended that the NPC's role should be limited to resource allocation, monitoring and evaluation in the context of the redefined role of the state. In 2010, the NPC (Formation and Operation) Order was approved by the Cabinet to clarify the roles of the Commission.

A major restructuring of the Commission took place in 2018 with the enactment of the Formation and Operation Order of NPC, 2018, aligning with the spirit of the new federal Constitution. It introduced several new provisions. For the first time in the history of the NPC, it determined the sectoral representation when appointing

the members of the Commission, namely: economic development, social development, physical infrastructure, water resources and energy, other natural resources, human resources management and governance and management. In addition, there was a provision to appoint a maximum of four members, including one woman, in addition to ex-officio members. However, with two successive amendments to the Order, one member was added each time, and now there are seven such members. This increase in membership was to accommodate more political appointees in the Commission, as it only added members without the need for sectoral representation whereas the original idea was to minimize the number of members to downsize the structure of the NPC. Similarly, the divisions of the NPC, which were reduced to four at that time, have now reached six. Therefore, the strategy of downsizing the structure did not work. Another significant change is the consolidation of the NPC and NPC secretariat under the collective name NPC only.

To ensure the accountability of the NPC, two provisions were added. First, the Vice-chair and appointed members of the Commission are required to take an oath of office. Second, the NPC needs to submit an annual report of the activities and achievements of the Commission to the GoN. The public annual reports have been a useful means to improve both transparency and accountability of the Commission. However, like cabinet ministers, the Vice-chair and the members of the NPC are not directly subject to parliamentary oversight, making them accountable to the parliament for their actions.

The efforts made through the restructuring of the NPC basically were around the thematic representation of its members, making the Commission more accountable for its performances, and tests around its functional size by members. Hence, the reforms made so far since the establishment of the Commission have not been remarkable. Also, as a planner of development projects, it has not been monitoring and evaluating the national developmental undertakings, nor has been a fully professional think tank of the country as many think it to be so.

9.5 Current Key Institutions for Project Governance

9.5.1 The Office of the Prime Minister and the Council of Ministers and Associated Agencies

The Office of the Prime Minister and the Council of Ministers (OPMCM), along with its associated ministries and the departments and related bodies subordinate to

them, has a crucial role to play in the development and project governance in Nepal. The OPMCM focuses on coordinating and drafting the Annual Policy and Programme of the government. Additionally, the Results Management Division (RMD) of the OPMCM coordinates the preparation process of ministry-wise annual action plans with milestones of the national priority projects once the Policy and Programmes are approved by the parliament. Ministries are required to report monthly progress to the RMD based on those action plans. Additionally, a list of key performance indicators, along with the baselines and annual targets, is set for each ministry. The RMD compiles the progress based on milestones reported through the software of the Integrated Monitoring System and analyzes them, comparing them with annual targets. The gaps are identified during the analysis and the summary of the report is uploaded on the OPMCM's webpage for public access. Reviews at various levels are conducted based on these reports to address any implementation issues that may arise.

The results-based monitoring, reporting and review system, though useful, has not been effective due to several reasons. Most of the milestones set are related to process indicators, with some output indicators, such as the award of contracts and some outputs. Only some indicators are of an outcome type that demonstrate the intended changes. Similarly, progress tracking and monitoring of key projects, including the NPPs, are done by the OPMCM, which may seem duplicative with the work of the NPC.

Reviewing the projects in the FY 2022/23, based on information reported through the Integrated Monitoring System, the OPMCM (2023) identified several problems. Firstly, out of the total 2,795 milestones monitored by the OPMCM in FY 2022/23, a total of 312 (11 percent) milestones that were scheduled to be completed in the fiscal year had not even been started. Out of these 312 milestones, 124 had not begun due to inadequate preparation. Secondly, there had been issues around inadequate preparation, including creating action plans and procurement plans, preparing tender documents, publishing notices and developing detailed project reports and cost estimates before the start of the new fiscal year. Thirdly, delays in drafting or amending the necessary guidelines for implementation, with the approval of relevant ministries such as the Ministry of Finance and the Ministry of Law and Parliamentary Affairs, were identified. Other issues identified included insufficient budget and human resources, conflicts over project sites, lack of inter-ministerial coordination and concurrence from other ministries, as well as delays in procurement processes and from contractors.

Two associated agencies under the OPMCM, the National Vigilance Centre and the PPMO, directly support the OPMCM in development and project governance. To enhance public procurement governance, the PPMO was established as a specialized agency under the OPMCM. The PPMO was created as per Article 64 of the Public Procurement Act, 2006, to monitor, regulate, and effectively manage the public procurement system and related activities.

The National Vigilance Centre, established under the OPMCM as per the Anti-Corruption (Abolition) Act of 2002, not only controls corruption-related activities but also conducts technical audits of development projects implemented by government agencies and public organizations to ensure their quality. In the technical audit process, the Centre considers time, cost, effectiveness, quality and achievements from development projects as the audit criteria. The Centre has established its laboratory to test the quality of construction materials such as steel, sand, cement, bitumen and concrete to ensure they meet the required technical standards. However, there are concerns about the quality of these audits due to the limited resources allocated for the Centre to conduct them and the availability of competent human resources to carry them out.

9.5.2 National Planning Commission in Development and Project Governance

According to the National Planning Commission Formation and Operation Order of 2018, and its latest restructuring, the NPC is primarily focused on four key functions: formulation of long-term vision, evidence-based policies and plans; monitoring and evaluation; coordination, facilitation and support in formulating and implementing development policy and plans at federal, provincial and local levels; and conducting research, studies, and analysis. The following discussion presents the development and project governance, with a focus on the NPC.

9.5.2.1 Stakeholder engagement in the formulation of plans

The NPC has established a practice of listening to the voices of various stakeholders, especially through consultative meetings, when formulating the periodic plan. Additionally, there is a practice of including the plan preparation process in the plan document starting from the Tenth Plan. This section reviews the periodic plan preparation process adopted by the GoN from the Tenth to the Fifteenth Plan, as presented in Table 9.2.

Table 9.2: Consultation Processes in Different Stages of Periodic Plans

SN	Stages of Plan Formulation	Events/ Particulars	Participation
1	Concept paper	Drafted and approved by the NPC	NPC officials, based on the review of the predecessor plan and other evidence
2	Approach paper-draft	Drafted by the NPC	Taking inputs from different stakeholders. For instance, NPC reached 70 VDCs of 30 districts for inputs while preparing the AP of the 11 th Plan
3	Interaction/ Consultation	Central level	Representatives of the political parties, civil societies and experts, professional associations, and the private sector
		Regional/ Provincial and Local level	Representatives of the political parties, civil societies and experts, professional associations, local level organizations, teachers, journalists, and the general people Dalits, indigenous nationalities, Madhesh communities and people with disabilities
		Parliamentary Committee	Members of the relevant Committees of the Parliament
4	National Dev. Council	Mostly a two-day event that directs/ advises the NPC to revise the Paper	Political parties, intellectual groups, women, Dalits, Janajati, persons with disabilities and other professional representatives
5	Approach paper	Approved by Cabinet	NPC revises the approach paper based on the direction and inputs of the NDC
6	Involvement of ministries	Draft sectoral chapters	Inputs of sectoral experts, intra/ inter-ministerial discussion to draft the detailed version of the plan

SN	Stages of Plan Formulation	Events/ Particulars	Participation
7	Consultation	National level	NPC staff, ministry-level representatives, experts and consultants who check inter-linkages and consistencies within and among chapters
8	Detailed document	Compiled and developed by NPC	NPC incorporates the inputs of ministries and other stakeholders
9	Approval	Approved by Cabinet	NPC endorses and submits to the Cabinet for approval

Source: Prepared by the author based on information available in the 10th to 15th Plan documents

Although spaces have been created to hear the voices of the people in the planning process through organizing various consultative meetings at different levels, the engagement of people in this process has been more of a ritual, where their participation has not been meaningful enough to influence the policies and strategies incorporated in the document. While there are practices of documenting the inputs of these interactive meetings, there is no practice to transparently explain which inputs are considered and which are not, and how the NPC selects the input to include in the plan. The inputs received from different stakeholders may contradict each other, so it is the role of the planning agency to analyze those inputs and incorporate the right and relevant suggestions in the plan.

The table also indicates that various stakeholders have the opportunity to provide input on both overall and sectoral goals, objectives, strategies, and operating policies. This information is gathered during discussions in the Approach Paper preparation process. However, stakeholders do not have the opportunity to participate in identifying and prioritizing programmes and projects. This is because they are not involved in the detailed planning or the development of MTEFs or annual programme budgets.

9.5.2.2 Planning for Results

As outlined in previous sections, Nepal has been working on institutionalizing results-based planning and budgeting since the Tenth Plan. Results frameworks have been developed, with result indicators designed for both macro and sectoral levels, including baselines and targets for each year of the plan period. The goal is

to shape the priorities of the plan, allocate resources to achieve these indicators and create a solid foundation for result-based M&E.

For example, the desk review by the author showed that in the Fifteenth Plan, 79 macro-level indicators were utilized, with 37 focusing on prosperity and 42 on happiness. Additionally, 466 indicators, along with their baselines and yearly targets for the plan period, were detailed in the plan document, specifying their monitoring sources and responsible agencies. Furthermore, the Plan incorporated 66 indicators for the provincial level, complete with baselines and targets. This approach served to establish connections between the national plan and provincial plans, guiding provinces to align their priorities with national-level goals.

The long list of indicators is a major issue in effectively institutionalizing the result-based planning approach. Practically, it is difficult to track them regularly with credible sources of information. Many outcome and impact indicators demand survey-based information. For instance, the list includes tracking the progress of life expectancy at birth and literacy rate, which can only come from the population census every ten years. Similarly, determining the population below the national poverty line requires the NLSS to be conducted to obtain the figure. Although the NLSS is planned to be conducted every five years, the latest NLSS (NLSS IV) was conducted in the FY 2022/23 after eleven years following the NLSS III of 2011.

Therefore, the NPC began using estimated figures on poverty and empirical evidence. This indicates that these estimates are generally higher than the survey figures. For example, in the Fifteenth Plan, the poverty incidence was estimated at 18.7 percent as a baseline, with the plan aiming to reduce it to 11.2 percent by the FY 2022/23. Similarly, the poverty figure was estimated at 15.3 percent for the Concept Paper of the Sixteenth Plan. However, the NLSS IV found that the incidence of poverty was 20.27 percent in the FY 2022/23, raising questions about the accuracy of the estimated poverty figures. Since formulating realistic plans and policies is impossible when the underlying evidence is weak, it is a pertinent concern for policymakers, researchers, project planners and implementers that more concerted efforts be made to address or minimize such discrepancies.

9.5.2.3 Resource Allocation Towards Results

The MTEF was introduced to establish an interconnection between resource allocation and sectoral results, which has helped rationalize public expenditure by prioritizing and decreasing the number of projects. In the FY 2002/03, when the MTEF was introduced, the number of projects was reduced by 199, from 633 in the

FY 2001/02 to 434. This reduction was achieved by either consolidating similar projects or discontinuing ongoing projects.

Additionally, since the first MTEF (2002/03- 2004/05), projects have been classified initially into three categories - Priority One (P1), Priority Two (P2), and Priority Three (P3) - (now only P1 and P2) in order of priority based on the nine criteria set in the MTEF. Table 9.3 shows the budgets based on priority classification in the last two decades, when the share of the P1 budget has significantly increased in subsequent years compared to the FY 2002/03. The rationale behind categorizing projects is to ensure resources for priority projects, even in the event of a fiscal crisis, rather than cutting budgets in all projects by fixed percentages.

Table 9.3: Priority Classification in the MTEF (budget in billion, NPR)

SN	Priority/FY	2002/03	2007/08	2013/14	2018/19	2023/24
1	Priority 1	22.8 (59.0)	60.8 (80.0)	192.8 (79.8)	884.6 (67.3)	1284.4 (73.3)
2	Priority 2	12.8 (33.0)	13.9 (19.0)	45.0 (18.6)	102.0 (9.4)	462.3 (26.4)
3	Priority 3	3.1 (8.0)	0.5 (1.0)	3.8 (1.6)	-	-
4	Not classified	-	-	-	328.4 (25.0)	4.6 (0.3)
Total		38.7	75.2	241.6	1315.1	1751.3

Sources: GoN budget documents; figures in parentheses mean percentages

Criteria for prioritizing projects have been in place since 2002 and have been revised three times. The latest criteria now consider the projects' contribution to realizing SDGs, among others. However, there are no criteria specifically developed for selecting projects categorized under National Pride and Game Changers.

One of the features of MTEF is to give codes to projects – gender, climate and SDGs. Table 9.4 shows the trend of Gender Responsive and climate-relevant budgets. In Nepal, Gender Responsive Budgeting (GRB) has been implemented since the FY 2007/08 to promote gender equality in public finance and budgeting. Over the past 15 years, there has been a significant increase in gender-responsive budgeting, from 11.03 percent in the FY 2007/08 to 42.16 percent in the FY 2023/24.

The total percentage of direct and indirect gender-responsive budgeting has also increased to 74.48 percent in the FY 2023/24 from 44.19 percent in the FY 2007/08. This shows a substantial improvement in gender responsiveness in budgeting in Nepal, with the percentage of gender-neutral budgeting decreasing to 25.48 percent in the FY 2023/24 from 55.54 percent in the FY 2007/08.

Table 9.4: Climate Coding and Gender Coding (in percentage)

SN	Contribution/ Relevancy	Climate Coding		Gender Coding		
		2013/14	2023/24	2007/08	2013/14	2023/24
1	Direct	5.36	5.96	11.30	21.75	42.16
2	Indirect	4.98	29.90	33.16	43.94	32.36
3	Neutral	89.66	64.14	55.54	34.31	25.48
Total		100	100	100	100	100

Source: Budget speech, FYs 2007/08, 2013/14 and 2023/24

However, there are also concerns about the reliability of gender coding, indicating the need for improvements in gender-responsive budgeting at both the national and sub-national levels. While the focus of GRB has been on women, it fails to acknowledge the diversity of women in terms of caste, class, religion, sexuality, and others (Rana & Koirala, 2021). Similarly, gender coding does not provide the full picture, as gender responsiveness in local-level budgeting has not been coded and analyzed due to low capacity at that level.

Nepal also began climate-coding of its programmes and projects for climate relevance in the FY 2013/14 budget, following the preparation of climate codes by the NPC in 2012. In comparison to the FY 2013/14 budget, where directly climate-relevant budgeting was 5.36 percent, it has nominally increased to 5.96 percent in the FY 2023/24 budget. Indirectly, climate-relevant budgeting has increased sixfold in the last decade. However, 64.14 percent of the budget is still categorized as neutral in terms of climate relevance, compared to 89.66 percent a decade ago.

Nepal has also initiated coding programmes and projects for the SDGs at the national level. This is an effort to align resource allocation towards achieving the SDGs. Integrating the SDGs into the national plan and its M&E frameworks, as well as conducting a needs assessment and costing exercise for the SDGs at the national level, helps align the SDGs with the national periodic plan. Since achieving the SDGs requires the joint efforts of all levels of government, any initiatives at the

federal level need to cascade to provincial and local levels as well. Resource books for SDGs coding have been developed for SDGs for both provincial and local levels in 2023. However, due to low capacities, despite the availability of resource books, SDG coding has not been effective. Furthermore, there are questions about the influence of the coding exercise on resource allocation decisions, aiming to contribute to realizing those goals. If this is not the case, only accounting for the amount of resources allocated to gender equality, climate adaptation, or each SDG has little significance.

There are legal provisions that require provincial and local governments to implement MTEF. The NPC has developed guidelines for preparing MTEFs at the provincial and local levels and has conducted workshops and orientation training at the provincial level to support this process. In addition, the Ministry of Federal Affairs and General Administration, in coordination with the NPC and with support from UNDP, has prepared guidelines and conducted orientation trainings to prepare SDGs-responsive MTEFs at the local levels. However, orientation training alone is not sufficient to ensure that MTEFs at the local levels align with the SDGs.

9.5.2.4 Project Bank and Project Classification - A Measure for Project Governance

Since projects are the key vehicles for implementing policies, achieving development results and fulfilling international commitments, project governance is crucial in the context of overall development governance. The aims of project governance are two-fold: to implement feasible projects and complete them within pre-determined time and cost constraints, and to connect project results to sectoral and national goals. The sectoral outcomes can be achieved only by linking project results with higher levels of the sectoral results chain.

To prevent unnecessary delays, cost overruns, and slow progress, and also to allocate resources to well-prepared and prioritized projects, Nepal has initiated the concept of a project bank. The Financial Procedure and Fiscal Accountability Act, 2019, has made it mandatory to include projects in the National Level Project Bank at all government - federal, provincial, and local levels - before budget discussions are held. This was deemed a necessary step for effective project selection and implementation. The NPC developed National Project Bank (NPB) guidelines in 2020 to establish clear processes, stages, and tools for project prioritization and selection. Additionally, a National Project Bank Management Information System (NPBMIS) was developed to include the projects in the bank from line ministries and agencies.

However, the reform measure introduced through the Project Bank to enhance the project selection process and ensure only feasible projects are included in the budget has faced challenges. One major issue is the low ownership of the Project Bank and the Project Bank Information Management System by the ministries and stakeholder agencies. Furthermore, relevant information related to the Project Bank is not consistently reported to the NPC on time (NPC, 2023). Therefore, the policy to include any project in the annual budget, only drawing from the Project Bank, has not been implemented.

In 2024, the NPC introduced the National Project Bank (Operation and Management) Standard, replacing the guidelines introduced in 2020. This Standard formalizes and strengthens the project bank's function, transitioning from descriptive guidelines to a legally binding operational framework for government projects. Key changes implemented by the Standard include a requirement that projects must have a minimum cost of NPR 30 million to be registered in the NPB, as well as the introduction of disciplinary measures for registering fragmented plans and outdated, arbitrary projects that were not properly formulated. This ensures only new and credible projects are added to the NPB (NPC, 2024).

Project banks are planned to be established at provincial and local levels with the support of the NPC to improve allocative efficiency at those levels. The NPC has developed a Management Information System for local-level project banks in 100 local governments and has conducted orientation training and interactions in all seven provinces to establish project banks. Despite the NPC's orientation to the staff at provincial and some local levels, project banks have not yet been established at most of the local levels. Even at the provincial levels, project banks need strengthening to ensure that all projects in the bank have completed the requirements of the guidelines.

As required by the provisions of the Financial Procedure and Fiscal Accountability Act, 2019, the NPC has developed the Criteria and Standards for Project Classification, 2023. This sets criteria and standards to classify projects to be implemented at the federal, provincial and local levels. The main basis of this classification is the provisions of the annexes of the Constitution that specify the exclusive and concurrent rights of the federal, provincial and local levels, the functional unbundling report approved by the Cabinet, international commitments such as the SDGs and provisions of other relevant policy and legal documents.

Moreover, the NPC has developed Integrated Standards for Project Development, Selection and Prioritization, 2022, which aims to identify, develop, select and prioritize development projects based on evidence-based, scientific and objective criteria. It also aims to ensure project selection and improve allocative efficiency with financially, technically, socially and environmentally feasible projects that have completed preparatory activities. Only under these conditions can project management become scientific and objective, which is crucial for effective implementation.

Despite various efforts to improve project governance, there are several issues and challenges in project planning and management in Nepal. The NPC in its Annual Report of the FY 2022/23 has highlighted several issues, some of which include the following: A large number of projects are included in the annual budget without completing minimum preparatory activities, such as cost-benefit analysis, environmental impact assessment and detailed project reports. In addition, there is a tendency to add new projects to the already long list of ongoing and incomplete projects without any prioritization or sequencing. This raises questions about the effectiveness of the Project Bank and MTEF. The consistent increase in the number of projects has limited the government's ability to allocate adequate resources to projects, leading to low completion rates. Difficulties also arise in project management due to a lack of clear legal provisions and standards to identify, declare, implement and monitor priority projects, including National Pride and Game Changer projects. Furthermore, there is a failure to ensure the active participation of private sectors, cooperatives and community sectors from the formulation to the implementation and benefit distribution of projects.

Project implementation problems include the absence of comprehensive implementation plans, delays in decision-making, legal, procedural and practical complexities in land acquisition, acquiring sites in forest areas and the timely availability of construction materials. Prices for the project site land have usually been higher than the normal rate, making it unaffordable for projects. Due to complexities in the Public Procurement Act, there are difficulties in extending the timing of contracts, changing designs and making decisions on variation orders. There are compliance issues with the agreed work schedules and conditions of contracts by contractors. Retention issues of project managers and competent staff in projects have been a serious issue affecting project implementation. Result-based M&E has not been effectively institutionalized and ministries and agencies are reluctant to implement even the decisions of NDAC, resulting in time and cost overruns of projects.

The interconnections between the plans of federal and provincial levels, as well as federal, provincial, and local level plans and capacity building for planning at different levels have been a challenge. The availability of disaggregated data on outcome indicators based on provincial and local levels, gender and social groups, among others, is lacking. Ongoing projects transferred to provincial and local levels have suffered from a lack of resources and a system for reporting the progress of those projects to the center has not been developed, resulting in a lack of information about their status at the center.

9.6 Case Studies

Case Study I

The National Pride Projects (NPPs)

Introduction

The GoN has established a practice of prioritizing development projects based on their importance in national development and their contribution to the achievement of the objectives of the periodic plan. In this context, for the first time, the GoN included 17 projects under the category of NPPs in the FY 2011/12. Subsequently, additional projects were included: four in FY 2014/15 and one each in FYs 2018/19, 2019/20, and 2020/21, increasing the total to 24. With the inclusion of three cricket stadiums in FY 2023/24, the number of NPPs reached 27.

The NPPs are primarily focused on infrastructure development. This includes seven road transport projects, three international airports, three hydroelectricity projects and one electricity transmission project. Additionally, there are six irrigation projects, two of which are multipurpose projects that provide both electricity and irrigation. Two projects are related to cultural heritage and there is one project each for drinking water and environmental conservation.

Objectives and Governance of the NPPs

The objectives of NPPs are to increase agricultural production and productivity through improved irrigation facilities, enhance connectivity with transport infrastructure, meet domestic energy demands and boost international trade by generating electricity from high-powered, mega and reservoir-based projects. These projects also aim to develop cultural heritage sites as key tourist destinations, ensure easy access to clean drinking water and conserve the Chure region to support biodiversity and ecological balance, minimizing the negative effects of climate change (NPC, 2022b).

These projects, selected by the Cabinet, aim to contribute to national development and improve the livelihoods of the people. While they are strategically important for socio-economic transformation, culturally significant and often financially and technically challenging, the Government has not established specific criteria for their identification and selection. Therefore, they are chosen based on their perceived importance and potential contribution to national

economic development. Without clear criteria, there is a tendency to increase the number of NPPs by adding more projects without conducting thorough studies, setting milestones, establishing timeframes, or defining processes to achieve them. Clarity on the criteria would not only address these concerns but also serve as a key foundation for their success.

The NPC, in its annual progress reports on NPPs, has stated that these projects are receiving necessary financial and human resources and that they will be closely monitored to promptly identify and resolve any issues, and will be completed within the specified timeframe and budget.

Also, there has been a practice of signing performance contracts annually between the senior officials of the parent ministry and the project chiefs, providing a basis for monitoring the progress of the projects. Progress reviews and monitoring of the NPPs are conducted by the OPMCM monthly and the NPC submits progress reports to the NDAC meeting on a trimester and annual basis. The progress of these projects is also directly monitored by the Prime Minister and other high-level officials through equipment installed in the Action Room, which was established in May 2020, in the OPMCM. Project chiefs are required to provide updates on progress and any implementation issues during that time. Additionally, NPC has established a practice of preparing and publishing annual progress reports on NPPs.

Implementation Status of the NPPs

The implementation status of the NPPs is summarized in Annex 1 prepared based on the information available in the report titled “Introduction of National Pride Projects: Progress Statement of FY 2021/22” published by the NPC (2022b), Mid-term Review of the Fifteenth Plan, Performance and Special Audit Report, 2020 of the Auditor General’s Office and the Annual Progress Report of the policies and key programmes of the FY 2022/23 prepared and uploaded to the website by the OPMCM.

Table 9.5: Completed National Pride Projects (2022/23)

SN	Projects	Started FY	End FY		Cost Estimate (NPR 10 m.)		Progress (%)
			Initial	Revised	Initial	Revised	
1	Upper Tamakoshi Hydro	2010/11	2019/20	Completed	3529	4929	100
2	Gautam Buddha Int. Airport	2015/16	2019/20	Completed	622	3041	100
3	Pokhara Int. Airport	2017/18	2022/23	Completed	2200	2210	100
4	Melamchi Drinking Water Supply Project	1998/99	2020/21	Completed	2400	3554	89.5

Source: Compiled by the author using information available in NPC (2022a), NPC (2022b), Office of the Auditor General (2020) and the Office of the Prime Minister and the Council of Ministers (2022)

Based on the status of implementation and performance, NPPs can be categorized into the following three groups. The first group (Table 9.5) includes four projects that have been completed - Melamchi Drinking Water Supply Project, Upper Tamakoshi Hydropower Project, Gautam Buddha International Airport and Pokhara Regional International Airport.

However, these completed projects also have shortcomings. For instance, the Melamchi project, the headwork of which was damaged by a heavy flood and landslides, needs major reconstruction of the component. It is heavily criticized for its poor geological study and anticipation and management of risks. In the case of the two international airports, they are struggling in the operation phase due to a lack of regular international flight connections aside from charter flights. This raises concerns about the accuracy of their feasibility study, including the estimation of traffic and the potential benefits streams used to calculate the rate of return.

The second group of NPPs, whose modalities and funding sources have not been finalized even after a decade since their inception. One of them is the Nijgad International Airport, the feasibility study of which was conducted in 2011 by a Korean company and was planned to begin construction in the FY 2014/15 with an expected completion date of the FY 2021/22. The implementation modality of this airport has not been decided yet. Instead, debates against the construction of this airport are still ongoing.

Supporters of the project believe that the airport will play a crucial role in transforming Nepal's economy by creating employment opportunities and encouraging the growth of downstream services. On the other hand, opponents of the project argue that the environmental impacts should be taken into consideration, as a large number of trees will need to be cleared from the project site. The Government remains indecisive about the implementation of this project, even over a decade after its initiation.

Table 9.6: National Pride Projects of Which Modalities Have not Been Decided (2021/22)

SN	Projects	Started FY	End FY		Tentative Cost Estimate (NPR 10 m.)	
			Initial	Revised	Initial	Revised
1	Budhigandaki Hydro	2012/13	NA	2026/27	26000	26000
2	West Seti Hydropower	2010/11	NA	NA	13208	27385
3	Nijgadh Int. Airport	2014/15	NA	2028/29	16500	70000

Source: Compiled by the author using information available in NPC (2022a), NPC (2022b), Office of the Auditor General (2020) and Office of Prime Minister and Council of Ministers (2022)

The Budhigandaki hydropower project, the largest reservoir-based project designed so far, has experienced various ups and downs in decisions to finalize its modality over the last decade. Although the resettlement process is ongoing, this project, with a planned installed capacity of 1,200 MW, has seen various trial and error attempts to decide on the right implementation modalities. The Nepal Electricity Authority hired a French company in December 2012 to conduct

a feasibility study and prepare a detailed design of the project, which submitted its report in 2015. On the institutional front, the then government decided in 2012 to establish an autonomous 'Budhigandaki Development Committee'. In 2017, the GoN awarded a contract to China Gezhouba Group Corporation (CGGC) without adopting competitive bidding processes, using the engineering, procurement, construction, and financing (EPCF) as an implementation modality. However, this decision was later withdrawn in 2017 by the Government, questioning the direct procedure adopted while awarding the contract.

In September 2018, the Government decided to revert to the earlier decision and bring in CGGC for the development of the project. However, the successor government decided to cancel the license of CGGC, which later formed a Committee led by the Vice-Chair of the NPC, who suggested implementing the project with domestic resources, providing funding for the viability gap of about one-third of the project development cost.

During this period of decision-making, four different Prime Ministers were involved in these chronological decisions. Therefore, despite these ups and downs, no final decisions have been made to proceed with the development of the project. The project's initial cost estimate of \$2.59 billion may have increased significantly due to inflation during this period. In the meantime, as a measure to mobilize domestic resources, an infrastructure development tax is being levied on imported fuel. The project, which was established in the FY 2012/13 to be completed by FY 2025/26, has not yet begun as of March 2024, except for the distribution of compensation for land acquisition.

In the case of the Western Seti project, efforts are being made to proceed with implementation by identifying and selecting a developer after conducting a brief updated study related to development, the electricity market and socio-economic aspects. Neither the implementation modality nor the funding sources for this project have been identified yet.

In the third group, some projects began over a decade and a half ago with minimal progress. For instance, the North-South Highway (Koshi corridor) started in the FY 2008/09 and is only 44.8 percent complete. The Karnali corridor, which also began in the same year, is only at 24 percent completion. The Mahakali Irrigation Project, initiated in the FY 2006/07, has made only 15.7 percent progress. The Rastrapati Chure Terai Madesh Programme, which began in the FY 2009/10, is at 5 percent progress. One reason for this slow progress is that the Programme developed its plan long after its inception. The East-West Railway, which started in the FY 2009/10 and has only 43 percent progress. As for the Kathmandu-Terai Madesh Expressway, it has achieved only about 37 percent completion despite an extended timeline. The detailed project report of this expressway was approved only in September 2019, even though the project was established in the FY 2017/18.

As shown in Annex-1, the remaining projects include Sikta Irrigation (72.5 percent), Babai Irrigation (62.2 percent), Rani Jamaria Kularia Irrigation (58.7 percent), Bheri-Babai Diversion Multipurpose (57 percent), Mid-hill Pushpapal Highway (72.7 percent), Hulaki Lokmarg (91 percent), Kaligandaki Corridor (72 percent), Sunkoshi Marin Diversion (7 percent), Pashupati Area Development (85 percent), Lumbini Area Development (87 percent) and Electricity

transmission (MCA Nepal) has 7.4 percent progress so far. None of these projects is progressing according to the targeted deadlines and schedules.

Problems and Challenges of National Pride Projects

According to the performance audit report from the Auditor General's Office, NPPs have been facing various challenges. These include conflicts at the local level regarding land acquisition, difficulties working in forest areas, construction problems resulting from starting project implementation without a feasibility study and detailed project report, contractor irresponsibility, coordination issues, and delays in finalizing project implementation and operation modalities.

Additionally, the technologies, procedures and implementation styles being used are traditional. The audit report also highlights efficiency issues in project management due to the lack of competent, skilled, trained, and experienced project managers. Time and cost overruns are common because of the failure to manage timely project implementation within anticipated costs. This inefficiency has resulted in stakeholders not receiving the promised benefits from these projects (Office of the Auditor General, 2020).

Furthermore, some of the NPPs were implemented without preparing detailed project reports (DPRs). The Pushpalal (Mid-hill) highway and North-South Corridors are examples of this. Although DPRs of segments of these highways were prepared, the absence of the DPRs of the total project resulted in changes to the alignments on these roads. Similarly, reports for different parts of the East-West railway have been prepared. In the case of the Bheri-Babai Diversion Multi-purpose Project, it was initially planned to construct a tunnel using blasting technology; however, a Tunnel Boring Machine was used instead, leading to rapid progress in the early completion of the tunnel.

Delays in obtaining approval for the Environmental Impact Assessment Report have been a significant factor in the initial delay of project implementation. For example, the Bheri-Babai Multi-purpose project took two years to finalize its Environmental Impact Assessment (EIA) report. Similarly, the Babai Irrigation Project had to wait one year and nine months, the Koshi Corridor Road nine months and the Sikta Irrigation Project about a year to get their EIA reports approved (Office of the Auditor General, 2020). The time taken to approve the EIA report ultimately prolongs the overall project duration, leading to extensions in its anticipated timeline.

The Kathmandu-Terai Madesh Expressway was announced in the budget speech of the fiscal year 2014/15 to be constructed through a public-private partnership. However, it took about four years to determine the construction modality. Earlier submitted bids were canceled before awarding due to PAC intervention. In 2014, proposals were invited per the Private Investment Act, and three companies submitted proposals. Despite an announcement being made about the selection of an Indian company, its proposal was not accepted. The budget speech of the FY 2016/17 declared that the project would be implemented by the GoN, and on the 4th of May 2017, the Cabinet decided to hand over the project to the Nepal Army for construction and it was expected to be completed within four years. The project is currently under construction. Despite the expected timeline having passed, there has been very little progress made in construction.

Key issues with project implementation included inadequate preparation beforehand, such as delays in creating procurement plans, drafting or amending necessary guidelines for implementation, delays in the procurement processes and delays from the part of contractors, insufficient budget and human resources, conflicts over project sites and issues of inter-ministerial coordination (OPMCM, 2023).

Problems and Challenges of National Pride Projects in Summary

- Conflicts with locals
- Commencing projects before feasibility studies and DPRs
- Delayed operation/construction modalities of projects
- Delay in EIAR approvals
- No progress or nominal progress of projects, even when the initially planned project periods are over
- Delay in approval of procurement plans
- Insufficient budgets and human resource shortages
- Implementation delays are often caused by contractors experiencing capacity issues or inadequate supervision, monitoring, control and action on projects
- Delay/problems in inter-ministerial/agencies coordination

Case Study II

The National Development Action Committee (NDAC)

The NDAC was established by a Cabinet decision on the 23rd of July 1992, as the apex institution for monitoring and evaluation in Nepal. Initially, the NDAC was led by the Prime Minister with all ministers, the Vice Chair and members of the NPC, the Chief Secretary of the GoN as members and the Secretary of the NPC as the ex officio member-secretary. In the federalized context, Chief Ministers of all seven provinces are also added as members of the NDAC (NPC, 2018). The new M&E Act, 2080, has also provided for the formation of the NDAC with the same representation.

Role of the NDAC- Governance of Development Policy and Projects

The NDAC is authorized to perform monitoring, review and coordinating functions, which include reviewing progress and resolving problems related to development policy, plans and programmes/projects. Additionally, it reviews the progress of programmes/projects implemented under various ministries, makes decisions to resolve problems referred by the Ministerial Development Action Committee (MDAC), resolves inter-ministerial, policy-related, and legal problems during programme implementation, and makes decisions to resolve inter-provincial problems or those referred from the Provincial Development Action Committees (PDACs). According to the National Monitoring and Evaluation Guidelines (NMEG), NDAC meetings are scheduled to take place during the fourth week following the end of each trimester. To support the NDAC, there is a

provision for an NDAC Sub-Committee formed in 2013 under the chairmanship of the Vice-Chair of the NPC with members of the NPC (M&E), secretaries of OPMCM, MoF, NPC, Ministry of Federal Affairs and General Administration (MoFAGA), Financial Comptroller General, concerned secretary and Departmental chief as members and Joint Secretary (M&E) of the NPC as member-secretary.

Meetings of the NDAC

The meeting of NDAC should be held three times a year as outlined in the National M&E guidelines, 2018. Since its establishment, the NDAC should have met at least 90 times, but it has only met 52 times so far, meaning 42 percent of its meetings could not be held. Initially, the Committee was active in addressing development-related issues, but it became dysfunctional in the late 1990s and during the conflict period until 2009. In recent years, the Committee's meetings have been more regular, with 25 meetings held in the last decade (2013-2023) instead of the scheduled 30. In these 25 meetings, a total of 3 hundred 31 decisions were made. In this study, key decisions of NDAC regarding the issues of development projects are analyzed.

In Table 9.7, ten common issues are normally faced by development projects, including the NPPs, which the NDAC has tried to address through its decisions, are presented. Out of these, three problems-supply of river-based construction materials, use of forest land as project sites and approval of Environment Impact Assessment (EIA) and land acquisition and compensation are burning implementation problems that NDAC has tried to resolve with 8, 10 and 9 repeated decisions in the last decades (Annex 2). To address these implementation issues, different Task Forces and committees were formed, but the problems have not been resolved. The table also demonstrates that, except for the authorization letter and approval of the trimester breakdown from NPC, none of the decisions have been fully implemented and hence the problems remain unresolved.

Table 9.7: Decision on Common Issues and Status of Issue Resolution

SN	Decisions	No. of Decisions	Issues R or NR
1	Authorization letter and approval of annual programmes by NPC	2	R
2	Supply of river-based construction materials	8	NR
3	Use of forest land as project sites, conservation of the Chure area, and EIA	10	NR
4	Land acquisition and compensation to landowners in project sites	9	NR
5	Project selection, prioritization and implementation	7	NR
6	Coordination in urban areas	4	NR
7	Provincial and local government- coordination between the three-tiers	3	NR
8	Availability of explosive materials	2	NR

SN	Decisions	No. of Decisions	Issues R or NR
9	Increase capital expenditure	2	NR
10	Reimburse foreign assistance	2	NR

Source: Summarized by the author based on the information available at npc.gov.np; R = Resolved and NR= Not resolved

Therefore, it demonstrates the kind of decisions that the NDAC has made so far: formation of committees or task forces to recommend resolving policy or project-related issues, instruction of ministries to formulate policies and Acts, or amend existing Acts and regulations. The 49th meeting alone, which made 22 decisions, formed a total of 15 Committees in different areas to recommend policy or project implementation issues.

Implementation of the NDAC Decisions

The M&E Division of the NPC, which provides secretariat services to the NDAC, monitors the implementation status of these decisions and prepares progress reports to be submitted at the following NDAC meeting(s).

The NDAC has made several decisions that have resolved long-standing implementation issues faced by projects. For example, the decision made at the 33rd and 38th meetings to relax the requirement for trimester breakdown approval of projects from the NPC and authorization letter from the MoF, once the budget is approved by parliament, has been a significant milestone in reducing initial delays in implementation problems. Similarly, the decision not to compile and publish district-level micro-projects has greatly reduced the number of such projects sent to local levels. However, a new issue has arisen regarding sending lists of micro projects under conditional grants to provincial and local levels. To address this, the recent NDAC decision at its 50th meeting to send indicators along with targets in conditional grants, rather than sending a list of micro projects, can be effective in resolving the new issue. Therefore, there are implementation problems in the decisions as well. Based on the document prepared for the 50th meeting of the Committee, the implementation status of the decisions of NDAC taken in its 47th to 49th meetings is presented in Table 9.8.

Table 9.8: Implementation Status NDAC Decisions of 47th to 49th Meeting

SN	Meeting	Total Decisions	Implementation Status		
			Fully	Partially	Not implemented
1	47 th	8	0	6	2
2	48 th	22	2	17	3
3	49 th	22	0	20	2
Total		52	2 (3.8)	43 (83)	7 (13.5)

Source: (NPC, 2022c); Figures in parentheses are percentages

Table 9.8 indicates that only about 3.8 percent of decisions are fully implemented, while 13.5 percent of the total 52 decisions have not been implemented at all. Approximately 83 percent of the total decisions are partially implemented. This indicates that the low priority given by the implementing agencies to execute the decision is low. Therefore, the NPC, in its annual report of 2022/23, mentions that ministries have not taken responsibility and have given low priority to implementing the decisions of the NDAC. Some agencies have not properly reported the progress of projects, making it difficult for NPC to review implementation performance and resolve any issues (NPC, 2023).

The 37th meeting of the NDAC decided to upload all M&E reports on the websites of the concerned agencies and ensure the implementation of the recommendations. However, this decision has not been properly implemented, even by the NPC, as only a few reports have been uploaded to the website. There is a practice of preparing M&E reports once officials engage in field monitoring, but these reports are primarily used to comply with financial regulations and for accounting purposes only- rather than for use as evidence-based policymaking.

The 38th meeting of the NDAC, held in December 2016, decided to instruct concerned ministries to decide on the implementation modality of the Kathmandu-Terai Fast Track Road, Budhigandaki Hydroelectric project and Nijgad International Airport within one month. However, it has been over seven years and the modality of those projects has not been decided yet. Similarly, the 39th meeting of 3rd May 2017 instructed the Ministry of Agriculture and the Investment Board to coordinate and complete the homework for establishing a chemical factory in Nepal within two months. However, it has not been implemented for even a year.

There is always a coordination problem in constructing utility infrastructures in urban areas, especially in the Kathmandu Valley. To address this issue, the 34th meeting of the NDAC instructed the NPC to prepare guidelines for coordination among electricity, roads, drinking water, and telephone agencies, but this did not solve the problem. The 39th and 43rd meetings decided to use utility ducts on urban roads, and this decision was reiterated in the 43rd meeting. However, the problem persists, which is why the 49th meeting formed a committee led by an NPC member to study and make recommendations about the use of utilities within two months. This demonstrates the weak enforceability of NDAC's decisions besides posing questions on the relevance of the committee its meetings and decisions.

This shows that the NDAC has developed a practice of repeatedly making decisions in case the earlier decisions are not implemented, rather than making concerned officials accountable for not implementing the decisions. For instance, the 36th meeting decided to implement the irrigation and land-use policies to prevent irrigable land use for housing purposes. In the 43rd meeting further decided not to use irrigable land for other purposes, which remained unimplemented.

9.7 Achievement of Development Results

This section briefly discusses the outcomes in the last twenty years, from FY 2001/02 to FY 2022/23, using various outcome indicators.

Starting from the Eighth Plan, poverty reduction has been the prime agenda in Nepal. One of the three objectives of the Eighth Plan was reducing poverty, whereas from the Ninth Plan to the Fourteenth Plan it was the sole objective. In the Tenth Plan, poverty analysis was done in Nepal for the first time, which identified that poverty in Nepal has three dimensions- income, human and social exclusion. The Plan, which was also considered the first PRSP of Nepal, aimed to address poverty of different dimensions through four-pronged strategies: broad-based economic growth, infrastructure development, social sector development, targeted programmes, and good governance. In the Fifteenth Plan, though there are three objectives and the Plan focused on prosperity, poverty reduction is also considered a prime objective of the plan.

Table 9.9: Trends of Poverty in Nepal (headcount in percentage)

SN	Particular	1995/96	2003/04	2010/11	2022/23
1	Nepal	41.76	30.85	25.16	20.27
2	Urban	21.55	9.55	15.46	18.34
3	Rural	43.27	34.62	27.43	24.66

Source: National Statistics Office (2024)

Poverty has consistently decreased over the past 26 years (Table 9.9) in Nepal since the first Nepal Living Standards Survey was conducted in FY 1995/96. Poverty has decreased by 21.49 percentage points, which is an average of 0.83 percent per year. The trend in the decline of poverty indicates that it has decreased more in rural areas compared to urban areas. One reason for this could be due to the coverage of rural settings under Municipalities while delineating local-level boundaries.

Since the Nepal Living Standard Survey (NLSS) IV is the first survey of its kind to disaggregate poverty incidence across provinces, Nepal does not have time series data to compare the trend of poverty. According to the NLSS IV, headcount poverty ranges from the lowest figure in Gandaki Province (11.88 percent) to the highest in Sudurpaschim Province (34.16 percent). Poverty figures in Karnali Province (26.69 percent), Lumbini Province (24 percent) and Madhesh Province (22.53 percent) provinces are higher than the national average poverty figure (20.27 percent), whereas, in Koshi Province (17.19 percent) and Bagmati (11.88 percent), the incidence of poverty is lower than the national average (NSO, 2024). Similar disparities exist in the case of the Multi-dimensional Poverty Index when comparing it across provinces- 39.5 percent in Karnali Province, 25.3 percent in Sudurpaschim

Province and 24.2 percent in Madhesh Province and 18.2 percent in Lumbini Province, whereas it is lower in Bagmati Province (7.0 percent), Gandaki Province (9.6 percent) and Koshi Province (15.9 percent). The national figure for the Multi-dimensional Poverty Index in 2019 was 17.4 percent (NPC, 2021).

While poverty in Nepal is on a decreasing trend, a comparison of the achievements during this period with the targets outlined in the periodic plan (Table 9.10) indicates that poverty reduction goals are not being met. Similarly, the table indicates that Gross Domestic Product (GDP) growth targets were not met during the period. Except during the Eighth and Fourteenth plans, actual growth rates were far below the target. In the Tenth Plan, where growth targets were set in a range (4.3- 6.2 percent), only 3.4 percent growth was achieved, which is even below the lower-level target. Low growth in the economy has affected poverty reduction.

Table 9.10: Poverty Reduction and GDP Growth Targets and Achievements in Periodic Plans

SN	Periodic Plan	Poverty Below the National Poverty Line (percentage)			GDP Growth Rate	
		Baseline	Target	Achievement	Target	Achievement
1	Eighth (1992-1997)	48.6	42	42	5.1	4.9
2	Ninth (1997-2002)	42	32	38	6.0	3.6
3	Tenth (2002-2007)	38	30/33	31	6.2/4.3	3.4
4	Eleventh (2007-2010)	31	24	25.4	5.5	4.5
5	Twelfth (2010-2013)	25.4	21	23.8	5.5	4.0
6	Thirteenth (2013-2016)	23.8	18	21.6	6.0	2.9
7	Fourteenth (2016 - 2019)	21.6	17	18.7	7.2	6.9
8	Fifteenth (2019-2024)	18.7	9.5	20.27	9.6	2.4*

Source: Tabulated by the author based on the information available from various periodic plans

**Average growth rate of the first four years of the plan*

One reason behind this is the failure to achieve the targets of GDP growth. Broad-based and high growth has been considered the key strategy to sustainably reduce

poverty in Nepal. Since the growth targets are not met in the periodic plans, the target of poverty incidence also remains unmet. Over the past three decades, Nepal's economy has undergone a significant structural transformation. Table 9.11 shows that the share of the primary sector as a percentage of GDP sharply decreased from 45.0 percent in 1991/92 to 24.6 percent in 2022/23. In the case of the tertiary sector, the ratio consistently increased from 34.6 percent in 1991/92 to 62.9 percent in 2022/23. The secondary sector saw its share as a percentage of GDP decrease from 20.4 percent in 1991/92 to 12.5 percent in 2022/23.

Table 9.11: Structural Transformation in the Economy of Nepal

SN	Indicators	1991/92	2005/06	2018/19	2022/23
1	GDP in basic prices (NPR 10 mil.)	14,948	72,782	3,34,248	4,69,649
2	Primary sector ratio (percentage)	45.0	33.0	25.6	24.6
3	Secondary sector ratio (percentage)	20.4	16.1	14.4	12.5
4	Tertiary sector ratio (percentage)	34.6	50.9	60.1	62.9
5	GDP per capita (US\$)	189	410	1,204	1,399

Source: Sixteenth Plan draft document; estimate of primary, secondary, and tertiary sectors in 2023/24 is 24.6, 12.5 and 62.9, respectively

Table 9.12 shows changes in social and infrastructure-related indicators over the last two decades. Despite significant improvements in life expectancy at birth, maternal mortality rate and primary level net enrolment figures as presented in the table, 23.7 percent of the total population and 30.6 percent of the female population are still illiterate. Additionally, 2.7 percent of children are still out of school. This raises questions about the effectiveness of the literacy campaign launched by the government as well as other literacy-related interventions, and targeted programmes such as scholarships for Dalit and girls' children.

Table 9.12: Trends of Various Output and Outcome Indicators in the Last Two Decades

SN	Indicators	2001/02*	2012/13#	2015/16@	2022/23\$
1	Human Development Index	0.466	0.522	0.540	0.602
2	Life expectancy at birth (Yrs.)	61.9	68.8	69	70.8

SN	Indicators	2001/02*	2012/13#	2015/16@	2022/23s
3	Maternal mortality rate (100000 l.b.)	415	281	258	151
4	Literacy rate (5+) (percentage)	49.2	65.9		76.3
5	Male literacy rate (percentage)	62.7	75.1		83.6
6	Female literacy rate (percentage)	35.6	57.4	57.4	69.4
7	Net enrolment rate (primary level) (percentage)	80.4	95.3	96.6	97.3
8	Access to improved drinking water (percentage of population).	71.6	85	83.6	96.4
9	Total length of roads (KM)	15905	25133	29031	34267
10	Population connected by electricity facility (percentage)	40.0	67.3	74.0	92.2
11	Electricity consumption (installed capacity, MW)		758	851	2767
12	Irrigation facility (1,000 hectares)	1121.4	1311	1390	1557

Source: *Tenth Plan document (the base year of the Tenth plan), # Thirteenth Plan document (the base year of the Thirteenth Plan), @Fourteenth Plan document (the base year of the fourteenth plan) and, \$ Sixteenth Plan draft document (end of the fourth year of the Fifteenth Plan), population census 2021; Economic Survey 2023/24

Regarding infrastructure-related indicators, about 7.8 percent of the population does not have access to electricity, even though the production of electricity has increased about three times in the last decade from 7 hundred 58 MW in FY 2012/13 to 2 thousand 7 hundred 67 MW in FY 2022/23. Similarly, about 3.6 percent of the total population, slightly more than a million people, do not have access to improved drinking water in the country. The percentage of the population with access to safe drinking water is far below this figure.

9.8 Project Implementation Problems and Challenges

In addition to the project implementation problems outlined in Case Study I - 'The National Pride Projects' above, there are numerous problems and challenges in

effectively implementing reform initiatives in Nepal. These challenges primarily revolve around policy, planning, and budgeting as outlined below:

First, stakeholder involvement is insufficient, lacking meaningful participation at all stages of the project cycle, especially the consultation with the stakeholders during the development and design of a project, their participation during the prioritization of the projects, and meaningful involvement during project implementation and operation and maintenance. This has stood as a barrier toward ensuring ownership of stakeholders, besides preventing the Commission from soliciting their commitment for the smooth execution of the project. The voices, demands and interests of the downtrodden are seldom heard in the decision-making process. For example, policies regarding the withdrawal of subsidies and the intensification of deregulation in public utility services are prime examples of this. Fertilizer and irrigation subsidies were withdrawn abruptly without consulting the poor farmers, who constitute the most vulnerable group in society (Khanal et al., 2005).

Second, although results-based approaches were introduced since the Tenth Plan, the outcome and impact indicators are hardly integrated into annual programming and budgeting. For instance, result indicators are included in a separate annex in the budget speech, but the linkages between policy statements and programmes and budgeting are not aligned well with the result indicators. Consequently, despite various reform initiatives, the desired outcomes of these development efforts have not been achieved and are as measurable. According to Pokharel et al. (2021), the periodic planning, annual programming and budgeting practices that have continued for over seven decades with minor occasional procedural revisions, without addressing the problems or the issues identified in the preceding years in NDAC and MDAC, ultimately result in ineffective implementation of budgets to deliver the targets they set.

Third, MTEF has also faced several challenges. Initially introduced in FY 2003/04, it was developed by consultants who prepared reports in English with minimal involvement from the ministries' staff. This low level of participation caused the problem of ownership within the ministries, as preparing the MTEF was not legally binding. Despite the MTEF being implemented, there has been no significant improvement in allocative efficiency, leading to criticism for not effectively connecting annual budgeting with medium-term periodic plans.

Fourth, despite financial regulations requiring a systematic screening process for development projects, the approval process has been more of a ritual than an objective evaluation. In the absence of a robust system of project screening, politicians, policymakers, pressure groups, development partners, and influential cronies of power are highly likely to arbitrarily allocate scarce resources to the project based on their vested interests. Such projects, therefore, are equally likely to face challenges during the implementation period. Although the domination of development partners in selecting and designing projects has gradually been reduced since they started aligning their Country Assistance Strategies with the government's medium-term plan, their engagement remains high due to the low project planning capacities of the government machinery.

Fifth, most of the reform measures taken over the decades have been implemented on a piecemeal basis and have been reactive-initiated in response to events, emergencies, or obligations - rather than based on a comprehensive vision of reform. As a result, they have been inconsistent and are contrary to the recommendations for reform by expert committees and commissions (Paudyal, 2021).

Sixth, many policy decisions are not adequately informed by well-grounded evidence and are not guided by periodic plans. Many populist policy initiatives are introduced through annual budgets, reflecting the policy programmes of the incumbent governments; therefore, the policymaking process has been highly political and not seen as contributing to realizing periodic plan objectives.

Seventh, provinces have implemented their first periodic plan, but there are several problems and challenges in its development and implementation. One major issue is the clarity in role delineation between the Provincial Planning (Policy) Commission and the Ministry of Finance, leading to problems in coordination, capacity development and collaboration in formulating periodic plans, MTEF, and annual budgets. At the local level, the preparation of periodic plans has not been a priority due to a lack of competent human resources (NPC, 2022). Additionally, there is a tendency to rely on ready-made periodic plans prepared by consultants as a token, which has resulted in low ownership of development projects and weak implementability.

Eighth, Nepal has a practice of establishing commissions, task forces, or ad-hoc committees to provide recommendations for public sector reforms in planning, budgeting, and public administration. Over the years, seven commissions were

formed under different names (in 1952, 1956, 1968, 1975, 1991, 2009, and 2019, among others), which offered various recommendations for reforms in Nepali policy, planning, budgeting and development administration, among other areas. Additionally, three commissions were formed to review and reform public expenditure under different names (2000, 2009 and 2018). However, the recommendations of these commissions have not been well implemented in practice.

Finally, despite a democratic governance system and the implementation of several reform programmes, the overall achievement of outcomes is perceived as not being encouraging, especially in creating employment opportunities and delivering efficient public services to the people.

Projects Implementation Problems and Challenges in Summary

- Insufficient or a lack of meaningful participation of stakeholders at all stages of the project cycle
- Results derived based on the outcome and impact indicators are hardly integrated into annual programming and budgeting
- No significant improvement in allocative efficiency despite the implementation of MTEF
- Lack of a robust mechanism and practice of project screening and approval
- Reform measures are driven more by reactive ways, as initiated in response to events, emergencies, or obligations, rather than being based on a comprehensive vision of reform
- Lack of clarity in role delineation between the Provincial Planning (Policy) Commission and the Ministry of Finance
- Lack of competent human resources at local levels for project planning and over-dependence on consultants
- Non-implementation of recommendations made by various commissions formed for public sector reforms

9.9 Areas of Project Governance Requiring Future Reforms

Development and project governance aim at realizing national development goals, including progress in the economy, improved social and human development indicators and reduced poverty (in a country like Nepal) incidences focusing on appropriate policies and planning and institutions related to development.

9.9.1 Planning and the Planning Agency

Even in the age of liberalization and globalization, planning still has a role to play in streamlining development activities. It represents an intellectual urge for cooperative action and a process of establishing complementary relations between policies and activities that occur in different societal domains but serve the overall development objective (Pandey, 2022).

The necessity and role of the planning agency are under discussion in the recent discourse of development governance. In Nepal, the effectiveness of the NPC is questioned as it has not adequately supported the government in implementing its annual budget and programmes, improving the country's absorption capacity, or achieving national socio-economic goals. The NPC does not have direct control over improving the implementation performance of development interventions, but can influence it by selecting feasible and productive projects for annual planning and their robust monitoring.

When pleading for the necessity of planning, it is essential to focus on the types of planning that hold significance. Visionary long-term planning plays a critical role in indicating the long-term direction of the country, whereas operational or annual planning is necessary to establish short-term policies, priority areas and budgeting. The medium-term plan bridges the gap between visionary plans and annual plans, and by enhancing the Medium-Term Expenditure Framework (MTEF), Nepal can reconsider its current medium-term periodic planning approach.

Nepal's periodic plans have been criticized for failing to achieve their ambitious targets have never been reset even after the mid-term review and the NPC does not consider revising them, although it is clear after the mid-term review that the growth targets are impossible to achieve. Hence, the practice of the development of periodic planning in Nepal demonstrates that once the five-year periodic plan is approved, it will be fixed for the period, irrespective of the vast differences in the ground reality in terms of achieving the targets set in the planning. This situation compels us to rethink this type of planning. Instead, we should promote sectoral strategic planning as the country has started in some sectors, including agriculture, to better connect visionary plans and the MTEFs, and annual planning or budgeting processes, rather than completely abandoning the development planning processes.

In terms of the planning agency, there are various options to consider - a planning commission like the NPC, a planning unit within the office of national executive chiefs, or a combined planning that includes the Ministry of Finance. Each type of

planning agency has its strengths and weaknesses. Planning commissions, like the NPC at present, can possess or acquire technical expertise from the market and can independently analyze and utilize evidence in policy and planning processes. However, there may be issues as current members of the NPC are politically appointed and therefore are changed with the change in governments, although ex-officio members remain in a stable arrangement.

Another burning question is the establishment of inter-linkages among national and sub-national plans in the context of Nepal's federal form of governance. The NPC has made efforts to create these connections by issuing guidelines to provinces and local levels, as well as preparing background information such as the localization of the SDGs and setting targets for key indicators at the provincial level to align sub-national plans with national plans. Currently, most provinces have completed their first periodic plans and are now in the process of implementing their second periodic plans. Some local levels have formulated and are going to implement their first periodic plans. The mid-term review of the Fifteenth Plan has revealed that the connections between these plans are weak (NPC, 2022a).

The lack of effectiveness of the periodic planning in terms of achieving goals, the very poor status of the national pride projects, and the implementation of NDAC decisions, the relevance of the present state of NPC is in question. Similarly, the efforts of the NPC have not been effective in establishing strong connections between sub-national planning with the national plan to ensure their contribution to achieving national goals. One possible reason behind this is that the consultative and dialogue processes conducted by the NPC during the preparation of national plans have not effectively incorporated the priorities and concerns of sub-national levels. Additionally, efforts to guide provincial and local planning, along with building their capacities, have not been successful. Therefore, the NPC needs to make more efforts to mobilize provincial and local levels to contribute to achieving national goals and realizing the SDGs.

9.9.2 Institutionalization of a Results-Based Culture in Development Processes

Nepal's development administration is known for its process-oriented approach rather than focusing on outcomes. It is inefficient, has poor implementation capacity, treats citizens as servants, and lacks accountability. In order to transform development management towards being outcome-driven, performance-based, evidence-driven, service oriented, transparent, and accountable, there is a need to institutionalize a results culture at each stage of the development process. This includes

institutionalizing results-based planning, budgeting, and M&E. Additionally, it involves institutionalizing a learning culture, rewarding success, learning from failure, and implementing objective performance management systems and practices. The following paragraphs discuss the current state of result orientation in the development process in Nepal.

Creating a culture of results in policy planning, budgeting, implementation and M&E is crucial not only to achieve outcomes but also to measure them. Nepal has made efforts to embrace the principles of Managing for Development Results (MfDR) as declared at the second Roundtable on MfDR in 2004 in Marrakech. The National Monitoring and Evaluation Guidelines (NMEG) 2013, which was later refined in 2018, outline these principles to institutionalize them in Nepal's planning, budgeting and M&E system as described in the following paragraphs.

According to the first principle, the focus of the dialogue should be on results at all phases of the development process. Nepal has integrated the results approach into national planning by developing a set of indicators within a results framework. Efforts have been made to establish connections among indicators at the sectoral and national levels. Indicators are included in the Medium Term Results Framework (MTRF) as part of the MTEF, as well as in annual programmes and budgets. There has been a practice of including results indicators even in budget speeches. However, credible and reliable sources of information, along with aligning existing household surveys to monitor these indicators, have not yet been developed. Although results frameworks have been created at provincial and some local levels, particularly with the help of external experts, they struggle to establish means of verification at those levels.

At both national and sub-national levels, the integration of results approaches into planning has primarily focused on creating results frameworks and incorporating them into plan and budget documents, rather than emphasizing dialogue on results at various levels. As indicated in the findings, stakeholder consultations are carried out during the development of the approach paper for the plan, where vision, objectives and strategies are included, but not in defining results in terms of indicators. The performance of political leaders, development administrators and civil servants is not measured based on results, which is not tied to performance appraisal, reward and punishment.

The NMEG 2018 aligns the M&E system and results indicators with the SDGs. This aligns with the second principle of MfDR, which emphasizes aligning

programming, monitoring and evaluation with results. As part of this alignment, indicators are incorporated into annual programmes and budgets with baselines and targets. However, a challenge arises in identifying how programmes and projects contribute to achieving these indicators, which is currently lacking. This is where the integration of the MfDR approach proves beneficial, but effectively utilizing these approaches and frameworks at the operational level has shortcomings.

The third principle of MfDR emphasizes keeping reporting and measurement simple. The M&E guidelines provide specific formats and manuals for consistently tracking the progress of programmes and projects. The Fiscal Procedure and Financial Accountability (FPFA) Act of 2019 includes a slightly modified version of the format for tracking the progress of interventions. However, this format, which is mostly suitable for multi-year infrastructure projects, is mandatory for all projects, making it less suitable for smaller project interventions that do not require extensive reporting details. This can be particularly challenging for staff who have not been oriented on it.

The fourth principle is ‘managing for, not by, results’. According to this principle, the focus should be on setting the target result indicators first, followed by identifying necessary interventions to achieve them and then costing those interventions. This is a departure from conventional planning, where interventions are identified first, and then indicators are defined to track them. This approach has not been properly adopted in Nepal. When setting targets for indicators like human development or poverty reduction, they are often determined through a trial-and-error method.

The fifth and final principle is using results information for learning and decision-making. This is an area where Nepal has not been able to effectively institutionalize. Evidence-based planning and decision-making have not been a cultural norm in the country. Institutionalizing the result-based culture in planning, policymaking and each policy decision needs behavioural changes in policymakers and managers. It is not just a matter of selecting indicators with data and using them as is; there is a need to assess data quality, analyze its policy implications, and use it as evidence. This means that evidence is not a readymade product that you can simply pick and use.

These results-based management practices are closely linked to the SDGs because every effort and discussion aimed at achieving the 2030 agenda should ultimately focus on outcomes and impact. Since the SDGs are not solely the agenda of the federal government, it is necessary to internalize them at sub-national levels as well. Partnerships and collaboration among non-government stakeholders are essential to

achieve these goals. The adoption of the RBM approach helps to facilitate the meaningful engagement of all these actors in the realization of the SDGs.

Despite two decades of experience internalizing result-based approaches in planning, there are several fundamental issues in this practice. First, the linkages between project-level results and sectoral output and outcome indicators have not been well-connected when designing results frameworks. Similarly, the exercise to determine the type of programme or project interventions needed to achieve sectoral outcomes has not been effective. Second, there is no tight connection between resources and results, so it is unknown whether the allocated resources and capacities are adequate to achieve those results. Third, it is not clear whether the defined results are under full, partial, or no control of the government. It is also difficult to attribute results in terms of the actors based on their contribution to achieving the results.

Since institutionalizing a results culture is a long-term journey, it requires consistent reform, sustained political will, strong leadership, and active participation from stakeholders.

9.9.3 Institutionalization of Evidence-Based Policy and Planning

Evidence-based policy, planning and resource allocation decisions are crucial for achieving development outcomes and meeting national goals and international commitments such as the SDGs. This approach not only informs policy decisions but also promotes continuous learning and adaptation. Timely, reliable and disaggregated information and evidence are urgently needed to institutionalize result-oriented and evidence-based policy and planning processes. Administrative records, Management Information System (MIS) data, censuses, surveys and specific research and evaluation studies are the primary sources of evidence in Nepal. Information from these sources, when properly analyzed, can serve as a valuable basis for generating credible evidence to inform policy-making, planning, and resource allocation decisions. An effective monitoring and evaluation system contributes to strengthening governance by providing evidence for informed policy processes and improvements in ongoing programmes.

However, administrative records and MIS data are relatively easy to collect and readily available; their quality and reliability are questionable. Therefore, there is a need to triangulate MIS data with other sources of information. Household surveys such as the NLSS and Nepal Demographic and Health Survey (NDHS), which are based on scientific sampling methods, are reliable but costly and not always available on time. For instance, the GoN had planned to conduct the NLSS every five years,

but the NLSS IV was conducted in 2022/23, eleven years after the NLSS III in 2010/11. During this period, three periodic plans were implemented to estimate the incidence of poverty in the absence of survey-based poverty figures. The survey-based headcount poverty incidence from NLSS IV was higher than the figures used in these plans. Since poverty reduction is the goal and the measurement of poverty reduction is well-defined, there are questions about the overall achievements of the periodic plans over the last decade. These inconsistencies arose from the misalignment of the timing of household surveys with the timing of the periodic plans.

To institutionalize evidence-based policy and planning at the provincial and local levels, it is necessary to generate sufficient data and information for this purpose. Currently, separate survey systems have not been introduced at these levels. Apart from census data, they have to rely on administrative records, MIS and vital registration data. As a result, survey-based disaggregated data that are necessary for policy and planning at this level are not available.

Also, policy formulation and planning processes must be grounded in credible and systematically generated evidence to achieve intended outcomes effectively. Evidence-based policymaking ensures that decisions are not merely driven by political considerations or short-term interests but are instead informed by data, research, and expert analysis. To make this possible, it is vital to strengthen the institutions entrusted with policy research, planning, and oversight, enabling them to function as professional, independent, and reliable entities.

In this context, the institutionalization of the Policy Research Institute (PRI) as Nepal's premier government think tank represents a significant step forward. Established with the mandate to generate, synthesize, and provide policy-relevant knowledge to the government, PRI plays a critical role in bridging the gap between academic research and policy practice. By functioning as a professional, evidence-oriented body, PRI contributes to shaping policies that are pragmatic, forward-looking, and aligned with national needs and global trends.

Strengthening institutions like PRI not only enhances the credibility of policy processes but also ensures continuity, consistency, and quality in decision-making. With adequate resources, autonomy, and a culture of professionalism, such think tanks can institutionalize evidence-based practices within governance. Ultimately, embedding entities like PRI at the core of the policy ecosystem helps governments anticipate challenges, identify opportunities, and pursue development pathways that are both inclusive and sustainable.

9.9.4 Linking Resources to Results

One of the primary concerns in development is the link between resources with outputs and outcomes, as policies or projects cannot be implemented effectively without adequate resources for various reasons. However, there is often a weak connection between planning and the efficient use of resources. The MTEF was introduced over two decades ago to address this issue, but there has been little improvement in result-based allocation, with resources still being allocated to projects without much consideration of their feasibility.

Prioritizing projects is crucial for optimizing resource allocation and achieving development results. The NPC has established criteria for prioritizing development projects, categorizing them as Priority One (P1) and Priority Two (P2). However, no criteria have been developed for categorizing projects under NPPs or game-changer projects, aside from their national importance. Criteria for prioritization have been developed for the provincial and local levels, but due to limited capacities, only a few local governments have prepared MTEFs. At the provincial level, MTEFs are being prepared with the assistance of experts. However, prioritizing projects under MTEFs alone has not been sufficient to prevent unfeasible projects from being included in annual budgets.

Furthermore, the Medium-Term Results Framework (MTRF) should establish linkages between project-level interventions and sectoral-level outcomes. However, there is a lack of alignment between the indicators used in the budget speech and the Annual Programme Book of the NPC, hindering the connection to the periodic plan. Inconsistencies in baselines and targets of some indicators across these documents also exist.

When discussing the issue of linking resource allocation in the annual budget with the goals outlined in periodic plans, institutional coordination between planning and finance agencies becomes crucial for effective governance and development. The issue of coordination and synergy between the NPC and the Ministry of Finance in Nepal has been a long-standing challenge. Efforts have been made over time to establish close coordination between these agencies. For example, the FY 1997/98 budget clearly defined the roles of the NPC and the MoF. It emphasized that the NPC should focus on project selection, monitoring and evaluation, while the MoF should prepare the annual budget based on a three-year rolling expenditure plan or MTEF in the current context. However, in practice, there are areas where the efforts

of these two agencies need to be better aligned. The priorities outlined in the periodic plans and MTEF documents should be well reflected in the annual budget documents.

Furthermore, the role of the OPMCM is important in bridging the gap between periodic plans and the budget by ensuring that the priorities outlined in the periodic plan are reflected in the annual policy and programmes and ultimately in the annual budget. Therefore, the interconnection between periodic plans, annual policies and programmes, and the budget should be strong, with close coordination established among the NPC, the OPMCM, and the MoF.

9.9.5 Project Governance: Planning, Analysis and Selection

In regard to project planning, analysis, prioritization and selection, NPC needs to be proactive in assessing the reliability of the projected returns from the project. Whether the project was designed and proposed by line ministries or by development partners, as they usually are, NPC needs to independently and professionally review the projects from possible angles of analysis and perspectives. In addition to assessing the project's expected contribution to achieving sectoral and national objectives outlined in the periodic plan, NPC must also consider its contribution to achieving SDGs and the actual benefit to the beneficiaries. It is necessary to scrutinize various aspects of the analysis, such as the selection of discount rates, the reliability of expected benefits and costs, sustainability, the planned technical life of the project, calculated NPVs and IRRs, and distribution analysis, among others.

In recent years, a Project Bank has been established at the central level. However, the reform measures introduced through the Project Bank to enhance the project selection process and ensure only feasible projects are included in the budget have been poorly enforced; therefore, there remain challenges. One major issue is that it has not been fully integrated into sectoral ministries, as they are not entering project information according to the standards of the Commission. A large number of projects are included in the annual budget without completing minimum preparatory activities, such as cost-benefit analysis, environmental impact assessment and detailed project reports. In addition, there is a tendency to add new projects to the already long list of ongoing and incomplete projects without any prioritization or sequencing. As a result, the policy to include any project in the annual budget, only drawing from the Project Bank through the MTEF, has not been realized.

Every project must go through stages in its lifecycle, starting from generating ideas, analysis, design and approval, to implementation, monitoring, and finally operation and evaluation. The findings of this study indicate that even in the case of NPPs, the

sequential stages in project planning and implementation have not been followed. Some NPPs, such as the Pushpalal (Mid-hill) highway and North-South Corridors, were implemented without preparing a detailed project report (DPR). The implementation modalities of the three NPPs have not been decided, despite being categorized as such a decade ago, and preliminary activities like land acquisition are still ongoing for the Budhigandaki hydroelectric project. Inconsistent decisions have been made by different governments and an implementation strategy has yet to be identified. Although the NPC has been implementing Guidelines for the Identification, Appraisal, Selection, and Prioritization of Projects of the National Project Bank since 2020, it has yet to be fully implemented.

9.9.6 Focused Evaluation and Action

A robust monitoring and evaluation system, along with effective implementation, is crucial for development and project governance. Nepal's M&E system, gradually shifting towards results-based M&E, has been facing several challenges. Monitoring has not been an integral part of project management, providing information and evidence useful for informed decision making. Instead, projects have been focusing on compiling progress and reporting upward to supervising agencies rather than using it for project-level decision-making.

At the ministry level, monitoring involves collecting data from departments and projects and submitting them to OPMCM, NPC, or MoF. Progress and problems reported by projects are discussed in MDAC meetings or referred to NDAC for resolution if the issues are inter-ministerial. Various higher-level offices, including NPC and OPMCM, engage in similar implementation monitoring of NPPs and priority projects. The PPMO monitors public procurement and the National Vigilance Centre conducts technical audits of infrastructure projects.

To avoid duplication and clarify the role of various agencies, including NPC and OPMCM, the 37th meeting of the NDAC made several decisions. As per the decision, the OPMCM should monitor the monitoring conducted by other agencies, while the NPC should conduct result-based monitoring of projects. At the ministry level, the concerned minister and secretary should monitor key projects to ensure effective implementation and address problems at the project sites. However, this decision of the NDAC has not been properly implemented.

With multiple agencies monitoring NPPs and other priority projects, there is a duplication of monitoring in some cases. Projects are required to report the same information to multiple agencies, and should facilitate field visits for teams from

various agencies at the same time. While monitoring is widespread, taking action based on monitoring findings and using that information for decision-making is lacking. In addition, the monitoring information for informed decision-making is rarely utilized.

Evaluation of the planning and projects, and the findings of the evaluations, has not been well institutionalized. In the past five years, the NPC has not commissioned any independent third-party evaluation of policies or projects, although some internal evaluations are conducted annually. The NPC's focus should align with the NPC (Formation and Operation) Ordinance of 2018, which mandates setting standards, commissioning impact evaluations, and reviewing policies based on evaluation findings. However, the NPC has not given much attention to this area. While policy reviews and audits are conducted, they do not constitute rigorous impact evaluations that attribute changes to specific policy interventions. Without evidence from evaluations, policies and strategies are implemented on assumptions rather than based on effectiveness evaluation findings.

Capacity building in M&E is crucial for improving effectiveness, yet not enough attention has been given to strengthening institutional and individual capacities at all levels of government, particularly at the provincial and local levels.

9.9.7 Coordination: An Unresolved Issue

One of the challenges facing development and project governance in Nepal is the issue of coordination, which has been unresolved throughout the history of development management. Coordination issues exist between planning and budgeting agencies, among development-related ministries, and the three levels of government. Some regular institutions have coordination roles, such as NPC and OPMCM, while many other institutions are legally created to establish coordination among agencies at various levels, such as NDAC, MDAC, Inter-governmental Fiscal Council, Sectoral Committees, Provincial Coordination Council, District Coordination Council, and Steering Committees, among others.

Despite the establishment of these institutions, coordination among the stakeholders at governmental levels and also with the beneficiaries remains a burning issue that development and project management are facing with several challenges. These challenges include conflicts at the local level regarding land acquisition, difficulties working in forest areas, construction problems resulting from starting project implementation without a feasibility study and detailed project report, contractor

irresponsibility, coordination issues, and delays in finalizing project implementation and operation modalities.

The NDAC, as an apex institution led by the Prime Minister, has the potential to effectively resolve development-related coordination issues. Some of its decisions have resolved project implementation problems. For instance, it was a practice to send an authorization letter from the Ministry of Finance to all ministries and approval of the trimester breakdown of annual programmes of all projects by NPC to get the budget released from the District Treasury and Comptroller's Office. These are the key issues that projects use to mention for the initial delay in implementation. The government, after the repeated decisions of the NDAC, sorted this issue out.

One of the roles of the OPMCM is to oversee overall development governance in the country. Within the OPMCM, there are several mechanisms such as the Central M&E Committee, Secretary meetings, Project Facilitation Committee and meetings organized to review progress reports prepared by the Results Management Division using information from the Integrated Monitoring System of the milestone-based action plans of the Annual Policies and Programmes of the government. Despite their efforts to coordinate among agencies, the issues have not been resolved.

9.10 Conclusion and Recommendations

9.10.1 Conclusion

Low priority persists on practicing a result-based approach at project phases.

As part of overall economic and administrative reforms, Nepal has implemented reform measures in development and project governance over the last two decades. The focus of these reforms has been on policy, planning, budgeting, M&E and institutional restructuring. The planning process has gradually become more consultative over time, and the preparation of result frameworks has strengthened the system to be more result-based. Despite some weaknesses, tools such as MTEF, GRB and the use of ICT have been increasingly used in budgeting and implementation. Monitoring of policies and project interventions has been gradually institutionalized, although evaluation remains a weak area, as does the utilization of monitoring and evaluation evidence in policy processes and decision-making. Institutional restructuring, particularly of OPMCM and NPC and the establishment of NDAC, have been carried out to improve development and project governance. However, these institutions have not been effective since the decisions taken were not

implemented, and coordination in designing and implementing development interventions has yet to be effectively addressed.

Stakeholders' participation has not been adequately institutionalized in the entire policy process. The participation of beneficiaries in policy and planning has been more symbolic than meaningful. While the periodic preparation of development plans has been institutionalized, planning itself has yet to be fully institutionalized. Provinces and local levels are following the narrative and structure of national plans rather than adopting a spatial and regional planning approach.

Evidence-based policy and planning are very weak in projects and development administration. Despite several efforts, development and project governance in Nepal remain weak and process-oriented, leading to lower outcomes than the targets set in plans. The culture of demanding and using evidence to formulate policies and plans is not institutionalized, which leaves room for arbitrary policy decisions based on superficial impressions. Due to the lack of realization of the importance of using evidence, efforts are not made to establish appropriate management structures or build capacities to ensure the timely availability and use of evidence. Priorities are generally set in the project plans but not pursued while selecting projects, allocating resources and solving problems for the timely implementation of the projects and programmes as per the priority of the plans; instead, long lists of interventions are prepared without considering the importance, implementability, and resource management capacities.

Results-prioritized project oversight efforts are insufficient and inter-agency coordination remains weak. Project planning remains weak, despite the institutionalization of project banks. Resources are allocated even to projects without proper analysis and preparatory activities, leading to implementation challenges. Even in a federalized context, micro-level projects are being implemented at the federal and provincial levels. Implementation problems and cost/time overruns persist, comparable to the challenges faced thirty years ago when reforms were introduced. National pride projects and other nationally important initiatives are not meeting their targets in anticipated quantity, quality, cost and time. Monitoring is widespread by various government bodies, including the OPMCM, NPC, MoF and ministries with the same focus, but follow-up actions based on monitoring evidence are lacking. Third-party evaluations, crucial for assessing the effectiveness and impact of policies, have not been institutionalized, with the NPC failing to commission any evaluation of this nature in the past five years. In the absence of

evaluation, the effectiveness and impact of policies are not tested rather continue with the expectation of different results.

Performance management awaits reforms and periodic and long-term development achievements depend on collaborative performance management efforts. Institutions are weak and are struggling to enforce decisions, often revisiting the same issues repeatedly. Despite the periodic restructuring of agencies, including the planning agency, there has not been a headway in institutional strengthening. The country awaits further efforts to effectively restructure institutions, reform processes, select and fund appropriate interventions, and institutionalize planning discipline, considering the aspirations of ‘Prosperous Nepal, Happy Nepali.’ Additionally, as the current national-level outcomes such as poverty reduction, high human development, economic growth and structural transformation in the economy are not proportionate to the government’s aspirations in particular and to the expectations of the public in general, this situation demands collaboration across federal, provincial and local governments, as well as between the state, private sector, and civil society

9.10.2 Recommendations

The following recommendations are made for further reform in project governance:

Institutionalize a culture of practicing a results-based approach at all phases of the projects development process and across all levels of government. There is a need to further embed a results-based approach in every phase of planning, budgeting, managing performance, and ensuring accountability for outcomes. Over the last two decades, practices have been established to include result frameworks or at least some result indicators in planning and budgeting documents. However, developing a culture of results requires behavioral changes, translating those efforts from paper into practice and meaningfully promoting dialogue and practices focused on results.

Ensure broad-based participation of beneficiaries in the policy process. The practice of consulting and interacting with stakeholders at various stages of the policy process has not been effective in truly hearing their voices and incorporating their inputs. Some policies and development projects in the past have suffered from the politicization of local issues and, in some cases, demanding unfair compensations, especially in land acquisitions or implementing activities that were not planned or envisaged without proper consultation with beneficiaries. Therefore, planning and

policy-making agencies need to clearly outline the process of consultation in defining concepts, formulation and finalization stages of policies and plans so that the right beneficiaries can participate and meaningfully influence the plans and policies that affect them. Additionally, plans and policy documents need to specify how beneficiaries' voices are heard and incorporated into related documents. Institutionalizing adequate participation in the process not only helps to hear the voices and demands of the downtrodden in the policy and decision-making processes but also ensures meaningful engagement in their implementation.

Promote evidence-based policy and planning. Policy and planning should be based on reliable evidence generated from various sources to ensure the effective achievement of desired results. For this, institutions introduced for policy research, planning and oversight should be strengthened and depended on as professional entities. The government should strengthen the Policy Research Institute (PRI) with adequate resources and autonomy, institutionalizing its role within the policy ecosystem as Nepal's premier evidence-based think tank to ensure credibility, consistency, and forward-looking decision-making. Also, it is equally important to prioritize the modus operandi of research institutions, both at government and non-government levels, to feed with strong evidence when it comes to policy processes.

Strengthen focus on oversight and coordination through the OPMCM. The OPMCM should focus more on overseeing and coordinating development and project governance processes. It should act as the ministry of ministries, overseeing the functions of related agencies and relevant ministries instead of directly monitoring projects. It needs to engage in monitoring of monitoring and enforcing the recommendations made by NPC and relevant ministries in decision-making processes.

The NDAC meetings can be held at least bi-monthly to facilitate rigorous discussions on progress and resolving implementation problems. The OPMCM should continue the Integrated Monitoring System to track result-based milestones and assess implementation challenges. The Action Room should not only be used for project briefings but also for resolving problems. As the NDAC is facing problems in enforcing its decisions, the OPMCM should pay further attention to this issue and further effectively assist in implementing them by coordinating with NPC and relevant ministries.

Broad-based national surveys serve as a valuable foundation for generating evidence for effective planning. It is important to sequence household surveys correctly so that they can provide data during the planning process. The NLSS which produces

data for both economic and social indicators should be conducted every five years. This will ensure robust figures for various indicators, such as the national poverty line, supported by a nationally representative household survey, are available during the planning stage. This approach will lead to more realistic plans and help resolve discrepancies arising from estimated poverty figures outlined in section 5.2.2.

Restructure the NPC and its priority actions. The NPC needs to be restructured to enhance its institutional capacities and focus areas in its functioning.

More Focus on planning, not just producing plans: The practice of creating and then forgetting medium-term periodic plans should be changed. Instead, there should be a focus on institutionalizing perspective planning and strengthening MTEF to guide the Annual Programme and Budget.

Before starting the implementation of projects, it is essential to have a comprehensive implementation plan in place. Developing an action plan that breaks down the project into components can provide a solid foundation for creating the implementation schedules.

This should include strategies and modalities for implementation, project organization and human resources planning, work schedules and budgets, procurement plans, monitoring and evaluation plans, coordination and cooperation needed and identifying responsible agencies/individuals besides tracking the critical path of the project.

Rigorous project analysis by NPC: It is critical to have a proper system for problem analysis, alternative analysis, and ensuring cost estimates are accurate, especially in infrastructure projects. The NPC should develop the capacity to assess under or over estimation to ensure projects are economically and financially viable. To achieve this, a specialized unit for project analysis within the NPC is necessary, as part of broader restructuring efforts. This unit should guide and assist line ministries in conducting technical project analysis and provide the Commission with evidence from thorough project analysis to ensure that only viable projects are included in the project bank, MTEF, and eventually the annual budget.

Strengthening the project bank: The Project Bank, established within the NPC, should be fully functional and serve its intended purpose of preventing and controlling unfeasible projects from entering the annual budget. The Commission has introduced the National Project Bank Management Information System

(NPBMIS), but systems like this should be strictly followed by ministries. Only financially and economically viable and socially urgent projects that contribute to achieving periodic plan objectives should be entered into the system. The NPC should provide guidance and support to provinces, and eventually to local governments, in establishing their own Project Banks.

NPC's focus should be more on evaluation: In line with the NPC Formation and Operation Order of 2018, NPC should place greater emphasis on evaluation and implementing policy changes based on evaluation evidence. Projects should be evaluated to extract lessons that can be applied to future projects. Support should also be provided to plan for the successful operation of projects, ensuring that the planned benefits are achieved.

Evaluation should be integrated into sub-national levels to inform the policy and planning process. Therefore, NPC's support to build M&E capacities at the provincial and local levels is urgently needed.

Reform budgeting to align resources with results. Close connections between resources and outcomes require that every development programme or project contribute to achieving sectoral results, and ultimately national-level outcomes. To accomplish this, annual policies, programmes and budgets should focus on results. To make budgets results-based at all tiers of government, it is highly important to scale up the capacities of those engaged in project planning, implementing and monitoring and forge effective coordination for the institutionalization of MTEF, Public Expenditure and Financial Accountability assessment, public expenditure review, periodic public expenditure tracking surveys, SuTRA, LMBIS and other budgetary mechanisms and tools used at the provincial and local levels. Also, the OPMCM, NPC, MoF and MoFAGA should collaborate to build their capacities.

Reform performance management to enhance performance management, establish key performance indicators for each project manager, include mechanisms for tracking and evaluating performance, and link incentives to performance. Moreover, practices should be in place for project managers to evaluate their performance throughout the project period.

Reform procurement management. Since procurement management is crucial for timely project implementation and completion, the key is to amend procurement legislation without compromising competition among contractors. It is important to enhance institutional, organizational and individual capacities in project procurement management. To achieve this, developing necessary systems and processes, issuing

guidelines for all projects and relevant agencies and providing professional training to contract managers and contractors are essential. Strengthening the capacity of the Public Procurement Management Office (PPMO) to oversee and monitor contracts, including updating and fully operationalizing the PPMO software, is crucial. Increasing the use of technology in all stages of the procurement process, conducting contract audits, and promoting transparency through open data publication of comprehensive procurement information, such as bid evaluations, awarded contracts, and monitoring reports are all necessary steps to address these issues.

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Appendix 1: Status of National Pride Projects (As of FY 2021/22)

SN	Projects	Start FY	End FY		Cost Estimate (NPR, 10 million)		Cumulative Progress (%)
			Initial	Revised	Initial	Revised	
1	Sikta Irrigation	2004/05	2019/20	2032/33	1280	2502	72.5
2	Babai Irrigation	1988/89	2022/23	2025/26	287	1896	62.2
3	Rani Jamara Kularia Multipurpose	2010/11	2023/24	2023/24	1237	2752	58.7
4	Bheri Babai Diversion Multipurpose	2011/12	2022/23	2022/23	1643	3680	57
5	Upper Tamakoshi Hydro.	2010/11	2019/20	Completed	3529	4929	100
6	Budhigandaki Hydro	2012/13	NA	2026/27	26000	26000	NS
7	West Seti Hydropower	2010/11	NA	NA	13208	27385	NS
8	Gautam Buddha Int. Airport	2015/16	2019/20	Completed	622	3041	100
9	Pokhara Reg. Int. Airport	2017/18	2022/23	Completed	2200	2210	100
10	Nijgadh Int. Airport	2014/15	NA	2028/29	16500	70000	NS
11	Pashupati Area Development	2013/14	2021/22	2021/22	127	201	85
12	Lumbini Area Development	2012/13	2022/23	2023/24	555	610	87
13	Mid-Hills Pushpalal Highway	2007/08	2022/23	2022/23	3336	8433	72.7
14	East-West Railway	2009/10	NA	2029/30	7062	7061	43
15	Hulaki Lokmarg	2009/10	2022/23	2023/24	4724	6520	91
16	Koshi Corridor	2008/09	2023/24	2030/31	1620	1620	44.8
17	Kaligandaki Corridor	2009/10	2023/24	2023/24	2400	2880	72
18	Karnali Corridor	2008/09	2022/23	2027/28	410	1100	24
19	Kathmandu-Terai Expressway	2016/17	2023/24	2023/24	11600	21395	37
20	Melamchi Water Supply	1998/99	2020/21	Completed	2400	3554	89.5

SN	Projects	Start FY	End FY		Cost Estimate (NPR, 10 million)		Cumulative Progress (%)
			Initial	Revised	Initial	Revised	
21	President Chure Terai-Madesh Conservation	2014/15	2036/37	2036/37	125	24970	5.0
22	Sunkoshi Marin Diversion	2016/17	2023/24	2023/24	4619	7000	7.6
23	Mahakali Irrigation	2006/07	2030/31	2030/31	3500		15.7
24	Electricity Transmission (MCA Nepal)	2010/11	2027/28	2027/28			7.4

Source: Compiled by the author using information available in NPC (2022a), NPC (2022b), Office of the Auditor General (2020) & Office of the Prime Minister and the Council of Ministers (2022)

Appendix 2: Decisions of the NDAC

Common Issues	(Meeting Number) Decisions Taken
Authorization letter and approval of annual programmes	(33rd) - ➤ NPC does not publish an annual programme (Part II) district level ➤ MoF, no need to authorize once the advance or appropriation bill is approved by the parliament ➤ NPC, no need to approve the trimester breakdown of the annual programme ➤ In the case of development programmes, allocate a budget based on the tripartite discussion in the NPC ➤ NPC, draft a bill for the formulation, implementation, coordination and M&E within four months ➤ Coordinate with NPC while formulating perspective and other sectoral policies, strategies and action plans (38th) - No need to reapprove programme by NPC and authorization from MoF once the budget is approved by the parliament

Common Issues	(Meeting Number) Decisions Taken
Supply of river-based construction materials	• (32nd) - Decided to resolve these issues, especially in forest and conservation areas in irrigation projects • (34th 2014 February) - Instructed the Committee, chaired by the Chief Secretary, to coordinate the regular supply of materials • (35th) - Formed a Task Force led by an NPC member to conduct a study; also formed a committee led by the Chief Secretary • (37th) - Materials for Sikta Irrigation- coordinate with MoFAGA • (46th) - Extraction of materials in the Chure area- MoFAGA to present a proposal for developing a standard to the Cabinet • (47th) - Implement the decision of the 46th within 15 days, not implemented • (47th 2019 February) - Formed a Committee led by an NPC member to recommend a policy within 4 months • (50th) - MoFA proposes areas within 2 months to amend the Act
Use of the land of forest areas as project sites, EIA and conservation of the Chure area	• (27th) - Formed a Task Force • (29th) - Instructed relevant agencies to coordinate with the Ministry of Forest while designing projects • (29th) - Instructed the Ministry of Forest to prepare guidelines; instructed the Ministry of Local Development to prepare guidelines for district-level projects; instructed the Ministry of Forest to make necessary policy arrangements to protect the Chure area from unmanaged extraction of such materials • (30th) - Instructed the Ministry of Science, Technology and Environment to come up with a proposal to protect the Chure area • (36th) - Control illegal encroachment of forest land • (37th) - Use of forest land for purposes other than decided earlier • (44th) - Mines extraction in forest areas • (45th) - EIA/IEE of Transmission line areas • (50th) - No. of trees if do not match the EIA report- change the Environment Protection Regulation in 2 months; Amend the Forest Act - Afforestation issues in replacement of the use of forest sites • (52nd) - Ministry of Land Reform facilitates - forest land if more than the limit

Common Issues	(Meeting Number) Decisions Taken
Land acquisition and compensation to landowners in project sites	• (30th) - Instructed the MOHA and Land Reform ministries to coordinate • (31st) - Formed a facilitation committee in each ministry to coordinate • (33rd) - Decided to process the enactment of the new land acquisition act • (52nd) - Formed a committee • (36th) - Mahakali irrigation- compensation to squatters • (46th) - MOHA submits a proposal for the Integrated Land Acquisition and Compensation Policy to the Cabinet in 3 months • (49th) - Formed a Committee led by NPC members to suggest land acquisition needed for the three tiers of government • (50th) - MOHA forward processes to revise the Land Acquisition Act, 1977; formed a Committee to suggest the Khokana site of the Fast Track in 3 months • (52nd) - Land acquisition, compensation and disturbances from local people
Project selection, prioritization and implementation	• (29th) - NPC gradually merges or cancels ineffective P2 & P3 projects • (36th) - Ministries categorize projects and transfer those that can be implemented at the local level • (38th) - Decided implementation modality of Kathmandu-Terai Fast Track, Budhigandaki Hydroelectricity and Nijgad Int. Airport within a month • (38th) - NPC prepares criteria for selecting National Pride Projects and special priority is to be given to them within two months • (43rd) - Project Bank and Master/Annual procurement plans • (48th) - Avoid duplications among programmes of the three tiers; PLGs should not duplicate projects already appearing in the national budget • (49th) - Formed a Committee to recommend the effective implementation of transferred projects to PLGs
Coordination in urban areas	• (34th) - Instructed NPC to prepare a guideline for the coordination among electricity, roads, drinking water and telephone agencies • (39th) - Use of utility ducts in urban roads • (43rd) - Use of utility duct • (49th) - Utility Duct in urban roads- form a Committee led by NPC member to recommend in 2 months

Common Issues	(Meeting Number) Decisions Taken
Provincial and Local government-Coordination between the 3 tiers	• (45th) - NPC prepares a format for policy, plan formulation, implementation and M&E for federal, provincial and local levels; sick contracts to administer with action plans • (48th) - NPC prepares a coordination framework among three tiers as per the Federal, Provincial and Local Levels (Coordination & Interlinkages) Act 2020 • 50th - Conditional grants to local governments - not in projects, but allocate determining indicators along with targets
Explosive materials	• (29th April 2012) - Formed a task force • (52nd) - The meeting (April 2023) formed a Committee
Increase capital expenditure	• (37th) - Resolve coordination issues in the Secretary's meeting and Central M&E Committee, both led by the Chief Secretary; improve contract administration, take actions against contractors/concerned project managers; and timely pay for completed tasks. M&E reports include the payment status • (48th) - Guidelines to prepare each year delay project implementation, permit ministries to approve the guidelines with comments from the MoF (If needed, change the Financial Procedure and Fiscal Responsibility Act)
Reimbursement	• (31st) - Instructed to immediately request reimbursement; • (49th) - Formed a Committee led by NPC members to recommend in 2 months

Source: Summarized by the author based on the information available at npc.gov.np

CHAPTER 10

नेपालमा कृषि विकासका प्रयासहरू र रूपान्तरणको मार्ग

डा. हरि शर्मा न्यौपाने
सोनिया बस्याल

सारांश

ग्रामीण पूर्वाधारहरूको विकास र प्रविधिमा आधारित व्यावसायीकरणबाट प्राप्त हुने कृषिजन्य उत्पादनको आपूर्ति व्यवस्थापन, मूल्य अभिवृद्धि तथा बजार सुनिश्चितताका साथै कृषि क्षेत्रमा रहेको श्रमको अधिशेषलाई औद्योगीकरण र विकास निर्माणमा उपयोग गर्न सके देशको राष्ट्रिय खाद्य तथा पोषण सुरक्षा र समग्र अर्थतन्त्रको दिगो वृद्धिमा टेवा पुग्छ। यस सन्दर्भमा, मिश्रित अनुसन्धान विधिमा आधारित भई तयार गरिएको यस लेखमा गुणात्मक विधिअन्तर्गत सरकारी, गैरसरकारी तथा अन्तर्राष्ट्रिय निकायहरूका कृषिसम्बन्धी अध्ययन तथा सर्वेक्षणका प्रतिवेदनहरू र नीतिगत दस्तावेजहरूको साहित्य समीक्षा तथा विषयवस्तुको विश्लेषणका साथै कृषि विकासको प्रयासमा सफल मानिएका देशहरू: भारत, दक्षिण कोरिया, थाइल्याण्ड र भियतनामको मामिला अध्ययन समेत गरिएको छ। यस आलेखमा कृषि क्षेत्रमा भूमिको उपयोग, उत्पादन सामग्रीको प्रयोग, उत्पादकत्व र आर्थिक वृद्धिदर लगायत खाद्य सुरक्षासम्बन्धी द्वितीय स्रोतबाट प्राप्त तथ्याङ्कको गणितीय विश्लेषणमा आधारित भई कृषि क्षेत्रको समग्र वस्तुस्थिति देखाउने प्रयास गरिएको छ। यस लेखले नेपालले कृषि क्षेत्रको आधुनिकीकरणमा विगतमा गरेका प्रयासहरूको विश्लेषण मार्फत कृषि क्षेत्रमा देखिएका समस्याहरूको पहिचान गरी कृषि रूपान्तरणको प्रक्रियालाई थप गतिशील बनाउन मार्गनिर्देश गरेको छ।

कृषि क्षेत्रको रूपान्तरणका लागि यस क्षेत्रमा सार्वजनिक लगानीको वृद्धि, कृषि अनुदानका कार्यक्रमहरू, मूल्य शुङ्खला तथा अपर्याप्त पूर्वाधारको विकास तथा निजी क्षेत्रको लगानी प्रवर्धन र निजी कृषि सेवा प्रदायकको क्षमता विकास गर्न आवश्यक छ। त्यसैगरी, कृषि क्षेत्रसँग सम्बद्ध संस्थाहरूबिचमा रहेको संस्थागत समन्वयको अभाव तथा जवाफदेहीविहीनता हटाउन नीतिगत व्यवस्थाका साथै उत्पादनका साधनहरूको सुनिश्चितता र कृषि क्षेत्रका अप्रभावी मूल्य समर्थन तथा नियमन नीतिको सुधारमा राज्यको पहलकदमी आवश्यक रहेको अध्ययनले देखाएको छ। समग्रमा, नेपालको बहुसङ्ख्यक जनताको जीविकोपार्जन तथा समृद्धिको आधार कृषि क्षेत्र भएकाले यस क्षेत्रको रूपान्तरणमा राज्यको एकीकृत थप प्रयास जरुरी रहेको छ।

१०.१ विषयप्रवेश

ग्रामीण समुदायको जीविकोपार्जन तथा आय आर्जनको मुख्य आधार कृषि भएकाले यस क्षेत्रको समग्र वृद्धि तथा रूपान्तरणको प्रश्न ग्रामीण अर्थतन्त्रको विकास मार्फत गरिवी निवारण र राष्ट्रिय अर्थतन्त्रको वृद्धिसँग सम्बन्धित हुन्छ। सामान्यतया, परम्परागत र श्रम-प्रधान कृषि प्रणालीबाट आधुनिक तथा प्रविधिमा आधारित उच्च उत्पादकत्व भएको कृषि प्रणालीमा परिवर्तन हुनु नै कृषि क्षेत्रको रूपान्तरण हो (Food and Agriculture Organization of the United Nations [FAO], 2019)। कृषि क्षेत्रको रूपान्तरणले खेती प्रणालीलाई प्रविधिमा आधारित बनाउनुका साथै ग्रामीण क्षेत्रको आर्थिक

संरचनामा परिवर्तन गरेर श्रमको उत्पादकत्व वृद्धि तथा रोजगारीका अवसरहरू सिर्जना पनि गर्ने हुँदा यसले आर्थिक समृद्धि ल्याउन सहयोग गर्छ ।

पछिल्ला दुई दशकमा कृषि क्षेत्रको उत्पादन वृद्धि, विविधीकरण र पौष्टिक खानाको पहुँचमा भएको वृद्धिले एसियामा खाद्य सुरक्षामा उल्लेखनीय सुधार भएको छ । यद्यपि, कतिपय न्यून आय भएका यहाँका विकासशील देशहरूमा कृषि क्षेत्रको रूपान्तरण प्रक्रिया अबैध पछि पर्नुका साथै गरिबीको दर पनि उच्च रहेको पाइन्छ । खाद्य उपभोग प्रवृत्तिमा देखिएको परिवर्तन र सहरीकरणका कारण पशुजन्य तथा फलफूल जस्ता कृषि वस्तुको माग बढ्दो छ । औद्योगीकरण र सहरी रोजगारीका कारण बसाइँ सराइको बढ्दो प्रवृत्तिले ग्रामीण जनसङ्ख्या घट्ने क्रम बढेको छ । यस अवस्थामा श्रम-प्रधान कृषि क्षेत्र स्रोत-प्रधान कृषि प्रणालीमा रूपान्तरण गर्नु अपरिहार्य देखिन्छ (Asian Development Bank [ADB], 2021) ।

परापूर्वकालदेखि नै अभ्यास हुँदै आएको नेपालको कृषि प्रणाली देशको भूगोल, संस्कृति र सामाजिक-आर्थिक संरचनासँग गहिरो रूपमा गाँसिएको छ र यो जनताको आर्थिक-सामाजिक विकास तथा जीविकोपार्जनको महत्वपूर्ण आधार पनि हो । नेपालमा कृषि क्षेत्रको वैज्ञानिक खेती प्रणाली तथा प्रविधि प्रसारका लागि औपचारिक प्रयासहरू योजनाबद्ध विकासको थालनी भएसँगै सुरु भएको हो । अथक प्रयासहरूको बाबजुद पनि अपेक्षित सफलता प्राप्त गर्न नसकेको अवस्था भने आजको यथार्थ हो ।

गरिबी, कुपोषण र न्यून उत्पादकत्वजस्ता समस्याहरूबाट गुज्रिरहेका नेपालजस्ता अल्पविकसित देशहरूमा खाद्य सुरक्षा जीविकोपार्जनका विविध क्रियाकलापसँग अन्तरनिर्भर रहेको हुन्छ । विशेषगरी खडेरी, बाढी, पहिरो, युद्ध, भूकम्प, रोगव्याधिको महामारी आदिजस्ता प्रकोपहरूको सामना गर्न समुदायमा सुरक्षा जालको आवश्यकता पर्ने हुँदा सामान्यतया राज्यको दायित्व सामाजिक संरक्षण, गरिबी निवारण तथा खाद्य सुरक्षा र मानव अधिकारको संरक्षण सम्बद्ध नीतिहरूमा केन्द्रित हुने गरेको पाइन्छ (Maxwell, 1996) । तसर्थ, आर्थिक वृद्धिसम्बन्धी हस्तक्षेपहरू (intervention) ले कृषि क्षेत्रको रूपान्तरणलाई प्राथमिकता दिन अपरिहार्य हुन्छ । यसले समग्र राष्ट्रको खाद्य सुरक्षामा योगदान गर्दै न्यायलाई केन्द्रमा राखेर गरिब तथा विपन्न वर्गको आय तथा पुँजीगत स्वामित्व वृद्धि हुने वातावरण सिर्जना गर्न सक्छ ।

खेतीमा संलग्न कृषकहरू मात्र नभई कृषि उत्पादनका साधनहरूको निर्माण तथा आपूर्ति गर्ने (upward linkages) सेवा प्रदायकहरू तथा कृषि उत्पादनलाई भण्डारण, प्रशोधन तथा ओसारपोसार गरी उपभोक्तासम्म पुर्याउने (downward linkages) उद्योग व्यवसायीहरू सबैको रोजगारी तथा आय प्रत्यक्ष वा अप्रत्यक्ष रूपमा कृषि विकाससँग सम्बन्धित रहेको हुन्छ (Harrington et al., 1986) । नेपालको जनसङ्ख्याको ठुलो हिस्सा कृषि क्षेत्रमा निर्भर रहेको र यो क्षेत्र कुल गार्हस्थ्य उत्पादनमा योगदान गर्ने महत्वपूर्ण क्षेत्र भएको सन्दर्भमा कृषि क्षेत्रको आधुनिकीकरणबाट रोजगारी सिर्जना गरी आय वृद्धि मार्फत खाद्य सुरक्षा तथा आर्थिक समृद्धि हासिल गर्नेतर्फ जोड दिनुपर्छ (Maxwell, 1996) । कृषि विकास तथा यसको रूपान्तरण एक निरपेक्ष विषय होइन । कृषि विकास तथा रूपान्तरण

बहुआयामिक हुने भएकाले अमूक एक निकाय वा विभागको प्रयासबाट सम्भव छैन । यसमा राज्यको एकीकृत प्रयास हुन जरुरी हुन्छ । नेपालले पनि रोजगारी सिर्जना मार्फत गरिबी निवारण तथा जीविकोपार्जनमा दिगो सुधार गरेर सामाजिक न्यायका साथै आर्थिक वृद्धि हासिल गर्न परम्परागत कृषि अर्थ व्यवस्थाको रूपान्तरण गर्न आवश्यक छ । कृषि क्षेत्रका नीतिहरू; यसमा गरिने लगानी; कृषि शिक्षा, अनुसन्धान तथा प्रविधि प्रसारणमा गरेका कृषि प्रसारका प्रयासहरू र बजार प्रवर्धन तथा मूल्य अभिवृद्धिजस्ता पक्षमा पर्याप्त पहल गर्न नसक्दा हाम्रो समग्र खाद्य तथा पोषण सुरक्षामा चुनौती देखापरेको छ । राष्ट्रका लागि माग हुने न्यूनतम खाद्यान्न परिमाण आन्तरिक उत्पादनबाट आपूर्ति हुन नसकेमा खाद्य सङ्कटको समयमा खाद्य सुरक्षा राष्ट्रिय सुरक्षाको विषय समेत बन्ने भएकाले राज्यले कृषि क्षेत्रको रूपान्तरणमा विशेष ध्यान दिन जरुरी हुन्छ ।

उल्लिखित सन्दर्भमा, विगतका प्रयासहरूको सङ्क्षिप्त विवेचना र कृषि क्षेत्रमा देखिएका समस्याहरूको पहिचान गर्दै नेपालको कृषि रूपान्तरणको प्रक्रियालाई थप गतिशील बनाउन सुझावहरू प्रस्तुत गर्नु यस लेखको मूल ध्येय रहेको छ । मूलतः यो अध्ययन साहित्य समीक्षाबाट प्राप्त गुणात्मक विषयवस्तुको संश्लेषण (content analysis) तथा गणनात्मक द्वितीय तथ्याङ्कको विश्लेषणमा आधारित रहेको छ । कृषि क्षेत्रको रूपान्तरणमा सफलता प्राप्त गरेका केही राष्ट्रहरूको मामला अध्ययनहरू (case studies) पनि समावेश गरिएको छ । यस लेखका लागि आवश्यक द्वितीय तथ्याङ्कहरू राष्ट्रिय कृषि गणनाका प्रतिवेदनहरू, आर्थिक सर्वेक्षणहरू, कृषि तथा पशुपन्छी विकास मन्त्रालयबाट प्रकाशित हुने नेपालको कृषिसम्बन्धी तथ्याङ्कहरू, विश्व खाद्य तथा कृषि सङ्गठन तथा विश्व बैंकको अनलाइन तथ्याङ्क भण्डारण आदिबाट लिइएको हो । द्वितीय तथ्याङ्कको सङ्क्षेपीकरण तथा विश्लेषण गर्न तालिका, समय प्रवृत्ति रेखाचित्र, सहसम्बन्ध, ordinary least square regression तथा granger causality test जस्ता विधि तथा औजारहरूको प्रयोग गरिएको छ ।

१०.२ कृषि विकासका प्रयासहरू

कृषि, वन तथा मत्स्य उपक्षेत्रहरू ग्रामीण क्षेत्रमा बस्ने गरिब तथा विपन्न समुदायहरूको जीविकोपार्जनको प्रमुख स्रोत भएकाले आर्थिक वृद्धि र गरिबीको चर्चा एकसाथ हुने गर्दछ । दोस्रो विश्वयुद्धपछि एसियाली देशहरूमा भएको हरित क्रान्तिले आर्थिक वृद्धिका साथै भारतजस्ता ठुलो जनघनत्व भएका देशहरूमा खाद्य सङ्कट कम गर्न निकै ठुलो योगदान गरेको पाइन्छ । सिद्धान्ततः आर्थिक वृद्धिका लागि भौतिक पुँजी (मेसिन, उपकरण, पूर्वाधारका संरचनाहरू) तथा मानवीय पुँजी (शिक्षित तथा तालिम प्राप्त श्रम) को सञ्चिति (accumulation) र यसको न्यायोचित परिचालन गर्नु अपरिहार्य मानिन्छ । उत्पादन साधनहरूको समग्र उत्पादकत्व (total factor productivity) ले आर्थिक वृद्धिमा प्रभाव पार्ने भएकाले उत्पादनका साधनहरूको गुणस्तर (quality of inputs) र उत्पादन तथा वितरणको व्यवस्थापन (organization) पनि आर्थिक वृद्धिका महत्त्वपूर्ण कारक नै हुन् । शिक्षा तथा सिपमूलक तालिममा गरिएको लगानीले श्रमको उत्पादकत्व तथा कुशलता अभिवृद्धि गर्न र अनुसन्धान तथा नवप्रवर्तनमा

पर्याप्त लगानी तथा प्रवर्धन गर्ने नीतिले प्रविधिको विकास र भौतिक स्रोत साधनको प्रभावकारी उपयोग तथा कुशलता प्राप्त गर्न मद्दत गर्दछ। यसले प्राथमिक क्षेत्रको साथसाथै द्वितीय क्षेत्र तथा सेवा क्षेत्रको विकासमा पनि महत्त्वपूर्ण भूमिका खेलेको हुन्छ।

गरिबी निवारणमा आर्थिक वृद्धिको भूमिका सम्बन्धमा धेरै अध्ययन र बहस भएको पाइन्छ। Ravallion & Chen (1997) को अध्ययनले आर्थिक वृद्धिले विकासशील देशहरूमा प्रत्यक्ष रूपमा आय वृद्धि गर्न र गरिबी घटाउन मद्दत पुग्ने दाबी गरेको छ। Bourguignon (2003) को अध्ययनले आय असमानता कम गर्न आर्थिक वृद्धि मात्र पर्याप्त नहुने हुँदा आर्थिक वृद्धिको साथसाथै आय पुनर्वितरण गर्ने नीतिहरूको एक साथ कार्यान्वयनले गरिबीमा ठोस कमी ल्याउन सकिने तथ्य उल्लेख गरेका छन्। विश्व बैंकको सन् २०००/२००१ को प्रतिवेदनले चीन र भारतको उदाहरण दिँदै उच्च आर्थिक वृद्धि हासिल गरेका देशहरूमा गरिबी कम भएको तथ्य उल्लेख गरेको छ (World Bank, 2001)। आर्थिक वृद्धि केन्द्रित हस्तक्षेपले रोजगारीका अवसरहरू सिर्जना गर्नका साथै हरेक कामकाजी व्यक्तिको आय वृद्धि र अत्यावश्यक सेवाहरूको विस्तार तथा पहुँच सुधार गर्न निकै ठुलो मद्दत गर्ने हुँदा आर्थिक वृद्धिलाई सामान्यतया गरिबी घटाउने एक महत्त्वपूर्ण माध्यम वा कारकको रूपमा हेरिन्छ। राष्ट्रिय आय वृद्धि र गरिबीबिच स्पष्ट सम्बन्ध रहनुका साथै औसतमा, प्रतिव्यक्ति राष्ट्रिय आयमा एक प्रतिशत वृद्धि हुँदा गरिबी पनि एक प्रतिशत कमी हुने र गरिबी निवारणका लागि महत्त्वपूर्ण मानिएका स्वास्थ्य र शिक्षामा सार्वजनिक खर्च गर्ने परम्परागत नीतिहरूको प्रभाव सबैभन्दा गरीब समुदायको औसत आय वृद्धिमा कम रहेको दाबी गरिएको छ (Dollar & Kraay, 2002)। प्रतिव्यक्ति आमदानीमा वृद्धि हुँदा उच्च मूल्य भएका फलफूल, तरकारी, दुध, अण्डा, माछा-मासु जस्ता कृषिजन्य वस्तुहरूको घरेलु माग बढ्ने हुँदा न्यून आय भएका देशहरूमा कृषि उत्पादन प्रणालीको विविधीकरण तथा व्यावसायीकरण, मूल्य अभिवृद्धि र रोजगार सिर्जना गर्दै कृषि क्षेत्रको समग्र वृद्धिदरमा समेत सुधार गर्न सकिन्छ।

नेपालको अर्थतन्त्रलाई बलियो बनाई आर्थिक उतारचढावबाट (economic shock) हुने जोखिम कम गर्न र उत्थानशील अर्थतन्त्रका लागि कृषि क्षेत्रलाई नाफामूलक तुल्याउँदै अन्तर्राष्ट्रिय स्तरमा प्रतिस्पर्धी बन्नका लागि कृषि क्षेत्रको सघनता र कृषिमा आधारित औद्योगिक विकासमा लगानी गर्नुपर्ने देखिन्छ। ग्रामीण विकासका कार्यक्रम कार्यान्वयन गर्दा कृषि क्षेत्र मात्र नभई गैरकृषि क्षेत्रको विकासमा पनि ध्यान दिनु जरुरी हुन्छ। ग्रामीण पूर्वाधारहरूको विकासका साथै सुनिश्चित बजारसहित कृषि क्षेत्रको व्यावसायीकरण र यस क्षेत्रको श्रम अधिशेषलाई विकास निर्माणमा प्रयोग गर्ने हो भने कृषि क्षेत्रको रूपान्तरणका साथसाथै ग्रामीण गरिबी कम गर्न र समग्र अर्थतन्त्रको सबलीकरण हुन पुग्छ।

१०.२.१ कृषि क्षेत्रमा आर्थिक उदारीकरणको प्रयास

विश्व परिवेशमा आर्थिक रूपान्तरण भएका अधिकांश देशमा उत्पादन र श्रमको संरचनामा भएको परिवर्तनको गति फरक फरक भए तापनि न्यून उत्पादकत्व र न्यून ज्यालामा आधारित अर्थतन्त्रबाट उच्च उत्पादकत्व र उच्च ज्याला सुनिश्चित गर्नु नै रूपान्तरणको मुख्य आधार रहेको पाइन्छ,

(Singh & Singh, 2016) । आर्थिक रूपान्तरणका लागि ग्रामीण तथा परम्परागत कृषिजन्य आर्थिक गतिविधिहरूलाई विस्थापित गर्दै नवप्रवर्तन तथा प्रविधिको माध्यमबाट यस क्षेत्रको व्यावसायीकरण गर्नुपर्ने हुन्छ भने कृषि क्षेत्रमा संलग्न रहेको श्रमको ठुलो हिस्सा कम गर्न औद्योगिक गतिविधिहरूको प्रवर्धन गर्नु पनि अपरिहार्य छ । रूपान्तरणको पहिलो चरण अन्तर्गत कृषि क्षेत्र तथा यसबाट प्राप्त हुने अधिशेष (surplus) प्रयोग गर्न कृषि उद्योग तथा विकास निर्माणमा जोड दिइन्छ भने दोस्रो चरणमा कृषि क्षेत्रबाट अन्य क्षेत्रमा हुने भौतिक र मौद्रिक प्रवाह दुवैलाई समावेश गरी कृषि अधिशेषको कुशल उपयोग गरेको पाइन्छ । यस सन्दर्भमा कृषि क्षेत्रबाट श्रम तथा स्रोतको स्थानान्तरण गर्नाले गैरकृषि क्षेत्रमा उत्पादन साधन तथा लगानी केन्द्रित हुने र समग्र अर्थतन्त्रको वृद्धिमा योगदान पुग्ने अपेक्षा गरिएको हुन्छ (Morrisson & Thorbecke, 1990) ।

विकासोन्मुख देशहरूमा सन् १९८० को दशकपछि लिइएका आर्थिक उदारीकरणका नीतिहरूले वित्त, उत्पादन सामग्री, श्रम (दक्ष/अदक्ष), मूल्य अभिवृद्धि भएका कृषि तथा औद्योगिक वस्तुहरू, र सूचना तथा प्रविधिको आदानप्रदानमा वृद्धि भई संसारभरिका अर्थतन्त्रहरूको एकीकरणलाई टेवा दिए । यसले कृषि उत्पादनसहित समग्र उत्पादन प्रणाली र बजार प्रणालीमा खुलापन आयो । साथै, विकासशील राष्ट्रका बजारमा राज्यको हस्तक्षेप र नियन्त्रण कम हुँदा निजीकरण र अन्तर्राष्ट्रिय अर्थतन्त्रमा सजिलैसँग सहभागी हुने अवसर प्रदान गर्‍यो । गुणस्तरीय तथा प्रतिस्पर्धी घरेलु वस्तु/उपजहरूको बजार विस्तार हुनुका साथै पुँजी तथा ज्ञानको आदानप्रदान हुँदा नयाँ प्रविधिको विकास र अनुसरणका कारण कृषिको विविधीकरण भई उच्च मूल्य भएका कृषि वस्तुहरूको आन्तरिक उत्पादन बढाउनुका साथै अन्तर्राष्ट्रिय व्यापारबाट लाभ लिएर आर्थिक विकासमा योगदान गर्ने अवसर सिर्जना पनि हुन पुग्यो (Meijerink & Roza, 2007) ।

नेपालले पनि सन् १९८० को दशकको मध्यपछि व्यापारको अवरोध हटाउन भन्सार दरहरू कम गर्दै खुला व्यापार तथा आर्थिक उदारीकरणको नीति अगाडि बढाएको थियो । सन् १९९० मा बहुदलीय प्रजातान्त्रिक व्यवस्थाको पुनर्स्थापना भएपछि आन्तरिक तथा अन्तर्राष्ट्रिय व्यापार प्रवर्धनका लागि विभिन्न नीतिगत उपायहरू लागु गर्नुका साथै संस्थागत संयन्त्र पनि स्थापना गरिए । आर्थिक उदारीकरणको नीतिलाई थप गति दिन वैदेशिक लगानी तथा प्रविधि हस्तान्तरण, औद्योगिक व्यवसाय प्रवर्धन तथा एकद्वार सेवा, श्रम समस्या समाधान, निजीकरण र आयकर आदिसम्बन्धी क्षेत्रमा नीतिगत सुधार समेत गरिएको थियो ।^१ यसका अतिरिक्त, विश्व व्यापार सङ्गठन (World Trade Organization), दक्षिण एसियाली स्वतन्त्र व्यापार क्षेत्र (South Asia Free Trade Area) र बहुक्षेत्रीय व्यापार तथा आर्थिक सहयोगका लागि बङ्गालको खाडीको प्रयास (Bay of Bengal Initiatives for Multisectoral Technical and Economic Cooperation) जस्ता प्रमुख संस्थाहरूसँग अनुबन्धन भएपछि नेपालले सोही अनुसारका नीतिगत परिमार्जन तथा अन्तर्राष्ट्रिय व्यापारका लागि द्विपक्षीय तथा बहुपक्षीय प्रयास

१. वैदेशिक लगानी तथा प्रविधि हस्तान्तरण ऐन १९९२, औद्योगिक व्यवसाय ऐन १९९२, वैदेशिक लगानी तथा एकद्वार सेवा नीति १९९२, श्रम ऐन १९९२, ट्रेड युनियन ऐन १९९२, निजीकरण ऐन १९९४, र आयकर ऐन २००२ आदि ।

गरेको पाइन्छ। यी पहलहरूको मुख्य उद्देश्य समग्र अर्थतन्त्रमा टेवा दिन स्वदेशी तथा विदेशी लगानीमा उद्योग स्थापना गर्न प्रोत्साहन दिने; प्रविधि भित्र्याउने; निर्यात व्यापारको प्रवर्धन तथा रोजगारी सिर्जना गर्ने; र देशभित्रको उत्पादन प्रणालीलाई प्रतिस्पर्धी बनाउँदै विश्व मूल्य शृङ्खला (global value chain) मा आवद्ध गराउनु थियो (घिमिरे, न्यौपाने, र भट्टराई, २०८०)।

उदारीकरणको दृष्टिले हेर्दा दीर्घकालीन कृषि विकास योजनालाई^२ गरिबी निवारण र द्वितीय क्षेत्रको विकासको प्रमुख कारक तथा संवाहकको रूपमा लिइएको थियो। यस योजनाले बाली विविधीकरण, बजार क्षेत्रको सुधार, निर्यात प्रवर्धन लगायत कृषि क्षेत्रको व्यावसायीकरण र मूल्य अभिवृद्धिका लागि निजी क्षेत्रको लगानी प्रोत्साहनजस्ता महत्त्वपूर्ण विषयहरूमा प्राथमिकता दिएको थियो। कृषि नीति, २००४ ले व्यावसायिक तथा प्रतिस्पर्धात्मक कृषि प्रणालीका आधारहरूको विकास र आर्थिक उदारीकरण; विश्व व्यापार सङ्गठन तथा क्षेत्रीय सङ्गठनहरूमा नेपालका विद्यमान प्रतिबद्धता पूरा गर्न नीतिगत सुधार; र निजी तथा गैरसरकारी क्षेत्रबाट कृषि अनुसन्धान तथा विकासमा गरिने खर्चमा कर प्रयोजनका लागि खर्च लेख्न पाउने सुविधा लगायत अन्य उपयुक्त प्रोत्साहनसम्बन्धी व्यवस्थाहरू गरी निजी तथा वैदेशिक लगानी प्रवर्धनजस्ता विषयहरूमा जोड दिएको पाइन्छ। तर, वैदेशिक लगानी तथा प्रविधि हस्तान्तरण ऐन १९९२ र २०१९ दुवैमा प्राथमिक वस्तु उत्पादनमा मुख्यगरी पशुपालन, बागवानी, मत्स्यपालन आदिमा वैदेशिक लगानी स्वीकार नगर्ने व्यवस्था थियो। यद्यपि, नेपाल सरकारले सन् २०२१ मा वैदेशिक लगानी तथा प्रविधि हस्तान्तरण ऐन २०१९ को अनुसूची संशोधन गरेर आफ्नो उत्पादन कम्तीमा ७५ प्रतिशत निकासी गर्ने सर्तमा पशुपन्छी पालन, माछापालन, मौरीपालन, फलफूल, तरकारी, तेलहन, दलहन, दुग्ध व्यवसाय र कृषिका प्राथमिक उत्पादनसँग सम्बन्धित ठुला उद्योगहरूमा लगानी खुला गरेको थियो।

१०.२.२ कृषिसम्बन्धी आवधिक योजना, नीति, ऐन र रणनीतिहरू

नेपालमा वि.सं. २०१३ बाट योजनाबद्ध विकासको थालनी भएको थियो (राष्ट्रिय योजना आयोग, मि.न.)। यी योजनाहरूमा कृषिको विकास र प्रवर्धनका लागि गरिएका प्रयासहरू उल्लेखनीय छन्। साथै, कृषिसम्बन्धी विभिन्न नीति, रणनीति तथा योजना तर्जुमा गर्ने कार्यहरू भएका छन्। यस खण्डमा यी प्रयासहरूको समीक्षा गरिएको छ।

१०.२.२.१ आवधिक योजनामा कृषि

योजनाबद्ध विकासको सुरुआतदेखि नै नेपाल सरकारले कृषि क्षेत्रको विकासमा प्राथमिकता दिँदै कृषक, निजी क्षेत्र तथा विभिन्न संघ संस्था तथा विकास साभेदारहरूको सहकार्य र सहयोगमा कृषि विकासका योजनाहरू कार्यान्वयन गर्दै आएको पाइन्छ (Thapa, 2010; South Asia Alliance for Poverty Eradication, 2011)। सन् १९६० को दशकको मध्यसम्ममा कृषि प्रसार सेवा तथा कृषि

२. दीर्घकालीन कृषि विकास योजना सन् १९९५/९६-२०१४/१५ सम्म कार्यान्वयन गरिएको थियो।

नीति उत्पादन वृद्धि तथा कृषकको आय वृद्धि, खाद्य सुरक्षा तथा खाद्यान्नको वितरणमा केन्द्रित थियो । कृषि कार्यक्रमहरूले कृषि प्रविधि प्रदर्शन, उन्नत बीउ, पशु नश्ल, सिँचाई, तथा कृषि तालिमको पहुँच विस्तारका साथै अनुसन्धानमा प्राथमिकता दिएको पाइन्छ ।

साथै, संस्थागत सुधार अन्तर्गत कृषि प्रसार सेवा प्रदान गर्ने संस्थाहरूको स्थापना तथा उन्नत बीउ उत्पादन तथा पशुनश्ल सुधारसम्बन्धी फर्मको स्थापना तथा विस्तार गरियो । नेपाल सरकारले कृषि क्षेत्रको उत्पादन वृद्धि तथा गरिवी निवारणका लागि भूमि सुधार नीतिको कार्यान्वयन; क्याडस्ट्रल सर्वेक्षण (cadastral survey) तथा तथ्याङ्क सङ्कलन; दुध सङ्कलन तथा प्रशोधन (घिउ, चिज) केन्द्रको स्थापना; नगदे बालीको खेती तथा कृषि उद्योगको (जुट, चिनी, चुरोट आदि) स्थापना; प्राविधिक जनशक्ति विकास तथा तालिम; कृषि अनुसन्धानका लागि बहुविधागत संस्थाको स्थापना, र ग्रामीण विकासका लागि सहकारी मार्फत कृषि क्षेत्रमा ब्लक विकास कार्यक्रम समेत सञ्चालन गरेको पाइन्छ (राष्ट्रिय योजना आयोग, मि.न.) ।

सन् १९७० र १९८० को दशकमा नेपालले द्विपक्षीय र बहुपक्षीय विकास साभेदारहरूको प्राविधिक तथा आर्थिक सहयोगमा एकीकृत ग्रामीण विकास परियोजनाहरू सञ्चालन गरेको पाइन्छ । यी परियोजनाहरूले मूल बीउको प्रयोग गरी उन्नत बीउ उत्पादन गर्न सरकारी फर्महरू र कृषकहरूलाई परिचालन गर्नाका साथै संस्थागत सुधारलाई समेत निरन्तरता दिएको पाइन्छ ।

पाँचौ योजनाले खाद्य वस्तुको उत्पादन वृद्धि, सिँचाई सुविधा विस्तार, उखु तथा सुर्तीजस्ता औद्योगिक बालीको उत्पादन र औद्योगिक विकास, उत्पादनमूलक उद्योगको व्यवस्थापन तथा व्यापार विविधीकरणका साथै सामाजिक सेवा आदि मार्फत अर्थतन्त्रको मूलप्रवाहीकरणमा जोड दिएको पाइन्छ । छैठौँ र सातौँ योजनाले पाँचौँ योजनाले निर्दिष्ट गरेका कृषिसम्बन्धी गतिविधिहरूलाई निरन्तरता दिँदै जनताको आधारभूत आवश्यकता पूरा गर्न प्रतिव्यक्ति खाद्य उपलब्धता वृद्धि गर्न पहल गरेको थियो । आठौँ योजनामा भौगोलिक विशिष्टीकरण गर्दै कृषि उत्पादन र उत्पादकत्व वृद्धि गर्ने र रोजगारका अवसरहरू सिर्जना गर्ने तथा आन्तरिक खाद्यान्नको माग पूर्ति गर्ने उद्देश्य लिइएको थियो । नवौँ योजनापछिका सबै आवधिक योजनाहरूमा गरिवी निवारण, खाद्य सुरक्षा, वातावरण सन्तुलन तथा कृषि प्रणालीको व्यावसायीकरण र रूपान्तरणजस्ता पक्षहरूमा जोड दिएको पाइन्छ ।

कृषि क्षेत्रको विकास र रूपान्तरण गर्न उत्पादन साधनहरूको आपूर्ति, पहुँच तथा प्रयोग र कृषि औजारको प्रयोग तथा यन्त्रीकरण प्रवर्धनको विषय पहिलो आवधिक योजनाको सुरुआतदेखि अहिलेसम्म निरन्तर प्राथमिकतामा राखिएको पाइन्छ । कृषि उपजको उत्पादन बढाउने, बजार व्यवस्थापन गर्ने र निर्यात प्रवर्धन तथा व्यापार सन्तुलन गर्ने विषय पनि योजनाबद्ध विकासको सुरुआतबाट नै प्राथमिकतामा परेको थियो । उत्पादन वृद्धिसम्बन्धी बुझाइमा परिवर्तन आउँदै गर्दा चौथो आवधिक योजनादेखि कृषि उत्पादन वृद्धिले औद्योगिक कच्चा पदार्थको आपूर्ति बढाउन मद्दत गर्ने कुरालाई आत्मसात् गरियो भने सातौँ आवधिक योजनामा कृषि उत्पादनको मूल्य अभिवृद्धि गर्न कृषिमा आधारित उद्योगहरूको

प्रवर्धनलाई जोड दिइएको थियो । साथै, उत्पादन वृद्धि गर्न भूमि र बाली तथा वस्तुको उत्पादकत्व वृद्धि गर्नुपर्ने अवधारणा छैठौँ योजनाबाट सुरु भएको पाइन्छ । आठौँ योजनाबाट निर्वाहमूखी खेती पद्धतिलाई आधुनिक, व्यावसायिक, प्रतिस्पर्धी र दिगो कृषि प्रणालीमा रूपान्तरणका साथै वातावरण सन्तुलन तथा स्रोत संरक्षणको विषय प्राथमिकतामा परेको पाइन्छ भने दशौँ योजनादेखि कृषि जैविक विविधताको संरक्षणमा केन्द्रित भई कृषि विकासका कार्यक्रमहरू सञ्चालन गरेको पाइन्छ । एघारौँ योजनादेखि अन्तर्राष्ट्रिय बजारमा नेपाली उत्पादनको पहुँच विस्तारका लागि गुणस्तरीय तथा प्रतिस्पर्धी वस्तु उत्पादनको विषय अगाडि बढेको पाइन्छ (तालिका १०.१) ।

तालिका १०.१: विभिन्न आवधिक योजनामा कृषि सुधार सम्बन्धमा उठान गरिएका विषयवस्तुहरू

क्र.सं.	विषयवस्तु	आवधिक योजना														
		१	२	३	४	५	६	७	८	९	१०	११	१२	१३	१४	१५
क	संस्थागत सुधार, कृषि उत्पादन साधन तथा प्रविधि प्रसार															
१	कृषि प्रसारको संस्थागत सुधार तथा विस्तार	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓				
२	स्रोत केन्द्र तथा कृषि फार्मको स्थापना	✓	✓	✓	✓	✓	✓	✓	✓	✓						
३	उन्नत बीउ, मल तथा आधुनिक प्रविधिको प्रयोगमा वृद्धि	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
४	सिँचाइ सुविधा विस्तार	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
५	कृषि औजारको प्रयोग तथा यन्त्रीकरण प्रवर्धन	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
६	कृषि कर्जा तथा लघुवित्त विकास	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
७	कृषि शिक्षा तथा अनुसन्धान	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

क्र.सं.	विषयवस्तु	आवधिक योजना														
		१	२	३	४	५	६	७	८	९	१०	११	१२	१३	१४	१५
८	भूमि सुधार कार्यक्रम	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
ख.	कृषि उत्पादन वृद्धि, बजार, प्रशोधन तथा पूर्वाधार विकास															
१	उत्पादन वृद्धि	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
२	उत्पादकत्व वृद्धि						✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
३	कृषि बजार व्यवस्थापन	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
४	उद्योग स्थापना र औद्योगिक कच्चा पदार्थ आपूर्ति वृद्धि				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
५	कृषिमा आधारित उद्योगको प्रवर्धन							✓	✓	✓	✓	✓	✓	✓	✓	✓
६	ग्रामीण पूर्वाधारको विकास (यातायात, सञ्चार र उर्जा)			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
७	गुणस्तर व्यवस्थापन											✓	✓	✓	✓	✓
८	निर्यात प्रवर्धन तथा व्यापार सन्तुलन			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
ग	साभेदारी, सहभागिता तथा स्रोत संरक्षण															
१	सहकारी तथा निजी क्षेत्रको सहभागिता	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
२	युवाहरूलाई कृषि क्षेत्रमा आकर्षित गर्ने												✓	✓	✓	✓

क्र.सं.	विषयवस्तु	आवधिक योजना														
		१	२	३	४	५	६	७	८	९	१०	११	१२	१३	१४	१५
३	कृषि विकासवातावरणीय संरक्षणविच सन्तुलन								✓	✓	✓	✓	✓	✓	✓	✓
४	कृषि जैविक विविधताको संरक्षण र प्रयोग										✓	✓	✓	✓	✓	✓
घ	कृषि क्षेत्रको रूपान्तरण र प्रभाव सम्बन्धित विषय															
१	आधुनिक, व्यावसायिक, प्रतिस्पर्धी र दिगो कृषि प्रणालीमा रूपान्तरण								✓	✓	✓	✓	✓	✓	✓	✓
२	कृषि क्षेत्रको अधिक श्रम तथा स्रोतलाई कृषिबाट अन्य उत्पादनशील क्षेत्रमा लैजाने			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
३	उत्पादनशील रोजगारी सिर्जना, आय वृद्धि तथा गरिबी निवारण						✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
४	खाद्य तथा पोषण सुरक्षा									✓	✓	✓	✓	✓	✓	✓

स्रोत: राष्ट्रिय योजना आयोगबाट प्रकाशित आवधिक आवधिक योजनाहरूको विषयवस्तुको संश्लेषणका आधारमा लेखकहरूद्वारा तयार गरिएको

कृषि क्षेत्रमा सहकारी तथा निजी क्षेत्रको सहभागिताको अवधारणा पहिलो योजनादेखि सुरु भएको पाइन्छ। तेस्रो योजनाले कृषि क्षेत्रको अधिक श्रमशक्ति तथा स्रोतलाई कृषिबाट अन्य उत्पादनशील क्षेत्रमा स्थानान्तरण गर्ने कुरालाई जोड दिएको पाइन्छ भने कृषि क्षेत्रमा युवाको घट्दो संलग्नतालाई सम्बोधन गर्न बाह्रौँ योजनादेखि युवालाई कृषि क्षेत्रमा आकर्षित गर्ने विषय आत्मसात् गरिएको

छ। अन्तर्राष्ट्रिय बजारमा नेपाली उत्पादनको पहुँच विस्तार गर्न गुणस्तरीय तथा प्रतिस्पर्धी वस्तु उत्पादनको विषय एघारौँ योजनादेखि सुरु भएको पाइन्छ (राष्ट्रिय योजना आयोग, मि.न.)।

नेपाल सरकारले कार्यान्वयन गरेका १५ वटा आवधिक योजनाहरूले कृषि क्षेत्रको विकासका लागि उठान गरेका विषयवस्तुको संश्लेषण (content analysis) गर्दा संस्थागत सुधार, कृषि उत्पादन साधन तथा प्रविधि प्रसार; उत्पादन तथा उत्पादकत्व वृद्धि, उत्पादित बाली/वस्तुको बजार व्यवस्थापन तथा प्रशोधन, पूर्वाधार विकास, सहकारी तथा निजी क्षेत्रको सहभागिता, कृषि क्षेत्रको रूपान्तरणका साथै स्रोत संरक्षणजस्ता मुख्य मुद्दाहरूमा केन्द्रित रहेको पाइयो। साना किसान र कृषि श्रमिकहरूको भूमिमा अधिकार स्थापना गर्न जमिनको पुनर्वितरण तथा भूस्वामित्वको सुरक्षा र भूमिको उचित प्रयोगजस्ता पक्ष समेटेर आर्थिक विकासको गति तीव्र बनाउन भूमिमा लगानी हुने निष्क्रिय पुँजी र अतिरिक्त श्रमलाई अन्य क्षेत्रहरूमा स्थानान्तरण र उत्पादन सेवाहरूको प्रत्याभूति तथा कृषि उत्पादनको वृद्धिबाट ग्रामीण समुदायको जीवनस्तर सुधार गर्न भूमि सुधार कार्यक्रम पनि वि.सं. १९६४ मा सुरु भएको थियो। तर, विगत सात दशकमा कार्यान्वयन भएका सबै योजनाहरूमा भूमि सुधार प्रमुख एजेन्डाको रूपमा नै रहेकाले भूमिका समस्याहरू पूर्ण रूपमा समाधान हुन नसकेको तथ्य प्रष्ट हुन्छ।

कृषि विकासको दीर्घकालीन प्रभावहरूमध्ये कृषि प्रणालीको रूपान्तरण, रोजगारी सिर्जना, आय वृद्धि, गरिबी निवारण र खाद्य तथा पोषण सुरक्षाजस्ता आयामहरूलाई पनि आवधिक योजनाहरूमा विशेष ध्यान दिएको पाइन्छ। यी सबैको बावजुद पनि नेपालको कृषि क्षेत्रले खासै प्रगति गर्न सकेको देखिँदैन। आवधिक योजनामा तर्जुमा गरिए अनुसार बजेट विनियोजन नहुनु, योजनाबद्ध मानव संसाधन विकास नहुनु, मध्यावधि पुनरावलोकन र अन्तिम मूल्याङ्कन नियमित नहुनु र उपलब्धि तथा तथ्याङ्कहरूको डिजिटल अभिलेखीकरण नहुँदा वास्तविक प्रतिफलको यकिन हुन नसक्नु आदि यसका मुख्य कारण रहेका छन्।

१०.२.२ दीर्घकालीन कृषि योजना

सन् १९९० सम्मका प्रयासहरूबाट कृषि प्रसार तथा अनुसन्धानसम्बन्धी संस्थागत विकास र प्रविधि प्रसारमा केही सीमित उपलब्धि हासिल भए तापनि खाद्य सुरक्षाको सुधारमा अपेक्षित लाभ प्राप्त भएन। निर्वाहमुखी कृषिको अपेक्षित रूपान्तरण हुन नसक्नु, व्याप्त तथा बढ्दो गरिबी र कृषिजन्य वस्तुको आयात प्रतिस्थापन तथा निर्यात प्रवर्धनका साथै कृषि क्षेत्रमा औद्योगीकरण हुन नसकेकोजस्ता समस्याहरूलाई पहिचान गरेर समग्र कृषि क्षेत्रको रूपान्तरणका लागि सन् १९९५ मा एक महत्वाकाङ्क्षी २० वर्षे दीर्घकालीन कृषि योजना (Agriculture Perspective Plan) कार्यान्वयन गरिएको थियो (Agriculture Projects Services Center & John Mellor Associates Inc., 1995)।

नेपालको द्रुत आर्थिक वृद्धिको आधार तयार गर्न ग्रामीण अर्थतन्त्रको रूपान्तरण महत्वपूर्ण हुने र समग्र कृषि क्षेत्रको वृद्धि नै गरिबी निवारण र द्वितीय क्षेत्रको वृद्धि तथा विकासको कारक हुने परिकल्पनाबाट समग्र आर्थिक वृद्धिको गतिशील शक्तिको (engine of the growth) रूपमा कृषि क्षेत्रलाई स्वीकार गरेर यस योजनाको तयारी गरिएको थियो। प्रविधिमा आधारित हरित क्रान्तिको माध्यमबाट उत्पादनको कुशलता तथा कारक उत्पादकत्वको (factor productivity) वृद्धि गर्न कृषिको व्यावसायीकरण, बाली विविधीकरण र तुलनात्मक लाभ भएका कृषि उपजहरू उत्पादन तथा मूल्य अभिवृद्धिमा लगानी केन्द्रित गरेर कृषि क्षेत्रको द्रुत वृद्धि हासिल गर्ने र रोजगारका अवसरहरू सिर्जना गर्दै गरिबी निवारण तथा खाद्य सुरक्षाको प्रत्याभूति गर्ने उद्देश्यका साथ दीर्घकालीन कृषि योजना कार्यान्वयन गरिएको थियो।

दीर्घकालीन कृषि योजनाले कृषि उत्पादन तथा उत्पादकत्व वृद्धिका लागि सिँचाइ, रासायनिक मल, कृषि प्रविधि (उन्नत बीउ, पशुनश्ल, बाली संरक्षण र पशु रोगको निदान र प्राथमिकता प्राप्त बालीहरू तथा वस्तुको उत्पादनको प्याकेज विकास) र सडक तथा विद्युत्जस्ता उत्पादनका साधनहरूको आपूर्ति सुनिश्चित गर्न नीतिगत पहल गरेको थियो। यी उत्पादनका साधनहरूको विकास र प्रवर्धनबाट प्राथमिकता प्राप्त उत्पादनहरू (priority outputs) क्रमशः पशुजन्य उत्पादन (दुध, माछा, अण्डा र मासु), उच्च मूल्य जाने कृषि उपजहरू (तरकारी, फलफूल, चिया तथा कफी, अलैंची, अदुवा, मह आदि); कृषि व्यवसायको प्रवर्धन र मूल्य अभिवृद्धि र वनजन्य उपजहरूको उत्पादन तथा व्यवसायको प्रवर्धनबाट कृषि क्षेत्रको रूपान्तरण गर्ने गरी कृषि क्षेत्रको नीति तथा कार्यक्रम अगाडि बढाइएको थियो (Agriculture Projects Services Center & John Mellor Associates Inc., 1995)। यस अवधिमा ग्रामीण सडक पूर्वाधार, सामुदायिक वन र बागवानीको क्षेत्रमा उल्लेख्य सुधार भएको थियो। भूमिगत सिँचाइको लक्ष्य हासिल हुन नसके पनि सिँचाइको सुविधामा उल्लेखनीय रूपमा विस्तार भयो (Mishra & Paudel, 2023)। दुग्ध उत्पादन तथा प्रशोधन, कुखुरापालन, बेमौसमी तथा टनेल तरकारी खेती, चिया प्रशोधन क्षेत्रमा निजी लगानी परिचालन भएकाले यी उपक्षेत्रहरूको विकास तथा व्यावसायीकरणलाई टेवा पुगेको देखिन्छ।

विकास साभेदार संस्थाहरूको सहयोगमा सञ्चालित आयोजनाहरू^३ मार्फत गरिएको लगानी तथा प्रविधि प्रसारले निजी क्षेत्रको लगानी परिचालन र कृषि क्षेत्रको विविधीकरण तथा व्यावसायीकरणमा महत्वपूर्ण भूमिका खेलेको थियो। यद्यपि, उच्च मूल्यका कृषिजन्य वस्तुहरूको उत्पादनमा दिएको प्राथमिकता तथा पर्याप्त परिमाणमा उन्नत बीउ र रासायनिक मलको आपूर्ति समयमा हुन नसक्दा खाद्यान्न बालीको उत्पादन तथा उत्पादकत्वको वृद्धि सामान्यतया राम्रो भएन। कृषकहरूलाई पहिलो सेवा दिने एग्रोभेट तथा पाराभेटजस्ता निजी सेवा प्रदायकहरू (first hand private service provider) को सेवा तथा क्षमता विकासमा दीर्घकालीन कृषि योजनाले प्राथमिकता दिएको थियो। योजना अवधिको सुरुआतसँगै सुरु

३. बीउ क्षेत्र सहयोग आयोजना; दीर्घकालीन कृषि योजना सहयोग आयोजना; बाली विविधीकरण आयोजना; व्यावसायिक कृषि विकास आयोजना; व्यावसायिक कृषि तथा व्यापार आयोजना; र उच्च पहाडी कृषि व्यवसाय तथा जीविकोपार्जन सुधार आयोजना आदि।

भएको दशवर्षे सशस्त्र द्वन्दका कारण यसको कार्यान्वयनमा जटिलता तथा समस्या देखियो भने कृषिमा आश्रित सम्भ्रान्त वर्ग र श्रम शक्तिको ठुलो हिस्सा ग्रामीण क्षेत्रबाट सहरतर्फ बसाइँसराइ भएकाले अपेक्षित नतिजा प्राप्त गर्न कठिन भयो (Ministry of Agricultural Development [MoAD], 2015) ।

परम्परागत कृषि प्रणाली र जमिनको पैत्रिक स्वामित्व हस्तान्तरणको निरन्तरताले गर्दा चक्लाबन्दी, सघन खेती, करार खेती आदिजस्ता अवधारणा लागु हुन सकेनन् भने साना कृषकहरूको बाहुल्यता तथा छरिएको अवस्थामा रहेका स-साना उत्पादन क्षेत्रहरू कायम रहेकाले बजारयोग्य परिमाणको सङ्कलन हुन नसक्दा सक्रिय बजारको विकास पनि हुन सकेन (Cameron et al., 2020) । कृषि योजनाहरू कार्यान्वयन गर्ने कार्यमा जिम्मेवार निकायहरूविचको समन्वय, सहयोग र स्वामित्व पनि कमजोर पाइयो भने योजना तर्जुमा, अनुगमन तथा मूल्याङ्कनमा किसान, निजी क्षेत्र, र सहकारीहरू लगायत अग्रणी सरोकारवालाहरूको सहभागिता न्यून देखियो (MoAD, 2015, p. 23) ।

१०.२.२.३ कृषि नीति, २००४

निर्वाहमुखी कृषि प्रणालीलाई व्यावसायिक एवम् प्रतिस्पर्धात्मक कृषि प्रणालीमा रूपान्तरण गरी दिगो कृषि विकासको माध्यमबाट कृषकहरूको जीवनस्तरमा सुधार ल्याउने दीर्घकालीन दृष्टिकोणसहित कृषि क्षेत्रका लागि राष्ट्रिय कृषि नीति तर्जुमा गरिएको थियो । आर्थिक उदारीकरण, विश्व व्यापार सङ्गठन तथा क्षेत्रीय सङ्गठनहरूमा नेपालले गरेका प्रतिबद्धताहरूको सम्बोधन र नेपालका लागि दिगो विकासको एजेण्डा एवम् सहस्राब्दी विकासका लक्ष्यहरू पूरा गर्ने पृष्ठभूमिमा जारी गरिएको यस नीतिको मुख्य उद्देश्य कृषि क्षेत्रको उत्पादन एवम् उत्पादकत्व बढाउने; व्यावसायिक एवम् प्रतिस्पर्धात्मक कृषि प्रणालीको आधार विकास गरी निर्यात प्रवर्धन मार्फत क्षेत्रीय तथा विश्व बजारसँग जोडिने, र प्राकृतिक स्रोत, वातावरण र जैविक विविधताको संरक्षण तथा संवर्धन एवम् सदुपयोग गर्ने रहेको थियो । कृषि नीतिमा तय गरिएका उद्देश्यहरूले कृषि उत्पादनका साधन, उत्पादित कृषि उपज लगायत अन्य अन्तर विषयगत पक्षहरूलाई समेटेको पाइन्छ ।

१०.२.२.४ कृषि व्यवसाय प्रवर्धन नीति, २०६३

राष्ट्रिय कृषि नीति, २०६१ को उद्देश्य अनुसार व्यावसायिक तथा प्रतिस्पर्धात्मक कृषि प्रणालीका आधारहरूको विकास गरी क्षेत्रीय र विश्व बजारसँग प्रतिस्पर्धा गर्न सक्ने कृषि व्यवसायहरूको प्रवर्धन कार्यलाई गति प्रदान गर्न कृषि व्यवसाय प्रवर्धन नीति, २०६३ जारी गरिएको थियो । यस नीतिले बजार उन्मुख प्रतिस्पर्धी कृषिजन्य वस्तुहरूको उत्पादन गर्न सहयोग गर्ने, कृषिजन्य उद्योगको विकास गरी आन्तरिक बजार तथा निर्यात प्रवर्धनका साथै कृषि क्षेत्रको व्यावसायीकरण गरी गरिवी निवारणमा सहयोग पुर्याउने उद्देश्य लिएको थियो । यस नीतिले भौगोलिक, प्राविधिक र आर्थिक सम्भावनाका आधारमा बृहत् उत्पादन क्षेत्रहरूको (growth centre) स्थापना तथा विकास, विशेष आर्थिक क्षेत्रहरू (special economic zones) सँग समन्वय हुने गरी बजारको माग अनुसार व्यावसायिक विशेष

बाली वा वस्तु उत्पादन क्षेत्र निर्धारण गर्न खोजेको छ । यसैगरी, नीतिले प्राङ्गारिक उत्पादन क्षेत्र र निर्यातमूलक बाली तथा वस्तु उत्पादन क्षेत्र सञ्चालन, कृषि बजार पूर्वाधारहरूको (सडक तथा विद्युत्, शीतभण्डारण, कृषि थोक बजार एवम् सडकलन केन्द्र र पशु वधशाला, गुणस्तर प्रमाणीकरण प्रयोगशाला, भण्डारण गृह आदि) जस्ता पक्षमा जोड दिएको छ । साथै, कृषि व्यवसायमा निजी क्षेत्रको लगानी प्रवर्धन, निजी तथा सहकारीसँगको सहकार्यमा उत्पादन साधनहरू र उत्पादित कृषि उपजको बजार व्यवस्थापन र प्रशोधन उद्योगको प्रवर्धन, परम्परागत स्थानीय कृषि वस्तु तथा मौलिक प्रविधिको संरक्षण तथा प्रवर्धन, करार खेती र निर्यात बजारको खोजी गर्न नेपालका कूटनीतिक नियोगहरूको परिचालन गर्नेजस्ता पक्षहरू पनि यसले समेटेको पाइन्छ ।

१०.२.२.५ भूमिसम्बन्धी ऐन, २०२१

देशको द्रुततर आर्थिक विकासमा भूमिको महत्त्वलाई दृष्टिगत गरेर कृषियोग्य भूमिको न्यायोचित वितरण, भूमिबाट निष्क्रिय पुँजी र भूमिमा आश्रित रहेको जनसङ्ख्याको हिस्सा कम गरेर श्रमशक्ति अर्थ व्यवस्थाको अन्य क्षेत्रमा स्थानान्तरण, र कृषिसम्बन्धी आवश्यक ज्ञान तथा उत्पादनका साधनहरूको सहज उपलब्धता गराई कृषि उत्पादनमा वृद्धि गरेर भूमिमा आश्रित वास्तविक किसानहरूको जीवनस्तरमा सुधार ल्याउने ध्येय लिएर भूमिसम्बन्धी ऐन, २०२१ जारी गरिएको थियो । यस ऐनले जमीनदारी उन्मूलन, भूमिको हदबन्दीको सीमा निर्धारण, अधिकतम हदभन्दा माथिको जमिनको प्राप्ति गर्ने र यसरी प्राप्त गरेको जमिनको क्षतिपूर्ति दिने र मोहीसम्बन्धी व्यवस्था गरेको छ । कृषि भूमिको वितरणलाई अगाडि बढाउन जग्गा हदबन्दीको (घर जमिनसहित परिवारका लागि १८.४ हेक्टर) व्यवस्थाको कार्यान्वयनले करिब ६६,००० हेक्टर जमिन हदबन्दीभन्दा माथि रहेको देखायो भने १९८५ सम्म करिब ३४,००० हेक्टर पुनः वितरण गरिएको थियो (KC, 1986) । वि.सं. २०७६ सालसम्म आठौँ पटक संशोधन भएको यस ऐनमा घरबारीसहित व्यक्ति वा परिवारको जमिनको हदबन्दी तराईमा ७.३३ हे. (११ विगाहा), काठमाडौँ उपत्यकामा १.५ हे. (३० रोपनी) र काठमाडौँ उपत्यकाबाहेकको पहाडी क्षेत्रमा ३.७५ हे. (७५ रोपनी) कायम गरिएको छ । यद्यपि, हालसम्म भूमिसम्बन्धी समस्याहरू पूर्ण रूपमा समाधान हुन सकेको छैन (हेर्नुहोस् खण्ड १०.२.२) ।

१०.२.२.६ नेपाल कृषि प्रसार रणनीति, २००७

दीर्घकालीन कृषि योजनाले निर्दिष्ट गरेका कार्यक्रमहरूको कार्यान्वयन प्रक्रिया सहजीकरण गर्न नेपाल कृषि प्रसार रणनीति, २००७ तयार गरेको थियो । कृषि प्रसार सेवाको पहुँच १५ प्रतिशत भन्दा माथि पुग्न नसकेको पृष्ठभूमिलाई दृष्टिगत गरेर बहुलवाद (pluralistic agriculture extension) र विकेन्द्रीकरणको अवधारणामा कृषि प्रसार सेवालाई अगाडि बढाएको थियो । निजी क्षेत्र, गैरसरकारी संघ संस्थाहरू र सक्षम कृषक समूह सहकारीहरूले गरिब तथा विपन्न वर्ग, साना किसान र महिलाहरूको पहुँच सुनिश्चित गर्दै समूह गठन, सामाजिक परिचालन र प्रसार सेवा प्रदान गरेर सार्वजनिक क्षेत्रहरूले दिने प्रसार सेवाको व्यवस्थापनमा भूमिका निर्वाह गर्न सक्ने व्यवस्था गरिएको

थियो । साथै, यस रणनीतिमा प्रसार सेवा प्रवाह गर्न सूचना तथा सञ्चार प्रविधिको प्रयोग र कृषि तालिम सञ्चालनका लागि अगुवा कृषकहरूको परिचालन गर्ने, स्थान विशेषका कृषि बाली/वस्तुको प्राथमिकीकरण गरेर गरिवी निवारणका लागि विशेष परियोजनाहरू कार्यान्वयन गर्दै नेपालको कृषि सेवा प्रवाह प्रणालीलाई सुधार गर्ने राष्ट्रिय एजेन्डा प्रस्तुत गरिएको छ ।

१०.२.२.७ कृषि विकास रणनीति (२०१५-२०३५)

नेपाल सरकारले कृषि क्षेत्रलाई मार्गनिर्देश गर्न २० वर्षे कृषि विकास रणनीति (एडीएस) सन् २०१५ बाट कार्यान्वयनमा ल्याएको छ । एडीएसले दीर्घकालीन कृषि योजना कार्यान्वयन गर्दा देखा परेका संस्थागत सीमित कार्यान्वयन क्षमता, न्यून लगानी तथा सीमित वित्तीय स्रोतहरू, कमजोर संस्थागत समन्वय, सहयोगी कानूनको अभाव र अनुगमन तथा मूल्याङ्कनको कमीजस्ता समस्याहरूलाई आत्मसात् गरेको पाइन्छ । यसले विगतका प्रयासहरूबाट पशुपालन, मत्स्य, कुखुरा, तरकारी तथा फलफूल, चिया तथा कफी आदिमा प्रविधि प्रयोग, व्यावसायीकरण र प्रशोधनमा प्राप्त गरेका सफल उदाहरणहरूको निरन्तरता तथा प्रवर्धन; भूमिहीन, साना तथा व्यावसायिक कृषकहरूको आय वृद्धि; र गैरकृषि क्षेत्रमा रोजगारी सिर्जना गर्ने पक्षलाई जोड दिएको छ ।

यस रणनीतिले कृषि क्षेत्रको रूपान्तरण तथा आर्थिक वृद्धिको आधार समग्र कारक उत्पादकत्वको (total factor productivity) वृद्धि, कृषि क्षेत्रको वृद्धिदर सुधार र निर्वाहमुखी कृषि प्रणालीको आधुनिकीकरण तथा व्यावसायीकरण मार्फत ग्रामीण गरिवी निवारण, सहर र गाउँको बजार सम्बन्ध विकासका लागि मूल्य शृङ्खलाको विकास, गैरकृषि क्षेत्र र सेवा क्षेत्रमा श्रमको स्थानान्तरण हुनु पर्नेजस्ता विषयहरूको उठान गरेको छ । यसको अतिरिक्त बढ्दो सहरीकरण, आहारामा देखिएको परिवर्तन, विश्वव्यापीकरण तथा अन्तर्राष्ट्रिय व्यापार, आन्तरिक तथा बाह्य आप्रवासन, कृषि क्षेत्रको विविधीकरण, जलवायु परिवर्तन तथा हरित प्रविधि, पूर्वाधार तथा ऊर्जा र स्रोतको संरक्षण र साभेदारी तथा निजी क्षेत्रको पुँजी परिचालनजस्ता विषयहरू कृषि क्षेत्रको आधुनिकीकरण र रूपान्तरणका लागि महत्वपूर्ण हुने विषयहरू पनि स्पष्ट उठान गरेको पाइन्छ ।

कृषि विकास रणनीतिले कृषि कार्यक्रम कार्यान्वयन गर्दा सुशासनको प्रत्याभूति, श्रम तथा भूमिको उत्पादकत्व वृद्धि, नाफामूलक कृषि व्यवसायको प्रवर्धन र प्रतिस्पर्धात्मक क्षमता वृद्धिमा जोड दिँदै निजी तथा सहकारी क्षेत्रको साभेदारीबाट निजी पुँजीको परिचालन तथा समावेशीकरण मार्फत कृषकहरूको अधिकारको संरक्षण गरेर कृषि क्षेत्रको दिगो विकास गर्न सकिने अवधारणा अगाडि सारेको छ । कृषि क्षेत्रको उच्च उत्पादकत्व सुनिश्चित गर्न सुदृढ कृषि शिक्षा तथा विकेन्द्रित प्रसार प्रणाली; गुणस्तरीय कृषि सामग्रीहरू (मल, उन्नत बीउ तथा नश्ल, सिँचाई, यन्त्र, उपकरण) को सहज पहुँच; जलवायु अनुकूलन खेती प्रणाली तथा प्राकृतिक प्रकोपहरू र अन्य विपदहरूको स्थितिमा हुने मूल्य अस्थिरताको जोखिम व्यवस्थापन, कृषिजन्य अभ्यासहरूको अवलम्बन र गुणस्तर नियमन तथा एकत्रित एवम् समुदायमा आधारित भूव्यवस्थापन र चक्लाबन्दी खेती प्रवर्धनजस्ता पक्षहरूमा जोड दिइएको

छ। यस रणनीतिले कृषि क्षेत्रको रूपान्तरणका प्रभावहरू आत्मनिर्भरता, आर्थिक वृद्धि तथा कृषकको जीवनस्तरमा सुधार, सामाजिक समावेशीकरण, विश्वव्यापीकरणको सन्दर्भमा प्रतिस्पर्धात्मक क्षमता वृद्धि र दिगोपना हुने परिकल्पना गरेको छ।

१०.२.३ संस्थागत व्यवस्थामा भएका प्रयासहरू

कृषि क्षेत्रको रूपान्तरणमा नीति निर्माणका साथै तिनको कार्यान्वयन गर्ने संस्थागत व्यवस्थाहरूको पनि महत्त्वपूर्ण योगदान रहन्छ। यस खण्डमा नेपालमा कृषिको प्रसार, शिक्षा र अनुसन्धानका क्षेत्रमा कार्य गर्ने संस्थाहरूको विद्यमान अवस्था, सङ्घीयतापछि तिनमा आएका परिवर्तनहरूका साथै कृषिसम्बद्ध स्थानीय संस्थाहरूको बारेमा उल्लेख गरिएको छ।

१०.२.३.१ कृषि प्रसार, कृषि शिक्षा, तथा अनुसन्धान

कृषि क्षेत्रको विकासका लागि नेपाल सरकारले कृषि जनशक्तिको विकास तथा कृषि प्रसार, कृषि शिक्षा र अनुसन्धान कार्य एक साथ अगाडि बढाएको पाइन्छ।^४ यी कार्यहरू सन् १९५२ मा त्रिभुवन ग्राम विकासबाट औपचारिक रूपमा सुरु भएको थियो भने सन् १९५३ मा अमेरिकी विकास सहयोग नियोगको सहयोगमा ग्रामीण विकास तथा कृषि विकास कार्यक्रमहरूमा समुदाय परिचालन र युवाहरूको नेतृत्व विकास गर्न चारपाते क्लब (4-H club) सुरु गरिएको थियो। यस अभियानमा किसानहरूलाई विभिन्न तालिम, कृषि प्रसार सेवा, र प्रविधिको प्रयोग मार्फत कृषि उत्पादन वृद्धि गर्न आधुनिक कृषि प्रविधिहरू प्रयोगलाई प्रोत्साहित गरिएको थियो (Ghimire et al., 2021)।

कृषि क्षेत्रको योजनाबद्ध विकासको थालनीसँगै परम्परागत कृषि प्रणाली र अन्य विभिन्न कृषि प्रसारका मोडेलहरू तथा अवधारणाहरू नेपालले अवलम्बन गरेको पाइन्छ। विभिन्न समयमा अभ्यास गरिएका यी मोडेलहरूका केही विशेषताहरू सैद्धान्तिक रूपमा सङ्गठनीय भए तापनि कार्यान्वयनको क्रममा विभिन्न बाधा तथा कमजोरीहरू अनुभूत भई तिनको निरन्तरता हुन नसकेको र नेपालले समयसापेक्ष कृषि प्रसारको तौरतरिकामा समेत सुधार गरेको पाइन्छ। सन् १९७५ मा संयुक्त राष्ट्रसंघको खाद्य तथा कृषि सङ्गठनको सहयोग र नेपाल सरकारको तत्कालीन कृषि मन्त्रालय तथा कृषि विकास बैंकको संयुक्त सहकार्यमा समूहगत अवधारणामा गरिवी निवारण गर्ने उद्देश्यले साना किसान विकास कार्यक्रम सञ्चालन भएको थियो (ADB, 1982)। नेपालले सन् १९८७/८८ देखि नै समूह (group

४. यी मोडेल तथा अवधारणाहरू: (क) ब्लक उत्पादन कार्यक्रम (block production programme); (ख) कृषक प्रशिक्षण तथा भ्रमण प्रणाली (training and visit system); (ग) एकीकृत ग्रामीण विकास कार्यक्रम (integrated rural development programme); (घ) टुकी प्रणाली (tuki system); (ङ) प्राथमिकता प्राप्त बाली तथा वस्तुसम्बन्धी कृषि प्रसार प्रणाली (commodity based extension approach); (च) कृषि प्रणाली अनुसन्धान तथा प्रसार (farming system research and extension approach); (छ) पकेट प्याकेज प्रणाली (pocket package approach); (ज) परियोजना प्रणाली (projectization approach); (झ) कृषक फिल्ड स्कुल; (ञ) प्रणालीमा आधारित सोच विधि (system thinking approach) आदि रहेका छन् (FAO, 2010)।

approach) मार्फत कृषि प्रसार सेवा प्रदान गर्दै आएको छ । यस प्रणालीमा लागत कम हुने, समूहगत सिकाइ तथा संयुक्त सहभागिता हुने भएकाले छरिएर रहेका साना किसानहरूलाई एकीकृत गर्दै सेवाप्रवाहको पहुँच समेत विस्तार गर्न सकिने भएकाले उपयुक्त ढाँचा मानिएको छ (Sharma & Khanal, 2009) । दीर्घकालीन कृषि विकास योजना कालमा समूह प्रणाली, पकेट प्याकेज प्रणाली, सार्वजनिक निजी साभेदारीमा कृषि परियोजना प्रणालीका साथै कृषक फिल्ड स्कूल आदि जस्ता कृषि प्रसारका प्रणालीहरू कार्यान्वयन भएका थिए भने त्यसपछि पनि यीनै प्रणालीहरूलाई निरन्तरता दिएको पाइन्छ ।

नेपालमा जुनियर टेक्निकल असिस्टेन्ट (junior technical assistant) को प्रशिक्षण दिन तत्कालीन कृषि विभाग अन्तर्गत सन् १९५७ मा कृषि स्कूल स्थापनासँगै कृषि शिक्षाको औपचारिक सुरुआत भएको थियो । उक्त कृषि स्कूललाई १९६८ मा कृषि कलेजमा स्तरोन्नति गरी दुई वर्षे कृषि विज्ञान इन्टरमिडिएट (आई.एस.सी.एजी.) कार्यक्रम सुरु गरियो भने १९७२ मा त्रिभुवन विश्वविद्यालय अन्तर्गत कृषि तथा पशु विज्ञान अध्ययन संस्थानमा परिवर्तन भयो । युवा जनशक्तिहरूलाई श्रम बजार अनुकूलको ज्ञान र सीप प्रदान गरी अर्धदक्ष तथा दक्ष सीपयुक्त जनशक्ति उत्पादन गरेर बेरोजगारी र गरिबी न्यूनीकरणमा ठोस योगदान पुर्‍याउने उद्देश्यले १९८९ मा प्राविधिक शिक्षा तथा व्यावसायिक तालिम परिषद्को स्थापना भएको थियो (प्राविधिक शिक्षा तथा व्यावसायिक तालिम परिषद्, २०८०) । यस कार्यक्रमले कृषि क्षेत्रका जनशक्ति मुख्यगरी जे.टी./जे.टी.ए. तहका प्राविधिक जनशक्ति उत्पादनमा निकै ठुलो भूमिका खेल्दै आएको छ ।

नेपालमा कृषि अनुसन्धानसम्बन्धी कार्यको थालनी कृषि फर्मबाट सुरु भएको मानिन्छ । सन् १९४६/४७ मा परवानीपुर कृषि फर्मको स्थापना र १९५२/५३ मा कृषि अनुसन्धान तथा परीक्षणको थालनी भएको थियो । त्यसपछि विभिन्न अनुसन्धान केन्द्रहरू^५ स्थापना भई कृषि अनुसन्धानसम्बन्धी कार्य हुँदै आएको छ (नेपाल कृषि अनुसन्धान परिषद्, २०७७) । कृषि अनुसन्धानलाई थप व्यवस्थित तथा देशको आवश्यकताअनुरूप कृषि क्षेत्रका समस्या पहिल्याई त्यसको निराकरणका उपायहरू पत्ता लगाउने प्रयोजनका लागि कृषिसम्बन्धी उच्चस्तरीय अध्ययन तथा अनुसन्धान गर्ने गराउने र कृषिसम्बन्धी नीति तथा रणनीति तर्जुमा गर्न सहयोग गर्ने उद्देश्यका साथ नेपाल सरकारको पूर्णस्वामित्वमा रहने गरी सन् १९९१ मा नेपाली कृषकहरूको आर्थिक स्तरमा सुधार ल्याउने लक्ष्य प्राप्तिका लागि कृषि अनुसन्धानको मुख्य जिम्मेवारीसहित नेपाल कृषि अनुसन्धान परिषद् स्थापना भएको थियो । यस परिषद्

५. मत्स्य अनुसन्धान केन्द्र (१९६२/६३), खुमल कृषि फर्म (१९६४/६५), कृषि शिक्षा तथा अनुसन्धान विभाग (१९६६/६७), लुम्ले कृषि अनुसन्धान केन्द्र (१९६७/६८), विभिन्न स्थानमा मत्स्य तथा पशु विकास फर्मको विस्तार (१९६९/७०), जुटवाली अनुसन्धान केन्द्र (१९७०/७१), राष्ट्रिय धान, गहुँ, मकै, तथा आलु बाली अनुसन्धान कार्यक्रम (१९७२/७३), राष्ट्रिय पहाडी बाली अनुसन्धान कार्यक्रम (१९७३/७४), राष्ट्रिय तेल बाली अनुसन्धान कार्यक्रम (१९७६/७७), राष्ट्रिय कोशेवाली अनुसन्धान कार्यक्रम (१९७७/७८), बागवानी अनुसन्धान केन्द्र (१९७७/७८) र राष्ट्रिय कृषि अनुसन्धान सेवा केन्द्र (१९८७/८८) ।

अन्तर्गत देशका विभिन्न भौगोलिक क्षेत्रमा कृषिका विभिन्न विधाका ६२ वटा अनुसन्धान तथा बाह्य अनुसन्धान निकायहरू रहेका छन् ।

त्रिभुवन विश्वविद्यालय, कृषि तथा वन विश्वविद्यालय, पूर्वाञ्चल विश्वविद्यालय, काठमाडौं विश्वविद्यालय, र सुदूरपश्चिम विश्वविद्यालयले पनि कृषि शिक्षा प्रदान गरेका छन् भने कृषि शिक्षा, अनुसन्धान, र कृषि प्रसारमा केन्द्रित रही कृषिका विभिन्न विधामा विशेषज्ञता (विद्यावारिधि) हासिल गरेका जनशक्ति पनि उत्पादन गर्छन् ।

१०.२.३.२ सङ्घीयता कार्यान्वयनपछि कृषि क्षेत्रको संस्थागत परिवर्तन

नेपालमा सङ्घीय राज्य व्यवस्था लागु हुनुपूर्व कृषि तथा पशुपन्छी विकास मन्त्रालय अन्तर्गत रहेका कृषि विभाग र पशु सेवा विभागको जिम्मेवारीमा प्रत्येक विकास क्षेत्रमा कृषि तथा पशु सेवा प्रसार कार्यक्रमको योजना तर्जुमामा तथा अनुसन्धानको सहजीकरण र अनुगमन तथा मूल्याङ्कनका लागि क्षेत्रीय कृषि विकास निर्देशनालयहरू र पशु सेवा निर्देशनालयहरू रहेका थिए । साथै, ७५ वटै जिल्लामा जिल्ला कृषि विकास कार्यालयहरू र जिल्ला पशु सेवा कार्यालयहरू गरी १ सय ५० वटा जिल्लास्तरका कार्यालयहरू, ३ सय ७८ वटा कृषि सेवा केन्द्रहरू तथा ९९९ वटा पशु सेवा केन्द्रहरूको सञ्जाल मार्फत कृषि प्रसारको सेवा प्रदान गरिएको थियो (Department of Agriculture, 2018) । साथै, कृषि विभाग र पशु सेवा विभाग अन्तर्गत रहेका स्रोत केन्द्रहरू, केन्द्रीय तथा क्षेत्रीयस्तरका फार्म तथा प्रयोगशालाहरू, कृषि विश्वविद्यालयहरू र कृषि अनुसन्धान परिषद् अन्तर्गतका अनुसन्धान केन्द्र तथा बाह्य अनुसन्धान केन्द्रबाट पनि कृषकहरूले कृषि प्रसार सेवा प्राप्त गरेका थिए ।

नेपालको संविधानले तीनै तहका सरकारलाई आ-आफ्नो तहमा नीति निर्माण, कार्यान्वयन, नियमन र अनुगमन गर्ने अधिकार समेत प्रदान गरेको छ । विशेषतः सङ्घीय सरकारको जिम्मेवारी अन्तर्राष्ट्रिय व्यापार, सन्धि-सम्झौता र सञ्चार; अन्तर प्रदेश व्यापार तथा समन्वयसम्बन्धी नीति तथा कानून निर्माण आदि रहेको छ । सङ्घीयता कार्यान्वयन भएपश्चात् संघ, प्रदेश र स्थानीय सरकारलाई नेपालको संविधानले निर्दिष्ट गरेको कार्यविवरणका आधारमा कृषि प्रसार प्रणालीसम्बन्धी संस्थाहरूको पुनर्संरचना भएको छ । क्षेत्रीय कृषि तथा पशु सेवा निर्देशनालयहरू, जिल्लास्तरका कृषि तथा पशु सेवा कार्यालयहरू र यी कार्यालयहरूको मातहतमा रहेका कृषि तथा पशु सेवा केन्द्रहरू खारेज भएका छन् । संघ अन्तर्गतका केही सरकारी फर्म तथा प्रयोगशालाहरू प्रदेशको जिम्मेवारीमा रहने गरी हस्तान्तरण गरिएको छ ।

प्रदेश सरकारको जिम्मेवारीमा प्रत्येक प्रदेशले प्रादेशिक तहमा कृषि व्यवसाय प्रवर्धन तथा औद्योगीकरण; प्रयोगशाला स्थापना तथा व्यवस्थापन र गुणस्तर नियमन; कृषि अनुसन्धान, अभिलेख व्यवस्थापन र मूल्य निर्धारण; स्रोत संरक्षण तथा कृषि पूर्वाधार विकासजस्ता कार्यहरू रहेका छन् । प्रदेशमा कृषि क्षेत्रको विकास तथा प्रसार कार्यक्रमको जिम्मेवारी कृषिसम्बन्धी प्रादेशिक मन्त्रालय र यस अन्तर्गतका

निकायहरूको रहेको छ। प्रदेश मन्त्रालय अन्तर्गत जिल्लास्तरका कृषि तथा पशु सेवासम्बद्ध कार्यालयहरू, सरकारी स्रोत केन्द्रहरू र प्रयोगशालाहरूबाट कृषि प्रसार सेवा प्रदान गरिएको छ। साथै, पालिकास्तरमा स्थापना भएका कृषिसम्बन्धी शाखाहरूले कृषि तथा पशु सेवा प्रसारसम्बन्धी काम गर्दै आएका छन्।

स्थानीय सरकारको जिम्मेवारीमा प्राविधिक जनशक्ति व्यवस्थापन; कृषकको क्षमता अभिवृद्धि तथा सशक्तिकरण; उत्पादन साधनको (बीउ, मल, सिँचाई आदि) आपूर्ति तथा वितरण; प्रविधि प्रसार तथा जनचेतना र सूचना प्रवाह; कृषि बीमा, कृषि बजार र वित्त व्यवस्थापन; र फार्म केन्द्रको विकास तथा व्यवस्थापनजस्ता जिम्मेवारी संविधानले प्रदान गरेको छ। कृषकहरूको सबैभन्दा नजिक रहने भएकाले कृषि प्रसारका लागि पालिकाको भूमिका तथा संस्थागत क्षमता निकै महत्त्वपूर्ण हुन्छ भने संघ तथा प्रदेशको सहकार्य समेत अपरिहार्य हुन्छ।

१०.२.३.३ कृषि क्षेत्रमा स्थानीय संस्थाहरूको सहभागिता

नेपालमा कृषि उत्पादन, प्रविधि प्रसार, उन्नत बीउ तथा पशुनश्लको उत्पादन तथा उपयोग, वित्त व्यवस्थापन र कृषि उपजको बजार व्यवस्थापन जस्ता गतिविधिहरूमा स्थानीय संस्थाहरूले निकै ठुलो भूमिका खेलेका छन्। कृषि क्षेत्रमा प्रत्यक्ष संलग्न हुने स्थानीय संस्थाहरू मुख्यतया कृषक समूह, सहकारीहरू, र सिँचाई जल उपभोक्ता समूहहरू रहेका छन्। उल्लिखित संस्थाहरूमध्ये राष्ट्रिय कृषक समूह महासंघ (मि.न.) मा ५९ जिल्लाका ३ हजार ७ सय ७७ कृषक समूहहरू आवद्ध भएका छन्। यसैगरी, नेपालमा सञ्चालन भएका करिब ३४ हजार ८ सय ३७ सहकारीहरूमध्ये करिब १३ हजार सहकारीहरू कृषि क्षेत्रमा (दुग्ध व्यवसाय तथा सङ्कलन, तरकारी, फलफूल, चिया तथा कफी, बीउ उत्पादन, कृषि उपजको बजार व्यवस्थापन आदि) संलग्न रहेका छन् (International Cooperative Alliance – Asia and Pacific, 2020)।

साना किसान विकास कार्यक्रम अन्तर्गतका समूह तथा सहकारीहरू अहिले साना किसान कृषि सहकारी लिमिटेडको नामबाट चिनिन्छन्। यी संस्थाहरू र यस्तै प्रकृतिका अन्य कृषि सहकारीहरू गरी करिब एक हजार १ सय ३९ सहकारीहरूलाई नेपाल कृषि सहकारी केन्द्रीय महासंघ लिमिटेडको नेतृत्वमा कृषि उत्पादन तथा पशुपन्छी पालन र कृषि बजार व्यवस्थापनमा सक्रिय रहेका छन्। नेपालमा कृषकहरूले व्यवस्थापन गरेका सिँचाई प्रणाली (farmers-managed irrigation system) पहाडी क्षेत्रमा १५ हजार र तराईमा १ हजार ७ सय गरी जम्मा १६ हजार ७ सय रहेको अनुमान गरिएको छ। यस्ता सिँचाई प्रणालीहरू दर्ता भएका वा नभएका दुवै किसिमका सिँचाई जल उपभोक्ता समूहद्वारा व्यवस्थापन गरिएका छन्। नेपालको कुल १२.८ लाख हेक्टर सिञ्चित क्षेत्रमध्ये ७० प्रतिशत क्षेत्र किसानद्वारा व्यवस्थापन गरेका सिँचाई प्रणालीभित्र पर्ने र करिब ४० प्रतिशत खाद्यान्न उत्पादन यस्ता प्रणालीहरूबाट प्राप्त हुने गरेको छ (KC, 2021; Department of Water Resources and Irrigation [DWRI], 2024)।

कृषक समूहहरू, कृषि सहकारीहरू र सिँचाई जल उपभोक्ता समूहहरूले नेपालको कृषि उत्पादन प्रणालीमा औपचारिकता ल्याउन निकै महत्त्वपूर्ण भूमिका निर्वाह गरेको पाइन्छ । यस्ता स्थानीय संस्थाहरूले समूह सदस्यमा आधारित बचत तथा वित्त सेवा; सिँचाई प्रणाली तथा उत्पादनका साधनहरूको व्यवस्थापन; कृषि विविधताको संरक्षण तथा स्रोतको व्यवस्थापन; र कृषि उपजको सङ्कलन तथा बजार व्यवस्थापनको साथ साथै मानवीय सुरक्षाको आयामबाट हेर्दा खाद्य आपूर्ति तथा सहयोग, स्वास्थ्य तथा शिक्षामा सहयोग, आवास, उर्जा, वातावरण, र रोजगारीमा समेत योगदान गरेका छन् । स्थानीय संस्थाहरूले ग्रामीण क्षेत्रका जनताको सशक्तीकरण, लैङ्गिक तथा समावेशीकरण र समृद्धिका लागि महत्त्वपूर्ण भूमिका खेलेका छन् । उदाहरणार्थ, साना किसान कृषि सहकारीहरूबाट सदस्यहरूलाई सीप, ज्ञान, पुँजी, र प्रविधिमा पहुँच प्रदान गरेर आय आर्जनका विभिन्न कार्यक्रमहरू विस्तार गरिएको छ भने यी संस्थाहरूमा ८२ प्रतिशत महिला, ५१ प्रतिशत आदिवासी सहभागी हुनुका साथै राउटे, बनकरिया, चेपाङ, डोम, मुसहर, चमारजस्ता पछाडि परेका जनजातिहरूका लागि समेत सेवा प्रवाह गरिएको छ (Nepal Agriculture Co-operative Central Federation Limited [NACCFL], 2023) । सहकारीहरूले बचत तथा सदस्यतामा आधारित लघु वित्त सेवा पुर्‍याएर कृषि क्षेत्रको व्यावसायीकरणका लागि गरेको योगदान उल्लेखनीय छ (Khatiwada, 2014) । नेपाल कृषि सहकारी केन्द्रीय महासंघ लिमिटेड (Nepal Agriculture Cooperative Central Federation Limited) को छाताभित्र रहेका साना किसान कृषि सहकारीहरूले ने.रु. ९३.८९ (८० प्रतिशत महिला) अर्बको वित्त परिचालनका साथै यी संस्थाहरूबाट ५० हजारभन्दा बढी व्यावसायिक पशुपालन फर्म, २० वटा कृषि प्रशोधन केन्द्रहरू, ७० हजार व्यावसायिक तरकारी खेतीका फर्महरू, र १ सय ५० दुध सङ्कलन तथा चिलिङ केन्द्रहरू सञ्चालन गरिएका छन् (NACCFL, 2023) ।

यसैगरी, स्थानीय एगोभेट तथा पाराभेटहरूले कृषकहरूलाई मल, बीउ, कृषि रसायन, र खेतीका लागि आवश्यक साना मेसिनरी औजार उपकरणहरूको आपूर्तिजस्ता पहिलो निजी प्राविधिक सेवा (first hand private services) प्रदान गरेर कृषि प्रविधि प्रसार तथा आधुनिकीकरणमा योगदान गरेका छन् । स्थानीय निजी उद्यमी तथा उद्योग वाणिज्य संघहरू कृषिजन्य वस्तुको प्रशोधन र बजार व्यवस्थापनमा संलग्न रही सहयोग पनि गरेका छन् भने गैरसरकारी संस्थाहरूले जनचेतना, सशक्तीकरण र प्रविधि प्रसार तथा कृषि उपजको विक्री वितरणमा सहयोग गरेका छन् ।

१०.३ भूउपयोग र कृषि क्षेत्रको समग्र अवस्था

कृषि उपज उत्पादन गर्नका लागि मुख्य स्रोत नै भूमि भएकाले भूउपयोगको अवस्थाले कृषि क्षेत्रको समग्र वस्तुस्थिति दर्साउने तथ्याङ्कीय आधार प्रदान गर्दछ । साथै, कृषकहरूले पालन गर्ने पशुपन्छीको सङ्ख्या पशुजन्य उत्पादनका लागि आधार तथ्याङ्क हो । भूमिको अलावा कृषिमा प्रयोग हुने मुख्य उत्पादन सामग्रीहरू बीउ, रासायनिक मल, विषादी आदि हुन् । मुख्य कृषि वस्तु तथा पशुपन्छीको उत्पादनले राष्ट्रको समग्र कृषि क्षेत्रको उपलब्धि कस्तो रहेको छ भन्ने वर्णन गर्दछ भने उत्पादकत्वबाट

स्रोतको उपयोग र उपलब्धको समष्टिगत जानकारी प्राप्त हुन्छ । यस खण्डमा उत्पादन सामग्री, उत्पादन र उत्पादकत्वसम्बन्धी तथ्याङ्कहरूको विश्लेषण गरिएको छ ।

१०.३.१ भूस्वामित्वको आधारमा कृषि क्षेत्रमा जमिनको उपयोग

भूस्वामित्वको आधारमा नेपालमा जमिन हुने घर परिवारको सङ्ख्या ३९ लाख ९९ हजार २८५ रहेको छ भने जमिन नहुने घर परिवार एक लाख ३१ हजार ५ सय ४ रहेको छ ।^१ राष्ट्रिय कृषि गणना २०७८ अनुसार भूस्वामित्वको आधारमा २२१८.४१ हजार हेक्टर जमिन कृषि क्षेत्रमा उपयोग भएको छ । उक्त जमिनको करिब ८५ प्रतिशत जमिन कृषि बाली उत्पादनमा, छ प्रतिशत कृषि फर्म, गोठ तथा अन्य पूर्वाधार, करिब चार प्रतिशत वनमा, करिब तीन प्रतिशत अस्थायी बाँझो र एक प्रतिशतभन्दा कम पोखरी तथा अन्य प्रयोजनमा उपयोग भएको पाइन्छ (तालिका १०.२) ।

तालिका १०.२: भूस्वामित्वको आधारमा कृषि क्षेत्रमा जमिनको उपयोग (२०२१/२२)

क्र.सं.	विवरण	क्षेत्रफल (हजार हेक्टर)	कुल उपयोगको प्रतिशत
१	बाली उत्पादनमा प्रयोग भएको (अस्थायी र स्थायी)	१,८७६.३४	८४.५८
२	अस्थायी चरन तथा मिडोजले ढाकेको क्षेत्र	४७.६१	२.१५
३	अस्थायी रूपमा रहेको बाँझो क्षेत्र	६०.५४	२.७३
४	कृषि फर्म, गोठ तथा अन्य पूर्वाधारले ढाकेको क्षेत्र	१३७.१५	६.१८
५	वन तथा काष्ठजन्य उत्पादनले ढाकेको क्षेत्र	८०.६७	३.६४
६	पोखरीले ढाकेको क्षेत्र	१२.८८	०.५८
७	अन्य	३.२०	०.१४
कुल कृषि क्षेत्रको भूउपयोग		२,२१८.४१	१००.००

स्रोत: NSO (2023)

विगत ३० वर्षको राष्ट्रिय नमुना कृषि गणनाको तथ्याङ्क हेर्दा नेपालको कुल क्षेत्रफलको तुलनामा एरेबल जमिनको अनुपात सन् १९९१/९२ को १५.८ प्रतिशतबाट २०२१/२२ मा १२.३ प्रतिशतमा

६. राष्ट्रिय तथ्याङ्क कार्यालयद्वारा कृषि गणना गर्दा पहाडमा चार आनाभन्दा र तराईमा आठ धुरभन्दा कम जमिन भएका घर परिवारलाई भूमिहीनमा समावेश गरिएको छ ।

भरिएको छ। सिँचाइ सुविधा पुगेको एरेबल जमिन^९ सोही अवधिमा ३४ प्रतिशतबाट वृद्धि भएर ५४.५ प्रतिशत पुगेको छ भने अस्थायी बालीको क्षेत्रफलको तुलनामा करिब ७० प्रतिशत क्षेत्रमा सिँचाइ सुविधा पुगेको पाइन्छ। यद्यपि, बाह्रै महिना पर्याप्त सिँचाइ सुविधा पुगेको जमिन ३८ प्रतिशत रहेको छ (Maharjan, 2023)। एरेबल जमिन खाद्य सुरक्षाको दृष्टिकोणबाट अति महत्वपूर्ण हुन्छ। तर, विगत ३० वर्षको तथ्याङ्क हेर्दा एरेबल भूमि तथा अस्थायी बालीको क्षेत्रफल क्रमशः २२ र २४ प्रतिशत भन्दा बढीले ह्रास भएको छ। सघन कृषि तथा व्यावसायिक खेतीका लागि लामो अवधिसम्म गरेका प्रयासहरूले बाली सघनतामा अपेक्षित वृद्धि पनि हुन सकेको छैन। आर्थिक वर्ष सन् १९९१/९२ मा बाली सघनता अनुपात १.७८ रहेकोमा आर्थिक वर्ष २०२१/२२ को कृषि गणनामा ६.६ प्रतिशत मात्र वृद्धि भई १.९१ पुगेको छ। यसैगरी, गत १० वर्षमा बाँझो जमिन ३१ हजार हेक्टरबाट करिब दुई गुणा वृद्धि भई ६० हजार ५ सय हेक्टर पुगेको छ (तालिका १०.३)।

तालिका १०.३: कृषि क्षेत्रमा जमिनको उपयोग, सिँचाइ र बाली सघनता

क्र.सं.	विवरण	१९९१/९२	२००१/०२	२०११/१२	२०२१/२२	परिवर्तन (प्रतिशत)
		क्षेत्रफल (हजार हेक्टर)				
१	भूस्वामित्वमा रहेको कृषि भूमि	२,५९७.४	२,६५३.९४	२५२५.६	२२१८.४१	(१४.६)
२	कृषि भूमि	२,३९२.९	२,४९७.६९	२,३६३.७	१९९७.३८	(१६.५)
३	एरेबल (arable) जमिन	२,३२३.४	२,३५७	२,१६२.७५	१,८०३.७६	(२२.४)
४	अस्थायी बालीको क्षेत्रफल	२,२८४.६	२,३२६.१	२,१२३.३	१,७३०.९८	(२४.२)
५	अस्थायी बाली लगाएको क्षेत्रफल	४,०६३.१	४,२७०.५	३,९२२.१	३,२८२.४	(१९.२)
६	बाँझो रहेको क्षेत्रफल	-	-	३१.०४	६०.५४	
७	सिँचाइ पुगेको क्षेत्रफल	८८२.४	१,१६८.३	१,३१३.४१	१,२०९.२७	९५
८	सिँचाइ पुगेको एरेबल भूमि (प्रतिशत)	३३.९७	४४.०२	५२	५४.५१	-

७. विश्व खाद्य तथा कृषि सङ्गठनको परिभाषा अनुसार एरेबल जमिन अन्तर्गत अस्थायी बालीनालीले ढाकेको जमिन (दुई पटक बाली लगाइएको क्षेत्रलाई एक पटक मात्र गणना गरिन्छ), जङ्गली फूल तथा बुट्यानसहितको अस्थायी घाँसे मैदान वा चरनमा प्रयोग हुने जमिन, बजार वा घरबारी अन्तर्गतको जमिन, र अस्थायी रूपमा बाँझो रहेको जमिन समावेश हुन्छ। यसमा स्थानान्तरण खेती प्रणालीको रूपमा परित्याग गरिएको जमिन भने समावेश गरिएको छैन।

क्र.सं.	विवरण	१९९१/९२	२००१/०२	२०११/१२	२०२१/२२	परिवर्तन
		क्षेत्रफल (हजार हेक्टर)				(प्रतिशत)
९	बाली सघनता अनुपात	१.७८	१.८१	१.८५	१.९१	६.६
१०	भूस्वामित्वमा रहेको भूमिको उपयोग (प्रतिशत)	९२.८	८९.४	८८.८	८५.६	८१.३
११	नेपालको कुल क्षेत्रफल र एरेबल जमिनको अनुपात (प्रतिशत)	१५.८	१६.०	१४.७	१२.३	

स्रोत: राष्ट्रिय कृषि गणना १९९१/९२ (CBS, 1994), २००१/०२ (CBS, 2006), २०११/१२ (CBS, 2013) र २०२१/२२ (NSO, 2023) का प्रतिवेदनहरू

नोट: (1) भित्र राखिएको अङ्कले ऋणात्मक रहेको सङ्केत गर्दछ

१०.३.२ विभिन्न बालीले ढाकेको क्षेत्रफल

नेपालमा सन् १९९१/९२ मा करिब २.३ मिलियन हेक्टरमा खेती गरिएको थियो। तर, सन् २०२१/२२ सम्ममा खेती गरिएको क्षेत्रफलमा २२.३६ प्रतिशतले ह्रास भई १.८ मिलियन हेक्टरमा भरेको छ (तालिका ३)। यसले विगत ३० वर्षको अन्तरालमा करिब पाँच लाख १९ हजार हेक्टर खेतीको भूमि प्रयोगमा नआएको देखिन्छ। नेपालको कृषि प्रणालीमा खाद्यान्न बालीको (धान, मकै, गहुँ आदि) प्रधानता रहेको छ। कुल बाली लगाएको क्षेत्रफलसँग तुलना गर्दा ७५ प्रतिशत भन्दा बढी हिस्सा अन्नबालीको रहेको छ। सन् २०२१/२२ को राष्ट्रिय नमुना कृषि गणनाको तथ्याङ्क अनुसार कोसेबाली तथा तेलबालीले अगटेको क्षेत्रफल क्रमशः ६ प्रतिशत र पाँच प्रतिशत रहेको छ भने फलफूल बालीको चार प्रतिशत र तरकारी र आलु तथा कन्दमूल बालीको तीन प्रतिशत रहेको छ (तालिका ४)।

विगत ३० वर्षमा समग्र बाली लगाइएको क्षेत्रफलमा १६ प्रतिशत भन्दा बढीले ह्रास भएको पाइन्छ। मुख्यगरी खाद्यान्न बालीको क्षेत्रफल २०.५ प्रतिशत, कोसेबालीको ४१ प्रतिशत, तेलबालीको ३१ प्रतिशत, र नगदेबालीको क्षेत्रफल २९ प्रतिशतले घटेको छ। फलफूलबालीले ओगटेको क्षेत्रफल गत ३० वर्षमा ५.६ गुणाले वृद्धि भएर २५.९ हजार हेक्टरबाट १४५.४ हजार हेक्टर पुगेको छ। यसैगरी, तरकारी बालीले ओगटेको क्षेत्रफल सन् १९९१/९२ को ३९.५ हजार हेक्टरबाट १०७.७ हजार हेक्टर पुगेको छ। सोही अवधिमा मसला बालीले ढाकेको क्षेत्रफल पनि ९४ प्रतिशतले वृद्धि भएर २९.३ हजार हेक्टरबाट करिब ५७ हजार हेक्टर पुगेको पाइन्छ। आलु तथा कन्दमूल बाली, फलफूल, तरकारी तथा मसला बालीको खेती गर्ने क्षेत्रमा देखिएको परिवर्तनले नेपाली कृषकहरू उच्च मूल्य तथा स्थानीय तथा

निर्यात बजारमा माग भएको कृषि उपजमा केन्द्रित हुन थालेको तथ्य उजागर भए तापनि खाद्यान्न बालीमा आधारित कृषि प्रणालीमा तात्त्विक परिवर्तन भएको देखिँदैन । बाली विविधीकरणमा नेपालले गरेका प्रयासहरू पनि खासै प्रभावकारी हुन सकेको देखिएन (तालिका १०.४) ।

तालिका १०.४: विभिन्न बालीले ढाकेको क्षेत्रफल (हजार हेक्टर)

क्र.सं.	विवरण	१९९१/९२	२००१/०२	२०११/१२	२०२१/२२	२०२१/२२ मा कुलको अंश (प्रतिशत)	३० वर्षको परिवर्तन (प्रतिशत)
१	खाद्यान्न बाली	३,२५१.७	३,४२३.१	३,१२१.९४	२,५८६.१८	७५.४५	(२०.४७)
२	कोसेबाली	३४०.४	३७९.४	२९८.२४	१९९.८४	५.८३	(४१.२९)
३	आलु तथा कन्दमूल	७९.२	९२.५	१११.२७	१०४.७४	३.०६	३२.२४
४	नगदेबाली	६२.९	६०.६	६७.६६	४४.६१	१.३	(२९.०८)
५	तेलबाली	२६०.१	२१४.२	१८६.१४	१८०.१४	५.२६	(३०.७४)
६	मसलाबाली	२९.३	४०.७	४३.५४	५६.८९	१.६६	९४.१८
७	तरकारी बाली	३९.५	६०	८४.४१	१०७.७३	३.१४	१७२.७४
८	फलफूल बाली	२५.९	२३.७२	१६८.४६	१४५.३६	४.२४	४६१.२५
९	अन्य	-	-	८.९	२.२३	०.०६	-
जम्मा		४,०८९	४,२९४.२	४,०९०.५	३,४२७.७	१००	(१६.१७)

स्रोत: राष्ट्रिय कृषि गणना १९९१/९२ (CBS, 1994), २००१/०२ (CBS, 2006), २०११/१२ (CBS, 2013) र २०२१/२२ (NSO, 2023) का प्रतिवेदनहरू

नोट: () भित्र राखिएको अङ्कले ऋणात्मक रहेको सङ्केत गर्दछ

त्यसैगरी, उच्च मूल्य जाने नगदे बालीहरूको सन्दर्भमा, सन् २००१ देखि २०२१ सम्ममा आलु र उखुबालीको उत्पादन क्षेत्र क्रमशः ४७ प्रतिशत र आठ प्रतिशतले वृद्धि भएको पाइएको छ (तालिका १०.५) । तर, जुट बालीको क्षेत्रफल सन् २००६ पछिका वर्षहरूमा घट्दो क्रममा रहेको देखिन्छ । निर्यातजन्य बालीहरूमध्ये सबैभन्दा धेरै क्षेत्रफलमा चियाखेती हुने गरेको छ । यस बालीको उत्पादन क्षेत्र पनि बढ्दो क्रममा रहेको देखिन्छ । विगत २० वर्षको अवधिमा कफी उत्पादन क्षेत्र भन्डै ६ गुणाले वृद्धि भएको पाइन्छ । छहारीमा लगाइने मसला बालीहरू, अलैंची र अदुवाको उत्पादन क्षेत्र केही बढेको भए तापनि यो परिवर्तन उल्लेखनीय भने छैन ।

तालिका १०.५: उच्च मूल्य जाने बालीहरूको उत्पादन क्षेत्रफलको प्रवृत्ति

क्र.सं.	वर्ष	खेती गरिएको क्षेत्रफल (हजार हेक्टर)						
		आलु	उखु	जुट	चिया	कफी	अलैंची	अदुवा
१	२००१	१३५.०९	५९.४८	११.२९	१२.००	०.४२	-	-
२	२००६	१५०.८६	६२.०६	११.९८	१६.०१	१.२९	-	-
३	२०११	१८२.६	६३.००	१०.५६	१७.४५	१.७५	-	-
४	२०१६	१९९.९७	८०.९३	८.०१	२०.७५	२.६२	१२.१२	२१.८७
५	२०२१	१९८.७९	६४.३५	७.४२	१६.९२	३.०५	१५.६७	२१.९१
६	२० वर्षको परिवर्तन (प्रतिशत)	४७.१५	८.२०	(३४.३२)	४१.०१	६१९.८१	२९.२७*	०.२०*

* पाँच वर्षको परिवर्तन

स्रोत: Ministry of Agriculture and Livestock Development [MoALD] (2013, 2018, 2023)

१०.३.३. कृषि उत्पादन सामग्रीहरूको प्रयोग स्थिति

राष्ट्रिय कृषि गणना २०७८ को तथ्याङ्क अनुसार खेतीमा संलग्न कृषकहरूमध्ये धान खेती गर्ने करिब ५६ प्रतिशत कृषकहरूले स्थानीय बीउ प्रयोग गरेका छन् भने उन्नत बीउ र वर्णशंकर बीउ प्रयोग गर्ने कृषकहरू क्रमशः २७ र १७ प्रतिशत रहेका छन्। यसैगरी, मकै, आलु र तरकारी खेती गर्ने कृषकहरूमध्ये क्रमशः करिब ७५, ६४ र ६५ प्रतिशत कृषकहरूले स्थानीय बीउको प्रयोग गर्छन्। स्थानीय तथा रासायनिक दुवै किसिमको मल प्रयोग गर्ने कृषकहरू धान, मकै, तथा गहुँ बालीमा क्रमशः ३९, ४१ र ३४ प्रतिशत रहेको छ भने रासायनिक मल मात्र प्रयोग गर्ने कृषकहरू धान तथा गहुँ बालीमा २४ र मकै बालीमा आठ प्रतिशत रहेका छन्। आलु तथा तरकारी बालीमा स्थानीय तथा रासायनिक मल क्रमशः ३५ र १९ प्रतिशत कृषकहरूले प्रयोग गर्ने गरेको पाइन्छ। बाली संरक्षणका लागि विषादी प्रयोग गर्ने कृषकहरू धान बालीमा ४५ प्रतिशत, आलुबालीमा ३६ प्रतिशत र तरकारी बालीमा २७ प्रतिशत रहेका छन् (तालिका १०.६)।

तालिका १०.६: उन्नत बीउ, मल तथा विषादीको प्रयोग गर्ने कृषकहरू (प्रतिशत)

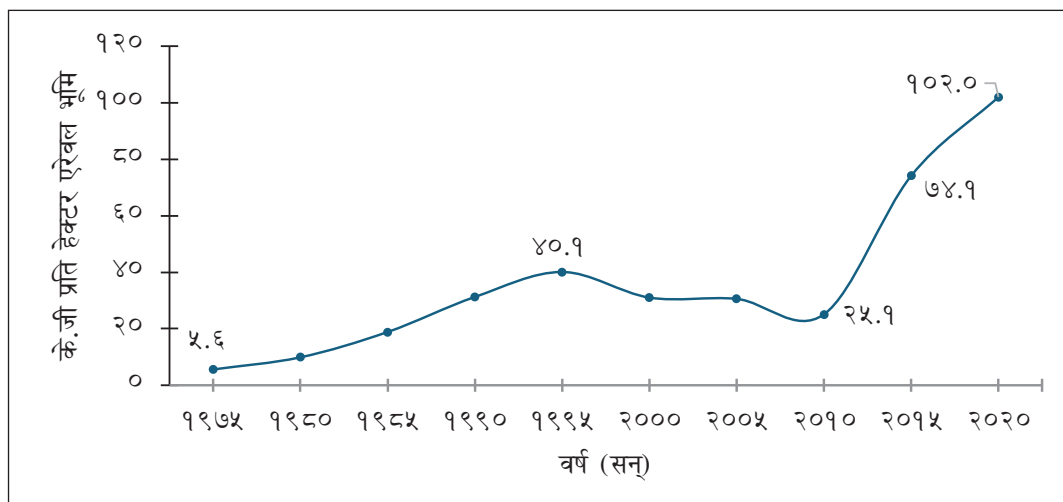
क्र.सं.	विवरण	धान	मकै	गहुँ	आलु	तरकारी
१	बीउको प्रयोग					
१.१	स्थानीय	५६.३	७५.०	६६.९	६३.७	६४.६१

क्र.सं.	विवरण	धान	मकै	गहुँ	आलु	तरकारी
१.२	उन्नत	२७.२	१६.०९	३३.१	२८.९	२२.१६
१.३	वर्णशंकर	१६.६	१२.९४	-	७.४	१३.२३
२	रासायनिक मल	२३.६७	७.५८	२३.८९	९.१६	४.५९
३	स्थानीय तथा रासायनिक दुवै मल	३८.६९	४१.०६	३४.६५	३४.५६	१८.७
४	विषादी	४४.६१	२२.८१	२८.३२	२८.३२	२६.७

स्रोत: NSO (2023)

नेपालमा रासायनिक मलको खपत सन् १९७५ मा ५.६ किलो प्रतिहेक्टर (एरेवल भूमि) हुने गरेकोमा १९९५ मा ४० किलो प्रतिहेक्टर पुगेको पाइन्छ (चित्र १०.१)। तर, नेपालले आर्थिक उदारीकरणको नीति लिएसँगै सरकारले दाताहरू, मुख्यगरी एसियाली विकास बैंक र विश्व बैंकका सर्तहरू अनुसार काम गर्दा १९९७ मा रासायनिक मलको व्यापारलाई विनियमित (deregulation) गर्दै डाइ एमोनियम फस्फेट (डीएपी) र म्युरेट अफ पोटासमा दिइएको अनुदानलाई पूर्णरूपमा हटायो। यसका कारण रासायनिक मलको मूल्य बढ्न गएकाले रासायनिक मलको खपतमा कमी आयो भने कृषि उत्पादनमा समेत प्रभाव पयो। कृषि उत्पादन वृद्धिमा मलको भूमिकालाई आत्मसात् गर्दै पुनः सन् २००९ देखि सरकारले मलमा अनुदान दिँदै आएको छ (Shrestha, 2010; “Nepal hikes chemical”, 2023)।

चित्र १०.१: रासायनिक मलको खपत के.जी प्रतिहेक्टर एरेवल भूमि



स्रोत: World Development Indicators [WDI] (2023)

सन् १९९५ देखि २०२० सम्म नेपाल लगायत दक्षिण एशियाली देशहरूको एरेबल भूमिमा रासायनिक मल प्रयोगको अवस्था विश्लेषण गर्दा नेपालमा रासायनिक मलको प्रयोग न्यून रहेको पाइन्छ (तालिका १०.७)। सन् १९९५ मा श्रीलङ्काको प्रतिहेक्टर रासायनिक मलको खपत २३३ केजी प्रतिहेक्टर रहेकोमा २०२० मा २ सय ९९ केजी पुगेको छ भने बङ्गलादेशमा सोही अवधिमा १ सय ४२ केजी प्रतिहेक्टरबाट १ सय ७९ केजी वृद्धि भई २०२० मा २ सय ९९ केजी पुगेको छ। छिमेकी मुलुक भारतमा १९९५ को ८६ केजी प्रतिहेक्टर खपतबाट १ सय २५ केजी बढेर २०२० मा २ सय ११ केजी प्रतिहेक्टर पुगेको छ। नेपालमा सन् १९९५ मा रासायनिक मलको खपत ४० केजी प्रतिहेक्टर रहेकोमा २०२० मा १०२ केजी प्रतिहेक्टर पुगेको छ। तर, २००० देखि २०१० को अवधिमा रासायनिक मलको खपत घटेको थियो (चित्र १०.१)।

तालिका १०.७: रासायनिक मल प्रयोग (के.जी प्रतिहेक्टर एरेबल जमिन)

क्र.सं.	देश/वर्ष	बङ्गलादेश	पाकिस्तान	श्रीलङ्का	भारत	नेपाल
१	१९९५	१४२	८३	२३३	८६	४०
२	२०००	१५८	९५	२७०	१०४	३१
३	२००५	१९८	१२३	२५५	१२८	३०
४	२०१०	२१३	१३८	२२९	१७९	२५
५	२०१५	२९९	१३७	१९०	१७१	७४
६	२०२०	३२१	१५५	२९९	२११	१०२
फरक (१९९५-२०२०)		१७९	७२	६६	१२५	६२

स्रोत: WDI (2023)

विगत पाँच वर्ष (सन् २०१७ देखि २०२२) सम्मको तथ्याङ्क हेर्दा कृषि क्षेत्रमा प्रवाह भएको ऋण ने.रु. २.८ अर्बबाट बढेर १ सय ६० अर्ब पुगेको छ। कृषि ऋण विस्तार गर्न लघुवित्त कम्पनीहरूको ठुलो भूमिका रहेको तथ्याङ्कले प्रस्ट रूपमा दर्साएको छ (तालिका १०.८)। साथै, राष्ट्रिय कृषि गणना २०६८ मा १ लाख ३१ हजार घरधुरीले सहकारीबाट ऋण लिएकोमा कृषि गणना २०७८ मा सहकारीबाट ऋण लिने व्यक्तिको सङ्ख्या १ लाख ८८ हजार पुगेको छ। यद्यपि, नेपाल राष्ट्र बैंकबाट सन् २०२२ मा गरिएको सर्वेक्षण अनुसार कृषि क्षेत्रमा संलग्न व्यक्तिहरूको वित्तीय साक्षरता ५६.९ प्रतिशत रहेको पाइएको थियो जुन अन्य शैक्षिक योग्यता अनुसारका पेशामा संलग्न व्यक्तिको (७५.९ प्रतिशत) तुलनामा निकै कम हो (Nepal Rastra Bank [NRB], 2022)। यसैगरी कृषि ऋण लिने कृषकको सङ्ख्या १२ प्रतिशत र कृषि बिमामा सहभागी हुने कृषक परिवार चार प्रतिशत मात्र रहेको छ (NSO, 2023)।

तालिका १०.८: कृषि क्षेत्रमा प्रवाह भएको ऋण

क्र.सं.	वर्ष	कृषि क्षेत्रमा प्रवाह भएको ऋण (ने.रु. अर्बमा)				
		वाणिज्य बैंक	विकास बैंक	वित्तीय संस्था	लघुवित्त कम्पनी	जम्मा
१	२०१६/१७	०.८	०.५	-	१.५	२.८
२	२०१७/१८	१.९	०.५	-	४.३	६.७
३	२०१८/१९	३.७	०.१	-	८.२	१२.०
४	२०१९/२०	६.०	०.४	-	३४.२	४०.६
५	२०२०/२१	६.५	०.८	०.१	६०.२	६७.६
६	२०२१/२२	११.४	२.९	०.३	१४५.८	१६०.४

स्रोत: NRB (2023)

माथि उल्लिखित विवेचनाबाट नेपालमा कृषि क्षेत्रको उत्पादकत्व तथा उत्पादन वृद्धिका लागि उत्पादनका साधनहरू क्रमशः उन्नत बीउ, रासायनिक मल तथा सिँचाई र प्रविधि तथा कृषि ऋणमा प्राथमिकता दिएर कृषि सम्बद्ध निकायहरूले विगत ३० वर्षमा गरेको प्रयास प्रभावकारी नदेखिएको र उन्नत बीउ तथा रासायनिक मलको आपूर्तिमा कमी हुनुका साथै कृषकहरूलाई बीउ तथा मलको पहुँच सहज नभएको तथ्य उजागर भएको छ भने कृषि अनुसन्धान, कृषि शिक्षा तथा कृषि प्रसार सेवा प्रवाहमा संलग्न निकायहरूको प्रभावकारितामा तथा जवाफदेहितामा समेत प्रश्न चिन्ह खडा भएको छ। यस तथ्यलाई पछिल्ला वर्षहरूमा अपत्यारिलो रूपमा बढेको कृषिजन्य वस्तुको आयात तथा खाद्यान्न परनिर्भरता अनुपातले समेत पुष्टि गर्दछ। उत्पादनका साधनहरू मुख्यगरी उन्नत बीउ र मलको सहज आपूर्ति तथा प्रसार सेवाको पहुँचमा विस्तार नहुँदा एपीपीको उपलब्धि पूरा हुन सकेन। पछिल्ला वर्षहरूमा उल्लिखित समस्याहरू प्रधानमन्त्री कृषि आधुनिकीकरण परियोजनामा समेत देखापरेको छ। विगत ३० वर्षमा सिँचाई सुविधा पुगेको एरेवल भूमिको क्षेत्रफल करिब ५५ प्रतिशत पुगेको भए पनि वर्षभरि पर्याप्त सिँचाई उपलब्ध हुन सकेको छैन (DWRI, 2019)। यसको अतिरिक्त ठुला सिँचाई आयोजना सम्बद्ध जलस्रोत तथा सिँचाई विभाग कृषि तथा पशुपन्छी मन्त्रालय अन्तर्गत नरहेकाले दुवै निकायहरूबिच पर्याप्त समन्वयको अभावले सिँचित क्षेत्रमा सघन कृषि प्रसार कार्यक्रम सञ्चालनमा समेत समस्या देखिएको छ।

१०.३.४ पशुपन्छीको सङ्ख्या

विगत ३० वर्षमा गाई, भैँसी तथा भेडाको सङ्ख्या क्रमशः ३७.५, ६.२ र २०.७ प्रतिशतले ह्रास भएको छ भने बाख्रा, बङ्गुर, कुखुराको सङ्ख्या क्रमशः २.६, २.७ र ३.७ गुणाले वृद्धि भएको छ। यसैगरी, राष्ट्रिय कृषि गणना २०७८ को तथ्याङ्कले गत १० वर्षमा गाई, भैँसी र भेडाको सङ्ख्या निरन्तर घटेको छ भने बाख्रा तथा च्याङ्ग्रा र कुखुराको सङ्ख्या क्रमशः ३०, ६६ र ७४ प्रतिशतले वृद्धि भएको देखाउँछ (तालिका १०.९)।

तालिका १०.९: पशुपन्छीको सङ्ख्या

क्र.सं.	विवरण	सङ्ख्या (हजार)				विगत १० वर्षको फरक (प्रतिशत)	विगत ३० वर्षको फरक (प्रतिशत)
		१९९१/९२	२००१/०२	२०११/१२	२०२१/२२		
१	गाई	७,३५९	७,२१५	६,४३०	४,५९९	(२८.५)	(३७.५)
२	भैंसी	३,११६	३,४७८	३,१७४	२,९२३	(७.९)	(६.२)
३	बाख्रा र च्याङ्ग्रा	५,५१६	६,९३३	१०,९९०	१४,२४२	२९.६	१५८.२
४	बड्गुर	४९६	६३३	८१८	१,३५८	६६.०	१७३.९
५	भेडा	६०३	४७१	६०८	४७८	(२१.४)	(२०.७)
६	कुखुरा र हाँस	१२,६१३	१८,०२४	२६,६९८	४६,४४४	७४.०	२६८.२

स्रोत: राष्ट्रिय कृषि गणना १९९१/९२ (CBS, 1994), २००१/०२ (CBS, 2006), २०११/१२ (CBS, 2013) र २०२१/२२ (NSO, 2023) का प्रतिवेदनहरू

पछिल्ला वर्षहरूमा परम्परागत स्थानीय गाई तथा भैंसीको सङ्ख्यामा उल्लेखनीय रूपमा कमी आएको भए तापनि उन्नत गाई तथा भैंसी पालनमा वृद्धि भएको छ भने दुग्ध व्यवसाय व्यावसायिक र आधुनिक बन्दै गएको छ । नेपाल व्यावसायिक कुखुरापालन सर्वेक्षण, २०७१/७२ को नतिजा अनुसार नेपालका ६४ जिल्लामा २१ हजार ९ सय ५६ फर्म/कृषकहरूले व्यावसायिक रूपले कुखुरापालन गरेको पाइएको छ । यसमध्ये २० हजार ४ सय ८३ (९३.२९ प्रतिशत) ब्रोइलर कुखुरा फर्म, १३ सय ३७ (६.०९ प्रतिशत) लेयर्स कुखुरा फर्म, १ सय २८ (०.५८ प्रतिशत) ह्याचरी र आठ (०.०४ प्रतिशत) गिरिराज/कोईलर फर्म रहेका छन् (केन्द्रीय तथ्याङ्क विभाग, २०७३) । यसैगरी नेपालमा ६ हजार ८ सय ८६ वटा व्यावसायिक पशुपालन फार्महरू रहेका छन् । यीमध्ये गाई-भैंसी फार्म २ हजार ६ सय ७३ वटा, बाख्रा, च्याङ्ग्रा तथा भेडा फार्म ३ हजार ६५ वटा, ४ सय ८३ वटा बड्गुर फार्म र एकीकृत फार्म २ सय ६५ वटा रहेका छन् (CBS and MoALD, 2022) ।

१०.३.५ मुख्य बाली/वस्तुको उत्पादन अवस्था

१०.३.५.१ खाद्यान्न तथा अन्य बालीको उत्पादन

सन् १९७५ देखि २०२२ सम्मको अवधिलाई तीन चरणमा विभाजन गरेर तथ्याङ्क केलाउँदा सन् १९७५-९५ सम्मको अवधि, एपीपीको अवधि र त्यसपछिको सात वर्षको अवधि सबैमा मुख्य-मुख्य बाली उत्पादनको परिमाण उल्लेखनीय रूपमा बढेको पाइन्छ । एपीपीपूर्वको २० वर्षमा खाद्यान्नको उत्पादन

परिमाण सन् १९७५ को ३७.७ लाख मे. टनबाट १३.६७ लाख मे. टन बढेर १९९५ मा ५१.५ लाख मे. टन पुगेको छ। साथै, एपीपी अवधिको २० वर्षमा खाद्यान्नको उत्पादन परिमाण सन् १९९५ को ५१.५ लाख मे. टनबाट २०१५ मा ४१.२१ लाख मे. टन वृद्धि भई करिब ९२.७ लाख मे. टन पुगेको छ। एपीपीको अवधिमा तरकारीको उत्पादन १.८ गुणाले वृद्धि भएको छ भने सोही अवधिमा तेलहन बालीको उत्पादन दोब्बर भई १.०२ लाख मे.टन बाट २.०२ लाख मे.टन पुगेको पाइन्छ। एपीपीको अवधिमा फलफूल बालीको उत्पादन परिमाण १९९५ को ५.५६ लाख मे.टन बाट ७६ प्रतिशतले बढेर ९.९२ लाख मे.टन पुगेको छ। सोही अवधिमा दलहन बालीको उत्पादन परिमाण पनि ७५ प्रतिशतले बढेको पाइन्छ। सन् २०२२ मा खाद्यान्नको उत्पादन परिमाण १०७.७ लाख मे.टन, तरकारीको उत्पादन ४१.५ लाख मे.टन, दलहनबालीको करिब १४.२ लाख मे.टन, र तेलहन बालीको करिब २.९ लाख मे.टन पुगेको छ। एपीपीपछिको सात वर्षको अवधिमा खाद्यान्न, दलहन र तरकारी बालीको उत्पादन परिमाण १६ प्रतिशतले वृद्धि भएको छ भने फलफूल तथा तेलहन बालीको उत्पादन क्रमशः ४३ र ३७ प्रतिशतले बढेको छ (तालिका १०.१०)।

तालिका १०.१०: सन् १९७५ देखि २०२२ सम्म विभिन्न बालीको उत्पादनको अवस्था

क्र.सं.	विवरण	उत्पादन (लाख मे. टन)				
		खाद्यान्न	तेलहन	दलहन	फलफूल	तरकारी
१	१९७५	३७.७८	०.६६	NA	NA	NA
२	१९९५	५१.४५	१.०२	२.०२	५.६५	१२.५७
३	२०१५	९२.६६	२.१०	३.५४	९.९२	३५.८०
४	२०२२	१०७.७३	२.८७	४.०८	१४.१७	४१.५३
फरक	एपीपीपूर्व २० वर्ष	१३.६७	०.३६	-	-	-
	एपीपीको अवधि	४१.२१	१.०८	१.५२	४.२७	२३.२३
	एपीपीपछिको ७ वर्ष	१५.०६	०.७८	०.५५	४.२५	५.७३
वृद्धि (प्रतिशत)	एपीपीपूर्व २० वर्ष	३६.१८	५४.५५	-	-	-
	एपीपीको अवधि	८०.१०	१०५.५२	७५.३७	७५.५७	१८४.८५
	एपीपीपछि ७ वर्ष	१६.२६	३७.०७	१५.४१	४२.८२	१६.०१

स्रोत: NRB (2023)

१०.३.५.२ पशुजन्य उत्पादन

विगत २७ वर्षमा मासुको उत्पादन ३.२ गुणाले वृद्धि भई सन् १९९५ को १.५९ लाख मे. टनबाट ५.१३ लाख मे. टन पुगेको छ भने सोही अवधिमा दुग्धजन्य पदार्थ ९ लाख मे. टनबाट करिब २६ लाख मे.

टन पुगेको छ। यसैगरी, अण्डा उत्पादन एपीपीको अवधिमा ३.२३ गुणाले बढेर सन् १९९५ को ४,१२१ लाख गोटाबाट २०१५ मा ८,९९५ लाख गोटा पुगेको छ भने माछा उत्पादन सोही अवधिमा ६ गुणाले वृद्धि भएर ०.१८ लाख मे. टनबाट १.०८ लाख मे. टन पुगेको पाइन्छ। पशुजन्य पदार्थको उत्पादन एपीपीको अवधिका साथै एपीपीपछिको सात वर्षमा पनि उल्लेखनीय रूपमा बढेको पाइन्छ। गत सात वर्षमा मासु, दुग्धजन्य पदार्थ, अण्डा, र माछाको उत्पादन क्रमशः ७० प्रतिशत, ४९ प्रतिशत, ४८ प्रतिशत र ५६ प्रतिशतले बढेको पाइन्छ (तालिका १०.११)।

तालिका १०.११: पशुजन्य उत्पादनको स्थिति

क्र.सं.	विवरण	मासु (लाख मे.टन)	दुग्धजन्य पदार्थ (लाख मे.टन)	अण्डा (लाख गोटा)	माछा (लाख मे.टन)
१	१९९५	१.५९	९.०४	४,१२१	०.१८
२	२०१५	३.०१	१७.२५	८,९९५	०.६९
३	२०२२	५.१३	२५.६७	१३,३०६	१.०८
फरक	एपीपीको अवधि	१.४२	८.२१	४,८७४	०.५२
	एपीपीपछि ७ वर्ष	२.१२	८.४२	४,३११	०.३९
	२७ वर्षको फरक	३.५	१६.६	९,१८४.९	०.९१
वृद्धि (प्रतिशत)	एपीपीको अवधि	८८.९६	९०.८७	११८.२७	२९४.७७
	एपीपीपछिको ७ वर्ष	७०.४२	४८.८०	४७.९३	५६.१८
	२७ वर्षको वृद्धि	२२२.०२	१८४.०३	२२२.८७	५१६.५५

स्रोत: NRB (2023)

माथि उल्लिखित विवेचना अनुसार पछिल्ला केही वर्षहरूमा नेपालको पशुपालन तथा मत्स्य व्यवसायले उल्लेखनीय उपलब्धि हासिल गरेको पाइन्छ। निजी क्षेत्रको लगानी तथा सहभागिता, सहकारी संस्थाको वित्तीय भूमिका र बजारसम्बन्धी कार्य र नेपाल सरकारका प्रवर्धनात्मक कार्यक्रम तथा नीतिहरूले पशुपालन तथा मत्स्य व्यवसायलाई व्यावसायिकतामा परिवर्तन हुँदै गएको पाइन्छ। सरकारले पशुपालनमा संलग्न किसानहरूलाई अनुदान, ऋण, प्राविधिक र विमाजस्ता कार्यक्रममा सहयोग प्रदान गरिरहेको छ। सहकारी संस्थाहरूले वित्तीय सेवाका साथै दुग्ध सङ्कलन तथा प्रशोधन, दुध तथा मासुको बजार पहुँच विस्तार र केही सहकारीहरूले पशु बीमा कार्यक्रम समेत सञ्चालन गरेको पाइन्छ। पशुपालन तथा मत्स्य क्षेत्रमा निजी क्षेत्रका उद्यमीहरूले आधुनिक प्रविधिको प्रयोग

गर्दै पशुपालन व्यवसायमा लगानी गरेका छन् भने यस क्षेत्रमा वैदेशिक रोजगारबाट फर्केका युवाहरू समेत संलग्न हुने गरेको पाइन्छ। यसले नेपालमा मासु, अण्डा, र दुध उत्पादनमा आत्मनिर्भरतातर्फ उन्मुख बनाउन सहयोग गरेको छ।

१०.३.६ खाद्यान्न तथा अन्य बालीको उत्पादकत्वको स्थिति

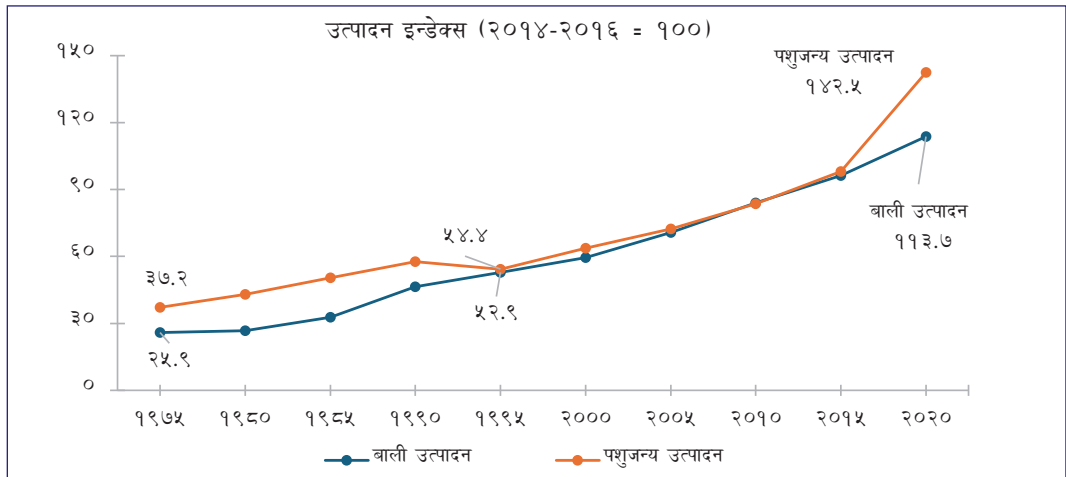
नेपालको प्रमुख बाली धानको औसत उत्पादकत्व सन् १९९४/९५ मा २.०६ मे. टन प्रतिहेक्टर रहेकोमा एपीपीको २० वर्षको अवधिमा ६३ प्रतिशतले अर्थात प्रतिहेक्टर १.३ मे. टन बढेको छ भने एपीपीपछिको सात वर्षमा धानको उत्पादकत्व ३.३ प्रतिशतले मात्र वृद्धि भएको छ। समग्रमा, विगत २७ वर्षमा धानको उत्पादकत्व ६८.५ प्रतिशतले वृद्धि भएर ३.४७ मे. टन पुगेको छ। यसैगरी, मकै तथा गहुँ बालीको औसत उत्पादकत्व एपीपीको अवधिमा क्रमशः ४७.३ र ८० प्रतिशतले वृद्धि भएको छ भने एपीपीपछिको सात वर्षको अवधिमा मकैको उत्पादकत्व करिब ३० प्रतिशतले बढेकोमा गहुँको उत्पादकत्वमा १५ प्रतिशतले बढोत्तरी भएको छ। विगत २७ वर्षको तथ्याङ्कले मकै तथा गहुँको औसत उत्पादकत्व क्रमशः ९१ र १०७ प्रतिशतले बढेको पाइन्छ। आलुको औसत उत्पादकत्व सन् १९९४/९५ मा ८.६ टन प्रतिहेक्टर र २०१४/१५ मा १३ टन प्रतिहेक्टर रहेकोमा २०२१/२२ मा १७ टन प्रतिहेक्टर पुगेको छ। विगत २७ वर्षमा आलु तथा तेलहन बालीको औसत उत्पादकत्व क्रमशः १०० र ८३ प्रतिशतले वृद्धि भएको पाइन्छ (तालिका १०.१२)।

तालिका १०.१२: प्रमुख बालीहरूको उत्पादकत्व प्रवृत्ति

क्र.सं.	विवरण	उत्पादकत्व (मे. टन प्रतिहेक्टर)				
		धान	मकै	गहुँ	तेलहन	आलु
१	१९९४/९५	२.०६	१.६५	१.४४	०.६	८.६२
२	२०१४/१५	३.३६	२.४३	२.५९	०.९	१३.१३
३	२०२१/२२	३.४७	३.१५	२.९९	१.१	१७.२
फरक	एपीपीको अवधि	१.३	०.७८	१.१५	०.३	४.५१
	एपीपी पछिको ७ वर्ष	०.११	०.७२	०.४	०.२	४.०७
	२७ वर्ष	१.४१	१.५	१.५५	०.५	८.५८
वृद्धि (प्रतिशत)	एपीपीको अवधि	६३.११	४७.२७	७९.८६	५०.०	५२.३२
	एपीपीपछिको ७ वर्ष	३.२७	२९.६३	१५.४४	२२.२२	३१.०
	२७ वर्ष	६८.४५	९०.९१	१०७.६	८३.३३	९९.५४

स्रोत: NRB (2023)

चित्र १०.२: बाली तथा पशुजन्य वस्तुको उत्पादन इन्डेक्स



स्रोत: WDI (2023)

विश्व बैंकले सन् २०१४-२०१६ लाई आधार लिएर तयार गर्ने बाली उत्पादन तथा पशुजन्य वस्तुको उत्पादन इन्डेक्स अनुसार सन् १९७५ मा बाली उत्पादनको इन्डेक्स २६ प्रतिशत र पशुजन्य वस्तुको उत्पादन इन्डेक्स ३७ प्रतिशत रहेको छ (चित्र १०.२)। साथै, सन् १९९५ मा उत्पादन इन्डेक्स बढेर बालीको ५३ प्रतिशत र पशुजन्य उत्पादनको ५४ पुगेको छ भने सन् २०२० मा बाली तथा पशुजन्य वस्तुको इन्डेक्स क्रमशः करिब ११३ र १४२ प्रतिशत पुगेको पाइन्छ।^{१५} उल्लिखित सूचकाङ्कले ४५ वर्षको अवधिमा नेपालमा बाली तथा पशुजन्य वस्तुको उत्पादन करिब चार गुणा वृद्धि भएको (कृषि वस्तु: ३.८३ गुणा र पशुजन्य वस्तु ४.३८ गुणा) देखाउँछ।

समग्रमा नेपालको कृषिसम्बन्धी तथ्याङ्क विश्लेषण गर्दा नेपाल सरकारले कृषि विकासमा गरेका प्रयासहरूबाट विगतको ३० वर्षमा विभिन्न बालीहरूको उत्पादन परिमाण तथा उत्पादकत्व बढेको देखिन्छ। राष्ट्रिय तथ्याङ्क कार्यालय, कृषि तथा पशुपन्छी विकास मन्त्रालयबाट प्रकाशित हुने कृषि क्षेत्रको तथ्याङ्कसम्बन्धी प्रतिवेदन, विश्व बैंक लगायत संयुक्त राष्ट्र संघ अन्तर्गतको विश्व खाद्य तथा कृषि सङ्गठन आदिका प्रतिवेदनहरूले पनि नेपालको कृषि क्षेत्रको उत्पादन तथा उत्पादकत्व दुवै वृद्धि भएको देखाएको छ। साथै, एपीपीको २० वर्ष अवधिमा कृषि क्षेत्रको उत्पादन तथा उत्पादकत्व दुवै वृद्धि भए पनि उक्त अवधिमा यस क्षेत्रको वार्षिक औसत वृद्धिदर धिमा (slow) अर्थात् ३.२ प्रतिशत मात्र रहेको र अपेक्षाकृत रूपमा व्यावसायीकरण हुन नसकेको पाइन्छ (MoAD, 2015)। साथै, कृषिमा अझै पनि परम्परागत पद्धतिहरूको प्रयोग, बीउ तथा मल र सिँचाईको अभाव, बजार पहुँचको

१५. Agriculture production index shows agricultural production for each year relative to the base period. The Index provides a standardized measure to track how agricultural production is changing over time, making it a valuable tool for understanding the dynamics of the agricultural sector.

कमी र बाली संरक्षण तथा खेती व्यवस्थापनको कमीका कारण उत्पादकत्व अपेक्षाकृतभन्दा कम रहेको आम बुझाइ छ । यस सन्दर्भमा तालिका १०.१३ मा नेपालको विभिन्न बालीको उत्पादकत्व अन्य देशहरूको बालीको उत्पादकत्वसँग तुलना गरिएको छ ।

तालिका १०.१३: सन् २०२२ मा नेपाल तथा विश्वका केही देशहरूको विभिन्न बालीको उत्पादकत्व

क्र.सं.	देश	उत्पादकत्व मे. टन प्रतिहेक्टर						
		धान	गहुँ	मकै	कफी	अदुवा	स्याउ	सुन्तला
१	नेपाल	३.७९	२.९९	३.१५	०.११	१२.८३	८.६१	११.११
२	बङ्गलादेश	४.८९	३.४५	८.९१	-	७.८८	-	४.०१
३	चीन	७.०८	५.८६	६.४४	३.२७	१०.७०	२२.३४	१९.१३
४	भारत	४.२३	३.५४	३.३९	०.७७	११.५०	८.२२	१४.९३
५	मलेसिया	३.७०	-	७.०१	२.६५	९.२२	-	९.५७
६	नेदरल्याण्डस	-	९.३९	८.८०	-	-	४०.००	-
७	श्रीलङ्का	३.०५	-	३.०८	०.८६	१०.६८	-	१.१८
८	थाइल्याण्ड	२.९९	१.०६	४.५७	०.५८	१६.६४	-	२०.७७

स्रोत: FAOSTAT (n.d.-a)

सन् २०२२ मा नेपाल लगायत विभिन्न देशहरूको मुख्य बालीहरूको उत्पादकत्वसँग तुलना गर्दा नेपालको धानको उत्पादकत्व भारत, चीन, र बङ्गलादेशको भन्दा कम रहेको छ भने श्रीलङ्का, मलेसिया र थाइल्याण्डको भन्दा बढी रहेको छ । नेपालमा गहुँको उत्पादकत्व थाइल्याण्डको बाहेक अन्य देशहरूको तुलनामा कम रहेको छ भने मकै बालीको उत्पादकत्व श्रीलङ्काको बाहेक अन्य देशको तुलनामा कम रहेको छ । अदुवा बालीको उत्पादकत्व थाइल्याण्डको करिब १७ मे. टन प्रतिहेक्टर रहेकोमा नेपालको १३ मे. टन छ भने अन्य देशहरूको यी दुवै देशहरूको भन्दा कम रहेको छ । नेदरल्याण्डस र चीनमा स्याउको उत्पादन क्रमशः ४० र २२ मे. टन प्रतिहेक्टर रहेको छ भने नेपालको करिब ९ मे. टन प्रतिहेक्टर मात्र छ । यसैगरी, सुन्तलाको उत्पादकत्व थाइल्याण्डमा २०, चीनमा १९, र भारतमा १५ मे. टन प्रतिहेक्टर रहेको छ भने नेपालमा ११ टन मात्र छ ।

माथि उल्लिखित तथ्यले विभिन्न बालीहरूको उत्पादकत्व सुधारबाट नेपालका ग्रामीण क्षेत्रमा रहेको गरिबी कम गर्न र कृषकहरूको आय वृद्धि मार्फत खाद्य सुरक्षा हासिल गर्न सकिने प्रशस्त सम्भावना छ भन्ने देखिन्छ । यसका लागि, कृषि क्षेत्रको व्यावसायीकरण, उन्नत बीउ विजनको तथा प्रविधिको प्रयोग, र कृषि बजारको सुधार गर्न थप लगानी आवश्यक रहेको छ । नेपालको कृषि क्षेत्रमा साना र

सीमान्तकृत कृषकहरूलाई लक्षित गर्दै नीतिगत सुधार र मुख्य बालीहरूको उत्पादनमा जलवायु परिवर्तनको प्रत्यक्ष प्रभाव देखिएको सन्दर्भमा हालका चुनौतीहरू सामना गर्न जलवायु अनुकूलन खेती पद्धति विकासमा थप लगानी गर्न जरुरी देखिन्छ ।

१०.४. नेपालको राष्ट्रिय अर्थतन्त्रमा कृषि क्षेत्रको योगदान

विगत ६० वर्षको तथ्याङ्क हेर्दा खेतीपाती गर्ने कृषक परिवारको सङ्ख्या डेढ गुणाभन्दा बढी र पशुपन्छी पालन गर्ने कृषक परिवारको सङ्ख्या पाँच गुणाले वृद्धि भएको छ (NSO, 2023) । यद्यपि, सन् १९९१ को जनगणना अनुसार नेपालको कुल जनसङ्ख्याको ८१.२ प्रतिशत जनसङ्ख्या प्राथमिक क्षेत्रमा (कृषि, वन तथा मत्स्य) आश्रित थिए भने यो सङ्ख्या २००१ मा ६५.७ प्रतिशत र २०११ मा ६४ प्रतिशतमा झरेको छ । यसैगरी, राष्ट्रिय कृषि गणना, २०७८ अनुसार नेपालको कुल घर परिवार सङ्ख्याको (संस्थागतवाहेक) ६२ प्रतिशत अर्थात् ४१ लाख ३० हजार ७ सय ८९ परिवार सङ्ख्या कृषक परिवार रहेको छ (तालिका १०.१४) ।

तालिका १०.१४: कृषि क्षेत्रमा संलग्न जनसङ्ख्या तथा कृषि क्षेत्रको घरधुरी सङ्ख्या

क्र. सं.	विवरण	१९९१	२००१	२०११	२०२१
१	कुल जनसङ्ख्या ('०००)	१८,४९१.१	२३,१५१.४	२६,४९४.५	२९,१६४.६
२	कृषि क्षेत्रसँग सम्बद्ध जनसङ्ख्या ('०००)	१६,२५८.२	१९,०३२.५	२०,५५२.५	१९,४४८.०
२	कृषि क्षेत्रसँग सम्बद्ध जनसङ्ख्या (प्रतिशत)	८७.९	८२.२	७७.६	६६.७
३	कृषि पेसामा संलग्न सक्रिय जनसङ्ख्या (प्रतिशत)	८१.२३	६५.७०	६४.०१	५७.३
४	कुल घरधुरी सङ्ख्या ('०००)	३,३२८.७	४,२५३.२	५,४२७.३	६,६६६.९
५	कृषि क्षेत्रको घरधुरी सङ्ख्या ('०००)	२,७३६.१	३,३६४.१	३,८३१.१	४,१३०.८
६	कृषि क्षेत्रको घरधुरी सङ्ख्या (प्रतिशत)	८२.२	७९.१	७०.६	६२.०

स्रोत: Shrestha D. P. (2003), CBS (2014), NSO (2021), CBS (1994), CBS (2006), CBS (2013) & NSO (2023)

सन् १९९१ पछि कुल जनसङ्ख्याको तुलनामा कृषि क्षेत्रमा सम्बद्ध जनसङ्ख्याको प्रतिशत क्रमिक रूपमा घटेको भए तापनि परिवार छुट्टिएकाले कुल कृषि क्षेत्रको घरधुरी सङ्ख्या भने बढेको पाइन्छ ।

यसैगरी, कुल कृषक परिवार सङ्ख्यामध्ये ७०.४ प्रतिशत परिवारको मुख्य आम्दानीको स्रोत कृषि कार्य रहेको छ । साथै, नेपालको आर्थिक क्रियाकलापमा संलग्न (उत्पादनशील) जनसङ्ख्यामध्ये ५७.३ प्रतिशत जनसङ्ख्या कृषि क्षेत्रमा संलग्न रहेको छ भने पेसागत रूपमा कृषि क्षेत्रमा आवद्ध दक्ष कामदारको जनसङ्ख्या उत्पादनशील जनसङ्ख्याको ५०.१ प्रतिशत रहेको छ (NSO, 2021) । यसले जीविकोपार्जनको मुख्य पेसाको दृष्टिकोणले नेपाल अभै पनि कृषि क्षेत्रमा आधारित देश रहेको र नेपालका अधिकांश ग्रामीण क्षेत्रका परिवारहरूको आय वृद्धि गरेर देशको आर्थिक तथा सामाजिक विकास मार्फत समृद्धि हासिल गर्न कृषि क्षेत्रको रूपान्तरणको आवश्यकता रहेको तथ्य स्पष्ट हुन्छ ।

विगत दश वर्षमा कृषक परिवारले चलन गरेको जमिन १२ प्रतिशतले घटेको छ भने खेतीका लागि जमिन नहुने कृषकको जनसङ्ख्या तीन प्रतिशत रहेको छ । करिब ८४ प्रतिशत कृषक परिवारको खेतीका लागि चलन गरिएको जमिनको आकार एक हेक्टरभन्दा सानो र भूमिहीनबाहेक ०.५ हे. भन्दा सानो खेतीका लागि चलन गरेको जमिन हुने कृषक परिवारको सङ्ख्या करिब ५७ प्रतिशत रहेको छ । यसले नेपालको कृषि प्रणालीमा साना कृषकहरूको बाहुल्य हाल सम्म नै कायम रहेको तथ्य प्रस्ट हुन्छ (NSO, 2023) ।

नेपालको राष्ट्रिय जनगणना २०७८ को नतिजा अनुसार नगरपालिका तथा गाउँपालिका बस्ने जनसङ्ख्या क्रमशः ६६.२ र ३३.८ प्रतिशत रहेको छ (NSO, 2021) । यद्यपि नेपाल सङ्घीय संरचनामा गएपछि नगरपालिकाहरूको सङ्ख्या बढेसँगै नगरपालिकामा बसोबास गर्ने जनसङ्ख्या वृद्धि भएको पाइन्छ । सन् २०११/१२ को जनगणना अनुसार सहरी क्षेत्रमा बस्ने जनसङ्ख्या १७ प्रतिशत र गाउँमा बस्ने जनसङ्ख्या ८३ प्रतिशत रहेको थियो (CBS, 2011) । विश्व बैंकको डेटाबेस अनुसार नेपालको ग्रामीण क्षेत्रमा बसोबास गर्ने खुद जनसङ्ख्या ७८ प्रतिशत रहेको छ (WDI, 2023) ।

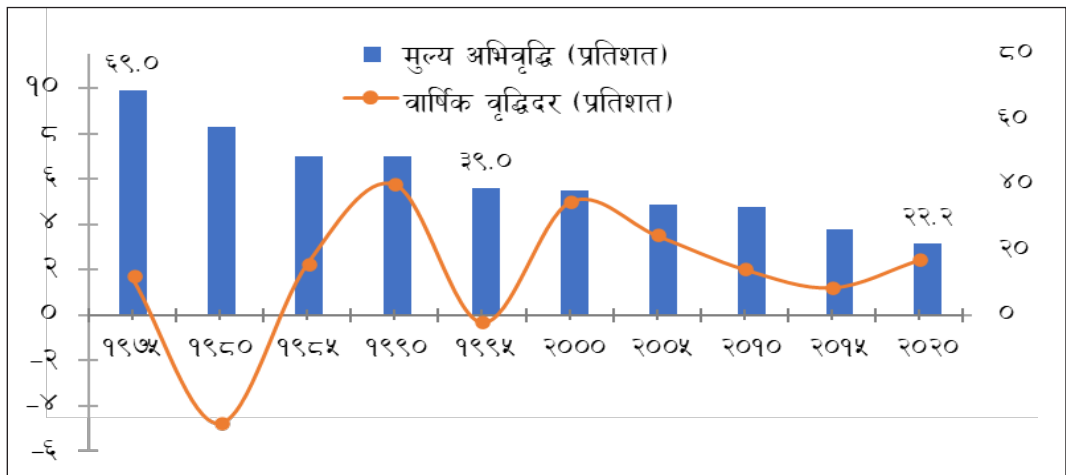
विश्वका धेरैजसो न्यून आय र न्यून-मध्यम आय (low income and lower-middle income) हुने देशहरूमा ग्रामीण क्षेत्रमा बसोबास गर्ने जनसङ्ख्याको ठुलो हिस्साको जीविकोपार्जनको प्रमुख आधार कृषि क्षेत्र हो । उदाहरणार्थ सब-सहारा अफ्रिका र एसियाका केही भागहरूमा आर्थिक रूपमा सक्रिय जनसङ्ख्याको लगभग ६० प्रतिशत अंश कृषि क्षेत्रमा रहेको छ भने लगभग त्यतिकै वा सोभन्दा बढी अनुपातको जनसङ्ख्या ग्रामीण क्षेत्रमा बसोबास गर्छ (Gollin, 2010) । साथै, न्यून आय र न्यून मध्यम आय हुने देशहरूको आर्थिक गतिविधिमा कृषि क्षेत्रले महत्वपूर्ण भूमिका खेलेको हुन्छ भने कुल गार्हस्थ्य उत्पादनको मूल्य अभिवृद्धिको क्रमशः लगभग २५ र १५ प्रतिशत हिस्सा कृषि क्षेत्रले योगदान गरेको हुन्छ (WDI, 2023) । खाद्यान्न र फलफूल तथा तरकारी, पशुजन्य उपजजस्ता गैरखाद्यान्न बालीहरूले न्यून आय र न्यूनमध्यम आय हुने देशहरूको निर्यातमा महत्वपूर्ण भूमिका खेलेको हुन्छ । कृषि क्षेत्रमा हुने रूपान्तरणले समग्र अर्थतन्त्रमा ठुलो प्रभाव पार्न सक्छ । तर, न्यून आय र न्यूनमध्यम आय भएका देशहरूको कृषि क्षेत्रको उत्पादकत्व बाँकी अर्थतन्त्रको तुलनामा निकै कम छ । यस्तो अवस्था नेपालको हकमा पनि लागु हुन्छ । तसर्थ, नेपालको ग्रामीण क्षेत्रमा बसोबास गर्ने न्यून आय

भएका समुदायको आय वृद्धि गरी जीविकोपार्जनमा सुधारका साथै गरिबी कम गर्न र ग्रामीण अर्थतन्त्र चलायमान बनाई दिगो आर्थिक विकास गर्न कृषि क्षेत्र निकै महत्त्वपूर्ण रहेको छ ।

१०.४.१ कृषि क्षेत्रको वृद्धि दर र कुल गार्हस्थ्य उत्पादनमा क्षेत्रगत योगदान

कृषि क्षेत्रको योगदान बहुआयामिक र व्यापक रहेको छ । यसले ग्रामीण विकास तथा राष्ट्रिय अर्थतन्त्रको दिगो विकासमा महत्त्वपूर्ण भूमिका खेल्ने भएकाले कृषि क्षेत्रको वार्षिक वृद्धिदर र राष्ट्रिय कुल गार्हस्थ्य उत्पादनमा यसको योगदान महत्त्वपूर्ण हुन्छ । विकासशील देशहरूको अर्थ व्यवस्थाको संरचनामा परिवर्तन हुँदा कृषि क्षेत्रको योगदानको हिस्सा प्रतिशत विन्दुमा क्रमिक रूपमा घट्ने प्रवृत्ति देखा पर्दछ । उल्लिखित सन्दर्भमा राष्ट्रिय कुल गार्हस्थ्य उत्पादनमा नेपालको कृषि क्षेत्रको योगदानको अंश पनि प्रतिशत विन्दुमा क्रमिक रूपमा घटेको पाइन्छ । दीर्घकालीन कृषि योजना लागु हुनुभन्दा पहिलेको २० वर्षको अवधिमा (१९७५-१९९५) कृषि, वन तथा मत्स्य क्षेत्रको मूल्य अभिवृद्धि (gross value added) कुल गार्हस्थ्य उत्पादनको ६९ प्रतिशत (उत्पादकको मूल्यमा) योगदान रहेकोमा सन् १९९५ मा ३९ प्रतिशतमा झरेको छ । यसैगरी, दीर्घकालीन कृषि विकास योजनाको अन्तिम वर्षमा सन् २०१५ मा कृषि, वन तथा मत्स्य क्षेत्रको मूल्य अभिवृद्धि २५.५२ र त्यसपछिको सात वर्ष अर्थात् २०२२ मा २२.२ प्रतिशतमा झरेको छ (चित्र १०.३) ।

चित्र १०.३: कृषि क्षेत्रको वार्षिक वृद्धिदर तथा कुल गार्हस्थ्य उत्पादनमा यसको योगदान



स्रोत: WDI (2023)

सन् १९९५ मा कृषि क्षेत्रको मूल्य अभिवृद्धिको वृद्धिदर ०.३३ प्रतिशतले ऋणात्मक रहेकोमा सन् २००० मा सबैभन्दा बढी ४.९७ प्रतिशत पुगेको भए तापनि पछिल्ला वर्षहरूमा कृषि क्षेत्रको वृद्धिदर निरन्तर घट्दै गएको पाइन्छ । साथै, आर्थिक वर्ष १९९५/९६-२०१५/१६ सम्मको २० वर्षे अवधिमा

दीर्घकालीन कृषि योजना कार्यान्वयन भए पनि कृषि क्षेत्रको वृद्धिदर दिगो हुन सकेन । सरकारले कृषि क्षेत्रमा उदारीकरणको नीतिअनुरूप कृषि विरोधी पूर्वाग्रह (anti-agriculture bias) कायम राख्दै सन् १९९७-२००८ सम्म रासायनिक मलमा दिने अनुदान कटौती गर्नका साथै सन् २००६ सम्म रहेको सशस्त्र द्वन्द्वले कृषि क्षेत्रको रूपान्तरण प्रक्रियामा अवरोध सिर्जना भएको पाइन्छ । द्वन्द्वको अन्त्यपछि लामो राजनीतिक सङ्क्रमणकाल सकिएर नेपालमा सङ्घीय संरचना लागु हुने चरणमा आएको महाभूकम्प २०१५ र कोभिड-१९ को महामारीले पनि कृषि उत्पादन प्रणालीमा असर गऱ्यो । यसको अतिरिक्त २०१५ पछि लागु भएको २० वर्षे कृषि विकास रणनीति कार्यान्वयन गर्न सरकारले १० वर्ष अवधिको करिब ने.रु. एक खर्ब ३१ अर्ब लगानी गर्ने गरी प्रधानमन्त्री कृषि आधुनिकीकरण परियोजना कार्यान्वयन गरेको छ । सन् २०१५ देखि २०२२ सम्म कृषि क्षेत्रको औसत वृद्धिदर ३.३९ प्रतिशत रहेको छ (चित्र १०.३) ।

दीर्घकालीन कृषि योजना कार्यान्वयनको २० वर्षमा कुल गार्हस्थ्य उत्पादनमा कृषि क्षेत्रको योगदान प्रतिशत विन्दुमा १३.५ ले ह्रास भएको छ । यद्यपि, सोही अवधिमा कृषि क्षेत्रको मौद्रिक आय योगदान २.७९ गुणा वृद्धि भएर १९९६ को ने.रु. ८.५६ खर्बबाट २०१५ मा ने.रु. १८.६२ खर्ब पुगेको छ (तालिका १०.१५) ।

तालिका १०.१५: विभिन्न अवधिमा कृषि क्षेत्रको गार्हस्थ्य उत्पादन (रकम ने.रु.खर्ब)

क्र.सं.	अवधि		कृषि क्षेत्रको गार्हस्थ्य उत्पादन (ने.रु. खर्ब)					परिवर्तन (गुणा)
१	दीर्घकालीन कृषि योजनापूर्वको अवधि	वर्ष	१९७६	१९८०	१९८५	१९९०	१९९५	२.२०
		रकम	३.६९	३.९७	५.०५	६.३१	८.१२	
२	दीर्घकालीन कृषि योजनाको अवधि	वर्ष	१९९६	२०००	२००५	२०१०	२०१५	२.१७
		रकम	८.५६	१०.२७	१२.१३	१५.०८	१८.६२	
३	कृषि विकास रणनीति	वर्ष	२०१६	२०२०	२०२२	-	-	१.३५
		रकम	१८.७०	२२.८४	२५.२९	-	-	

स्रोत: WDI (2023)

सन् १९७६-१९९५ सम्म कृषि क्षेत्रको औसत वृद्धिदर अर्थतन्त्रका अन्य क्षेत्रहरूको भन्दा न्यून रहेको छ । उक्त अवधिमा कृषि क्षेत्र, उद्योग तथा निर्माण क्षेत्र, सेवा, र उत्पादन क्षेत्रको वार्षिक औसत वृद्धिदर क्रमशः ३.०८, ८.२३, ४.४९ र ८.७९ प्रतिशत रहेको छ । दीर्घकालीन कृषि योजना कार्यान्वयनको अवधिमा कृषि क्षेत्रको वार्षिक औसत वृद्धिदर ३.३५ प्रतिशत मात्र रहेको छ । यसैगरी उद्योग तथा निर्माण क्षेत्र र उत्पादन क्षेत्रको वृद्धिदर उक्त योजना अवधिमा पछिल्लो २० वर्षको तुलनामा उल्लेखनीय

रूपमा ह्रास भएको छ भने सेवा क्षेत्रको खासै फरक देखिँदैन । उक्त अवधिमा उद्योग तथा निर्माण क्षेत्र, सेवा क्षेत्र, र उत्पादन क्षेत्रको वार्षिक औसत वृद्धिदर क्रमशः ३.३८, ४.७९ र २.२९ प्रतिशत मात्र रहेको छ । एपीपी कार्यान्वयन कालको पहिलो करिब एक दशक कृषि क्षेत्रमा अनुदान कटौती, आन्तरिक द्वन्द्व, राजनीतिक अस्थिरता तथा नीतिगत अस्थिरता र लामो सङ्क्रमणकाल भएका कारण नेपालको अर्थतन्त्रमा नकारात्मक प्रभाव परेको तथ्य सहजै अनुमान गर्न सकिन्छ । सन् २०१५ मा संविधान कार्यान्वयन भएपछि अर्थतन्त्रको सबै क्षेत्रमा सुधार हुन थालेको भए तापनि उक्त अवधिमा देश महाभूकम्प २०७२ र कोभिड-१९ महामारीको सङ्कटमा परेकाले अर्थतन्त्रले लय समाउन सकेन । यसैले गत सात वर्षको कृषि क्षेत्र, उद्योग तथा निर्माण क्षेत्र, सेवा, र उत्पादन क्षेत्रको वार्षिक औसत वृद्धिदर क्रमशः ३.३९, ६.६१, ४.३२ र ४.८६ प्रतिशत रहेको छ (तालिका १०.१६) ।

तालिका १०.१६: कुल गार्हस्थ्य उत्पादनमा विभिन्न क्षेत्रगत योगदान

अवधि	वर्ष	अर्थतन्त्रको क्षेत्रगत मूल्य अभिवृद्धि (वृद्धिदर*) (प्रतिशत)			
		कृषि, वन तथा मत्स्य	उद्योग तथा निर्माण क्षेत्र	सेवा क्षेत्र	उत्पादन क्षेत्र
दीर्घकालीन कृषि योजनापूर्व	१९७६-१९९५	३.०८	८.२३	४.४९	८.७९
दीर्घकालीन कृषि योजना अवधि	१९९६-२०१५	३.३५	३.३८	४.७९	२.२९
कृषि विकास रणनीति	२०१६-२०२२	३.३९	६.६१	४.३२	४.८६
समग्र वृद्धिदर	(१९७५/२०२२)	३.०८	५.७८	४.९२	५.४८

*वृद्धिदर आकलन गर्नका लागि सम्बन्धित क्षेत्रको मूल्य अभिवृद्धिको मानलाई लग रूपान्तरण गरी प्रतिगमन विधि अपनाइएको छ । विस्तृत तथ्याङ्कीय विधि र विश्लेषण मोडेलका लागि हेर्नुहोस् Ghimire & Dhakal (2021)

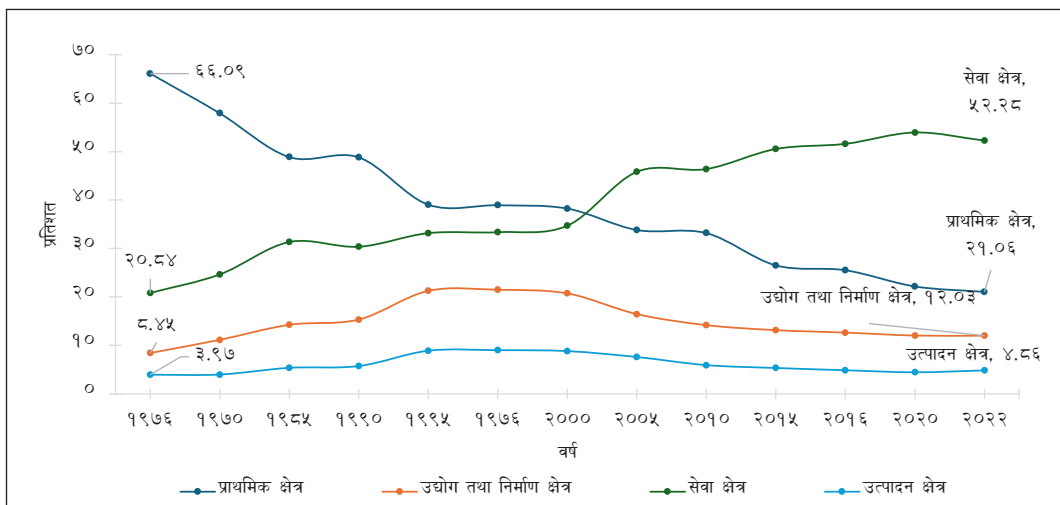
स्रोत: WDI (2023)

सन् १९७५ देखि सन् २०२२ सम्मको कुल गार्हस्थ्य उत्पादनसम्बन्धी तथ्याङ्कको Ordinary Least Square Regression विधि अपनाई विश्लेषण गर्दा समग्र वार्षिक औसत वृद्धिदर ४.३६ प्रतिशत रहेको छ । साथै, यस अवधिमा कृषि, वन तथा मत्स्य क्षेत्रको वृद्धिदर सबैभन्दा कम अर्थात् ३.०८ प्रतिशत रहेको छ । उक्त अवधिमा उद्योग तथा निर्माण क्षेत्र, सेवा क्षेत्र र उत्पादन क्षेत्रको वार्षिक वृद्धिदर क्रमशः ५.७८, ४.९२ र ५.४८ प्रतिशत मात्र रहेको छ । यसले नेपालको अर्थतन्त्रको वृद्धिदर मध्यम स्तरको रहेको देखाउँछ ।

एपीपी कार्यान्वयनको अवधिमा गैरकृषि क्षेत्रको योगदान ६०.०६ प्रतिशतबाट बढेर ७४.४८ प्रतिशत पुगेको छ । यसले नेपालको कृषि क्षेत्रमा आधारित अर्थतन्त्रको संरचनामा परिवर्तन भएको तथ्य स्पष्ट हुन्छ । सन् १९७५ देखि सन् २००० सम्मको अवधिमा प्राथमिक क्षेत्र (कृषि, वन तथा मत्स्य क्षेत्र) ले

कुल गार्हस्थ्य उत्पादनमा गरेको योगदान घट्दो क्रममा भए तापनि अन्य क्षेत्रको तुलनामा बढी रहेको छ । नेपाली अर्थतन्त्रमा कृषि क्षेत्रको योगदानको अंश घट्दै गएको देखिए तापनि सो अवधिमा कुल गार्हस्थ्य उत्पादनमा कृषि क्षेत्रको समग्र आय प्रचलित मूल्यमा ने.रु. ९६.८९ अर्ब बाट ११.६९ गुणा वृद्धि भई १,१३२.७५ अर्ब पुगेको छ (WDI, 2023) । यद्यपि, विगत दुई दशकदेखि भने कृषि क्षेत्रको योगदान क्रमशः घट्दै गई सेवा क्षेत्रले नेपालको कुल गार्हस्थ्य उत्पादनमा बढी योगदान पुऱ्याउन थालेको पाइन्छ । साथै, कुल गार्हस्थ्य उत्पादनमा उद्योग तथा निर्माण क्षेत्रको योगदान पनि सन् २००० पछि निरन्तर घटेको छ भने सेवा क्षेत्रको बढेको पाइन्छ । उत्पादन क्षेत्र (manufacturing) को योगदान पनि सन् २००५ पछि घट्दो क्रममा रहेको छ (चित्र १०.४) ।

चित्र १०.४: कुल गार्हस्थ्य उत्पादनमा क्षेत्रगत योगदानको समय प्रवृत्ति (१९७५-२०२२)

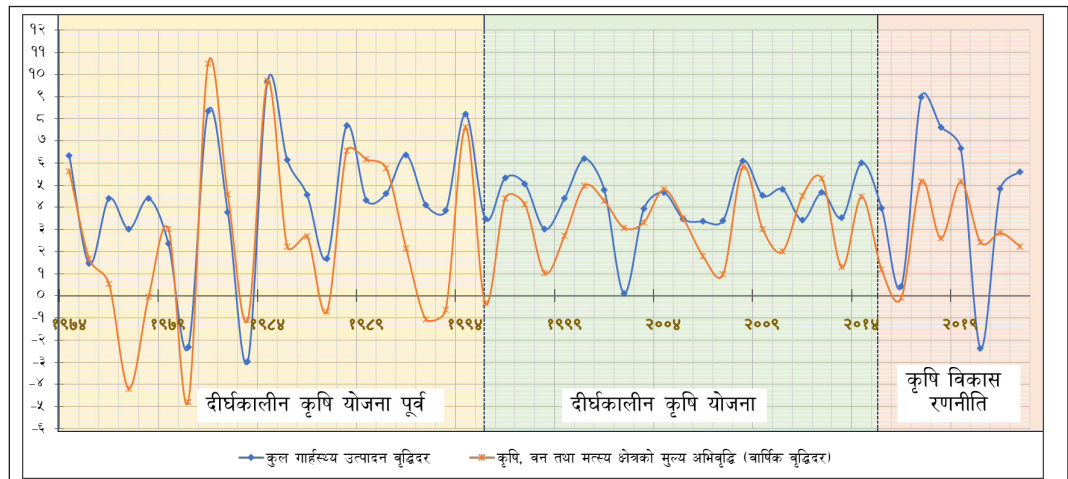


आर्थिक विकासमा कृषि क्षेत्रको रूपान्तरणको सुरुआतबाट सफलता प्राप्त गरेका अधिकांश विकसित राष्ट्रहरूको संरचनागत परिवर्तन हुँदा समान प्रवृत्ति अर्थात् कृषि क्षेत्रको रोजगारी र कुल गार्हस्थ्य उत्पादनमा कृषि क्षेत्रले गर्ने योगदान दुवै घट्दै जाने र गैरकृषि क्षेत्रको योगदान क्रमिक रूपमा बढ्ने प्रवृत्ति देखिन्छ । अर्थतन्त्रको रूपान्तरण प्रक्रियामा कृषि क्षेत्रको रूपान्तरणपछि अधिकांश अर्थतन्त्रहरूमा पहिले उद्योग तथा निर्माण क्षेत्रको वृद्धि र त्यसपछि सेवा क्षेत्रमा प्रवेश गरेको पाइन्छ । कृषि क्षेत्रबाट श्रम तथा स्रोतको स्थानान्तरण उद्योग तथा निर्माण क्षेत्रमा हुँदा दुवै क्षेत्रबाट प्रतिफल प्राप्त हुन्छ । किनकि कृषि क्षेत्रमा संलग्न बाँकी जनसङ्ख्याको उत्पादन क्षमता तथा प्रविधि प्रयोगमा वृद्धि भई कृषि क्षेत्रमा थप वृद्धि हासिल हुन सक्छ (Islam, 2014) । तर, नेपालको सन्दर्भ केलाउँदा कृषि क्षेत्रको रूपान्तरणबाट उद्योग क्षेत्र र त्यसपछि सेवा क्षेत्रको संरचनामा परिवर्तन हुनुपर्नेमा सोभै सेवा क्षेत्रमा आधारित हुन पुगेको पाइन्छ (चित्र १०.४) ।

१०.४.२ कृषि क्षेत्रको वृद्धिदर र कुल गार्हस्थ्य उत्पादनको वृद्धिदरको प्रवृत्ति र सम्बन्ध

सन् १९७५ देखि २०२२ सम्मको कृषि क्षेत्र तथा कुल गार्हस्थ्य उत्पादनको वार्षिक वृद्धिदरको समय प्रवृत्तिमा (time trend) देखिएको आरोह-अवरोहले (fluctuation) कृषि क्षेत्रको वृद्धि तथा समग्र अर्थतन्त्रको वृद्धिले स्थिर गति लिन नसकेको देखिन्छ। कृषि क्षेत्रको मूल्य अभिवृद्धिको वार्षिक वृद्धिदरको अवनति र उत्थानको (fall and rise) दर दीर्घकालीन कृषि योजना कार्यान्वयन हुनुपूर्वको अवधिमा बढी र १९९४/९५-२०१५/१६ सम्म केही कम देखिएको छ। त्यसपछिका वर्षहरूमा पुनः दुवै चरहरूको अवनति र उत्थानको दर बढेको देखिन्छ (चित्र १०.५)।

चित्र १०.५: कृषि क्षेत्र तथा कुल गार्हस्थ्य उत्पादनको वार्षिक वृद्धिदरको प्रवृत्ति



स्रोत: WDI (2023)

विगत ४७ वर्षको अवधिमा दुवै चरहरूमा देखिएको अवनति र उत्थानको प्रवृत्ति समान प्रकृतिको छ। यसले कृषि क्षेत्रको उत्पादन राम्रो भएको वर्ष कुल गार्हस्थ्य उत्पादनमा कृषिको योगदान बढ्ने हुँदा सकारात्मक प्रभाव पर्ने र कृषि क्षेत्रको उत्पादन ह्रास भएको वर्ष कुल गार्हस्थ्य उत्पादनमा नकारात्मक प्रभाव पर्ने तथ्य उजागर गरेको छ। साथै, दुवै चरहरूबिचको सम्बन्धलाई मापन गर्ने साङ्ख्यिकीय सूचक अर्थात् सहसम्बन्ध गुणाङ्क (coefficient of correlation) ०.६७ रहेको छ। यसले दुवै चरहरू मध्यमस्तरमा परस्पर सम्बन्धित छन् भन्ने तथ्य उजागर गरेको छ। समग्रमा हेर्दा कृषि, वन तथा मत्स्य क्षेत्रको मूल्य अभिवृद्धिले (gross value added) नेपालको कुल गार्हस्थ्य उत्पादनको वृद्धिदरमा समेत सकारात्मक प्रभाव पर्नका साथै आर्थिक स्थिरताका लागि कृषि क्षेत्रको भूमिका पनि महत्वपूर्ण हुने तथ्य सहजै अनुमान गर्न सकिन्छ। नेपालको बृहत् अर्थतन्त्रको स्थिति (macroeconomic situation) को समयशृङ्खला (time series) विश्लेषण गर्न एकाइ मूल परीक्षण (stationary test) र ग्रान्जर कारक परीक्षण (Granger causality test) विधि अपनाइएको थियो (तालिका १०.१७ र १०.१८)।

तालिका १०.१७: कुल गार्हस्थ्य उत्पादनसम्बन्धी चरहरूको एकाइ मूल परीक्षण नतिजा

चर	परीक्षण सूचकाङ्क	नतिजा (Inference)	चर	परीक्षण सूचकाङ्क	नतिजा (Inference)
LGVA	०.३१७	एकाइ मूल भएको (non-stationary)	dLGVA	-८.६३२***	एकाइ मूल नभएको (stationary)
LAG	०.६४३		dLAG	-७.८६८***	
LIG	-२.५३६		dLIG	-५.५७४***	
LSG	०.१०८		dLSG	-७.२२६***	
LMG	-१.५८३		dLMG	-५.१०१***	

नोट: L - लग रूपान्तरण, d - पहिलो अन्तर, GVA - कुल मूल्य अभिवृद्धि, AG - कृषि क्षेत्रको मूल्य अभिवृद्धि, IG - उद्योग तथा निर्माण क्षेत्रको मूल्य अभिवृद्धि, SG - सेवा क्षेत्रको मूल्य अभिवृद्धि, MG - उत्पादन क्षेत्रको मूल्य अभिवृद्धि । *** - १ प्रतिशत भ्रमांशको सम्भाव्यतामा स्थापित ।

तालिका १८: कुल गार्हस्थ्य उत्पादन सम्बन्धि चरहरूको ग्रान्जर कजालिटि परीक्षणको नतिजा

समीकरण	परीक्षण सूचकाङ्क	समीकरण	परीक्षण सूचकाङ्क
dLAG → dLGVA	३.५७	dLGVA → dLAG	४.८३*
dLIG → dLGVA	१०.०३**	dLGVA → dLIG	२.७५
dLSG → dLGVA	१.७८	dLGVA → dLSG	१.४७
dLMG → dLGVA	४.९९*	dLGVA → dLMG	०.३९
dLIG → dLAG	१३.१९**	dLAG → dLIG	१.४९
dLSG → dLAG	५.८४*	dLAG → dLSG	२.२०
dLMG → dLAG	५.०३*	dLAG → dLMG	०.१०
dLSG → dLIG	४.२२	dLIG → dLSG	२.५९
dLMG → dLIG	७.२९**	dLIG → dLMG	३.५८
dLMG → dLSG	३.४६	dLSG → dLMG	१.३१

नोट: L - लग रूपान्तरण, d - पहिलो अन्तर, GVA - कुल मूल्य अभिवृद्धि, AG - कृषि क्षेत्रको मूल्य अभिवृद्धि, IG - उद्योग तथा निर्माण क्षेत्रको मूल्य अभिवृद्धि, SG - सेवा क्षेत्रको मूल्य अभिवृद्धि, MG - उत्पादन क्षेत्रको मूल्य अभिवृद्धि

विश्लेषणमा प्रयोग गरिएका सबै चरहरूको पहिलो अन्तर (first difference) मा एकाइ मूल नभएको (stationary) पाइयो र सोही आधारमा ग्रान्जर कारक परीक्षण गर्दा नेपालको कृषि क्षेत्रको

मूल्य अभिवृद्धिले (gross value added) उद्योग तथा निर्माण क्षेत्र, सेवा क्षेत्र र उत्पादन क्षेत्रहरूमध्ये कुनै पनि क्षेत्रको मूल्य अभिवृद्धि आकलन गर्न (causality forecast) नसकिने पाइएको छ। तर, यी तीनै क्षेत्रको कृषि क्षेत्रसँग एकतर्फी कारक सम्बन्ध भने रहेको पाइएको छ। नेपालको कुल गार्हस्थ्य उत्पादनको आकलन गर्न उद्योग तथा निर्माण र सेवा क्षेत्रले महत्वपूर्ण (significant) भूमिका निर्वाह गर्ने तर कृषि र सेवा क्षेत्रको भूमिका महत्वपूर्ण (significant) नरहेको पनि विश्लेषणबाट देखिएको छ। यसले औद्योगिक क्षेत्र तथा सेवा क्षेत्रको वृद्धिसँगै कृषि क्षेत्रको प्रवर्धन तथा रूपान्तरणका अवरोधहरू हटाउन पर्याप्त सार्वजनिक लगानी गर्न सके निजी लगानी आकर्षित हुन्छ। साथै, कृषि क्षेत्रको वृद्धिबाट प्राप्त हुने अधिशेषले औद्योगिक क्षेत्रलाई थप गतिशील बनाई रोजगारी सिर्जना हुन सक्ने भएकाले नेपालको समग्र अर्थतन्त्रको दिगो वृद्धि हासिल गर्न टेवा मिल्ने देखिन्छ। कृषि क्षेत्रको रूपान्तरणले खाद्य वस्तुको आयातमा खर्च हुने विनिमयको बचत हुनुका साथै निर्यात व्यापारलाई समेत सहयोग गर्दछ भने खाद्य सुरक्षाको प्रत्याभूति दिने विषय राष्ट्रिय सुरक्षाको विषय पनि भएकाले आत्मनिर्भर अर्थतन्त्र निर्माण मार्फत दिगो आर्थिक सामाजिक विकास गर्न समेत कृषि क्षेत्र सहयोगी हुन्छ।

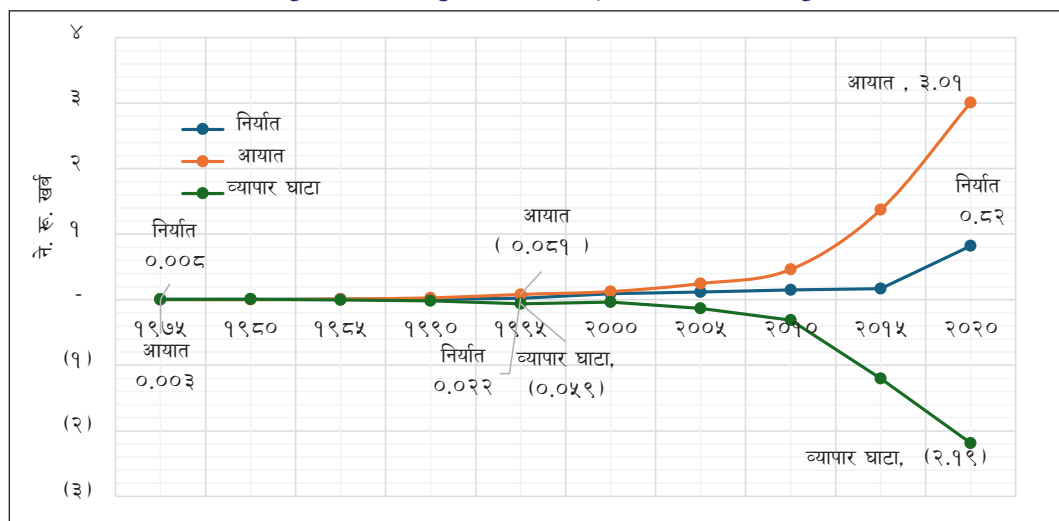
टर्कीमा सन् २००० देखि सन् २०१६ सम्मको तथ्याङ्कमा YetiZ & Özden (2017) ले गरेको ग्रान्जर कारक परीक्षणमा कुल गार्हस्थ्य उत्पादन लगायत अन्य सबै क्षेत्रसँग कृषि क्षेत्रको एकतर्फी कारक सम्बन्ध रहेको पाइएको थियो जसले कृषि क्षेत्रमार्फत द्वितीय क्षेत्रको विकास भई समग्र अर्थतन्त्रमा प्रभाव पारेको तथ्य उजागर गर्दछ। त्यसैगरी सन् १९८० देखि सन् २०१३ सम्मको तथ्याङ्क विश्लेषण गर्दा बङ्गलादेशमा कृषि क्षेत्रको उद्योग क्षेत्र तथा कुल गार्हस्थ्य उत्पादन, दुवैसँग दुईतर्फी कारक सम्बन्ध रहेको पाइएको थियो (Uddin, 2015)। छिमेकी मुलुक भारतको सन् १९५० देखि सन् २०१० सम्मको तथ्याङ्कबाट भने सेवा क्षेत्रले उद्योग क्षेत्रमा कारक सम्बन्ध राख्ने तर कृषि क्षेत्रको अन्य क्षेत्रसँग कारक सम्बन्ध नरहेको पाइएको थियो (T. Singh, 2016)।

१०.४.३ कृषिजन्य वस्तुहरूको आयात तथा निर्यातको स्थिति

नेपालको आयात तथा निर्यात व्यापारको ऐतिहासिक प्रवृत्ति हेर्दा सन् १९७० देखि नै नेपालको कुल वस्तु तथा सेवाको निर्यात व्यापारभन्दा आयात बढी रहेको छ भने नेपालको अन्तर्राष्ट्रिय व्यापार विश्वका १ सय ७० देशहरूसँग भएको छ भने नेपालका सबैभन्दा ठुला व्यापार साझेदार छिमेकी राष्ट्रहरू भारत र चीन हुन् (घिमिरे, न्यौपाने, र भट्टराई, २०८०)। आ.व. २०८०/८१ को तथ्याङ्क अनुसार नेपालको कुल अन्तर्राष्ट्रिय व्यापारमा निर्यात तथा आयातको अंश क्रमशः ८.७३ र ९१.२७ प्रतिशत रहेको र नेपालले ने.रु. १५ खर्ब ९३ अर्बको वस्तु तथा सेवा आयात गरेको छ भने निर्यात करिब ने.रु. १ खर्ब ५२ अर्बको मात्र गरेकाले अन्तर्राष्ट्रिय व्यापार घाटा ने.रु. १४ खर्ब ४१ अर्ब भएको छ (भन्सार विभाग, २०८१)।

सन् १९७५ मा कृषिजन्य वस्तुको निर्यात ने.रु. ८१ करोड र कृषिजन्य आयात ने.रु. ३४ करोड थियो अर्थात् कृषिजन्य व्यापारमा नेपालले नाफा प्राप्त गरेको थियो । यद्यपि, नेपालको कृषिजन्य वस्तुको अन्तर्राष्ट्रिय व्यापारको प्रवृत्ति हेर्दा सन् १९९० पछि निर्यातको तुलनामा आयातको अंश क्रमिक रूपमा वृद्धि भएको छ । सन् १९९५मा कृषि निर्यात भन्दा २.७५ गुणाले वृद्धि भई ने.रु. २२० करोड पुग्दा कृषिजन्य वस्तुको आयात २४ गुणा वृद्धि भई ने.रु. ८१२ करोड पुगेको पाइन्छ । कृषिजन्य वस्तुको आयात सन् २००५ पछि ह्वात्तै बढेको पाइन्छ । सन् २००० को तुलनामा २०२० मा नेपालको कृषिजन्य वस्तुको आयात ३०० गुणाले बढेर तीन खर्बभन्दा बढी भएको छ भने कृषि क्षेत्रको व्यापार घाटा दुई खर्ब १९ अर्ब पुगेको छ । सन् २०२० मा नेपालले करिब ने.रु. ८२ अर्बको मात्र निर्यात गरेको छ (चित्र १०.६) ।

चित्र १०.६: नेपालको कृषिजन्य वस्तुको अन्तर्राष्ट्रिय व्यापारको प्रवृत्ति



स्रोत: NRB (2023)

यसले एकातर्फ नेपालको कृषि विकासका प्रयासहरूको उपलब्धि निराशाजनक भएको देखाउँछ भने अर्कोतर्फ प्रतिस्पर्धी निर्यातजन्य कृषि उपजहरूको उत्पादन आधार तथा उत्पादन परिमाणको स्तर (scale and volume of production) बढाउन, र मूल्य अभिवृद्धि तथा व्यापार विविधीकरण मार्फत विश्व मूल्य शृङ्खलामा जोडिन नसकेको प्रष्ट हुन्छ ।

तालिका १०.१९: उच्च मूल्य जाने मुख्य बालीहरूको निर्यातको प्रवृत्ति

क्र.सं.	वर्ष	निर्यात परिमाण (मे. टन)		
		अदुवा	चिया	अलैंची
१	१९८५	२,३४४	४२	६४८
२	१९९५	७,८००	७२	२,१२५
३	२००५	१८,५६७	५,४०६	१,२१५
४	२०१५	२३,८१९	११,००२	३,००७
५	२०२२	२०,६१२	१७,३३६	६,८८७
६	१९८५-२०२२ सम्मको वृद्धिदर* (प्रतिशत)	६.८२	२६.७३	४.५८

*वृद्धिदर आकलन गर्नका न्यूनतम वर्ग प्रतिगमन विधि अपनाइएको छ ।

स्रोत: FAOSTAT (n.d.-b)

कृषि क्षेत्रको निर्यात व्यापारको हिस्सा यस क्षेत्रको निर्यातजन्य वस्तुको उत्पादनको स्तर र प्रतिस्पर्धी क्षमतामा भर पर्दछ । निर्यात व्यापारले रोजगारी सिर्जना गर्नाका साथै विदेशी मुद्रा आर्जन गर्न र कृषि उत्पादनलाई विश्व मूल्य शृङ्खलामा जोडिन मद्दत गरेको हुन्छ । नेपालबाट निर्यात हुने प्रमुख कृषिजन्य वस्तुहरू चिया, कफी, अलैंची, अदुवा, अम्रिसो, जडीबुटी, तथा सुगन्धित तेल, फलफूलको जुस आदि रहेका छन् । सन् १९८५ देखि २०२२ सम्मको अदुवा, चिया र अलैंचीको निर्यातको प्रवृत्ति हेर्दा निर्यात परिमाणको वृद्धिदर क्रमशः ६.८२ प्रतिशत, २६.७३ प्रतिशत र ४.५८ प्रतिशत रहेको छ भने निर्यात परिमाण सन् २००५ देखि उल्लेखनीय रूपमा वृद्धि भएको देखिन्छ (तालिका १०.१९) । यद्यपि, अदुवा, चिया र अलैंचीको उत्पादन आधार तथा उत्पादन परिमाणको स्तर (scale and volume of production) सानो हुनुका साथै उत्पादन लागत समेत धेरै भएकाले उत्पादित वस्तुहरूको प्रतिस्पर्धी क्षमता कमजोर रहेको छ ।

१०.४.४ कृषि क्षेत्रमा सार्वजनिक लगानी तथा अनुदान

कृषि क्षेत्रको व्यावसायीकरण तथा रूपान्तरणका लागि कृषि क्षेत्रमा भएको सार्वजनिक लगानी महत्वपूर्ण मानिन्छ । राष्ट्रसङ्घीय खाद्य तथा कृषि सङ्गठन (Food and Agriculture Organization of the United Nation) को तथ्याङ्क अनुसार सरकारको कुल खर्चको तुलनामा कृषि क्षेत्रमा हुने खर्चको अनुपात सन् २००१, २००५ र २०१० मा भारत र २०१५ तथा २०२१ मा थाइल्यान्डमा अन्य देशहरूको भन्दा धेरै रहेको देखिन्छ । यसैगरी, २०१५ सम्म नेपालको कृषि क्षेत्रमा हुने सार्वजनिक खर्च सरकारको कुल खर्चको ८-९ प्रतिशतको बिचमा रहेको पाइन्छ । फिनल्याण्ड सरकारले कृषि क्षेत्रमा गर्ने बजेट

खर्च डेनमार्क र नेदरल्याण्डको भन्दा निकै धेरै रहेको छ । जापानको कृषि क्षेत्रमा सरकारको लगानी सरकारको कुल खर्चको २-३ प्रतिशतको बिचमा रहेको छ । सन् २०२१ मा थाइल्याण्डले सरकारको कुल खर्चको करिब १२ प्रतिशत र भारतले सात प्रतिशतभन्दा बढी कृषि क्षेत्रमा खर्च गरेको पाइन्छ । यसैगरी, २०२१ मा नेपाल, बङ्गलादेश, श्रीलङ्का र फिनल्याण्डका सरकारहरूले कृषि क्षेत्रमा गरेको सरकारको लगानी क्रमशः करिब ६.७, ४.७, ४.२, र ३.९ प्रतिशत रहेको पाइन्छ (तालिका १०.२०) ।

तालिका १०.२०: सरकारको कुल खर्चको तुलनामा कृषि क्षेत्रमा भएको सरकारको खर्च प्रवृत्ति

क्र.सं.	देशको नाम	कृषि क्षेत्रमा सरकारको लगानी, सरकारको कुल खर्चको प्रतिशत				
		२००१	२००५	२०१०	२०१५	२०२१
१	बङ्गलादेश	४.६५	५.३९	८.८२	७.८२	६.७
२	भारत	१२.६९	११.७८	१६.०	७.७९	७.१४
३	नेपाल	-	८.२३	८.६३	८.८७	४.६९
४	श्रीलङ्का	७.२६	७.९६	१०.६६	१२.६४	४.१७
५	थाइल्याण्ड	७.४४	१०.३४	८.१४	१४.८४	११.९१
६	दक्षिण कोरिया	५.७	४.५	४.४७	४.१३	३.१६
७	भियतनाम	-	-	७.२९	५.०७	४.१६
८	जापान	-	२.६६	२.३४	२.२५	२.०९
९	डेनमार्क	०.४८	०.६	०.५७	०.६३	१.४४
१०	फिनल्याण्ड	८.१६	७.८६	६.४४	४.८५	३.९३
११	नेदरल्याण्डस	२.०	१.२४	१.१६	०.८६	०.९३

स्रोत: खाद्य तथा कृषि सङ्गठनको डेटाबेस (FAOSTAT, n.d.-b)

महालेखापरीक्षकको विभिन्न आर्थिक वर्षका वार्षिक प्रतिवेदन अनुसार नेपाल सरकारले आ. व. २०७५/७६ देखि २०७९/८० सम्म कृषि क्षेत्रमा गरेको सरकारको लगानी (बजेट खर्च) विगत पाँच वर्षमा ने.रु. १९.६६ अर्बबाट दोब्बरभन्दा बढीले वृद्धि भएर ४५.२२ अर्ब पुगेको छ । उक्त बजेटको करिब ६३ देखि ८० प्रतिशत कृषि अनुदानको रूपमा खर्च हुने गरेको पाइन्छ । आ. व. २०७५/७६ मा कृषि अनुदानको अनुपात करिब ६३ प्रतिशत रहेकोमा आ. व. २०७९/८० मा करिब ८० प्रतिशत पुगेको छ ।

यसैगरी, आ.व. २०७९/८० मा सरकारले कृषि क्षेत्रमा कुल गार्हस्थ्य उत्पादनको ०.८४ प्रतिशत लगानी गरेको छ। साथै, सरकारले कृषि अनुदानमा कुल कृषिको बजेटको तुलनामा ७९.६९ प्रतिशत, कृषि क्षेत्रको गार्हस्थ्य उत्पादनसँग तुलना गर्दा करिब तीन प्रतिशत र नेपालको कुल गार्हस्थ्य उत्पादनको ०.६७ प्रतिशत मात्र लगानी गरेको छ। यसले कुल उत्पादनमा करिब २१ प्रतिशतभन्दा बढी योगदान गर्ने कृषि क्षेत्रमा सरकारको लगानी न्यून रहेको देखिन्छ (तालिका १०.२१)। तर, कृषि क्षेत्रमा सरकारले गर्ने बजेट सहयोग उदीयमान अर्थतन्त्रहरूमा कुल गार्हस्थ्य उत्पादनको ०.८२ प्रतिशत, आर्थिक सहयोग तथा विकास सङ्गठन अन्तर्गतका देशहरूको ०.४५ प्रतिशत, चीनको ०.५८ प्रतिशत र दक्षिण कोरियाको ०.३७ प्रतिशत रहेको छ (Organization for Economic Cooperation and Development, 2023)। यसले नेपालको कृषि क्षेत्रको लगानी उदीयमान अर्थतन्त्रहरूको तुलनामा कम रहेको देखिन्छ।

तालिका १०.२१: कृषि क्षेत्रमा सरकारको लगानी

आ.व.	कृषि क्षेत्रमा भएको सरकारको लगानी (बजेट खर्च)			कृषि क्षेत्रको गार्हस्थ्य उत्पादन		कुल गार्हस्थ्य उत्पादन	
	कुल बजेट (ने.रु. अर्ब)	अनुदान खर्च (ने.रु. अर्ब)	अनुदान बजेट अनुपात (प्रतिशत)	परिमाण (ने.रु. अर्ब)	अनुदान अनुपात (प्रतिशत)	परिमाण (ने.रु. अर्ब)	अनुदान अनुपात (प्रतिशत)
२०७५/७६	१९.६५८	१२.२९	६२.५२	८३२.९	१.४८	३,८५८.९	०.३२
२०७६/७७	२१.०८७	१६.३८	७७.६८	८६२.५	१.९५	३,८८८.७	०.४२
२०७७/७८	२३.००८	१९.६८	८५.५४	९५८.५	२.०५	४,३५२.६	०.४५
२०७८/७९	३०.४०१	२१.८३	७१.८	१,०३९.१	२.१	४,९३३.७	०.४४
२०७९/८०	४५.२२३	३६.०४	७९.६९	१,१३२.८	३.१८	५,३८१.३	०.६७

स्रोत: महालेखापरीक्षकको विभिन्न आर्थिक वर्षका वार्षिक प्रतिवेदन (मि.न.) र अर्थ मन्त्रालयबाट प्रकाशित विभिन्न वर्षका आर्थिक सर्वेक्षण प्रतिवेदन (मि.न.)

१०.४.५ खाद्य आपूर्ति तथा खाद्य सुरक्षा

१०.४.५.१ आन्तरिक उत्पादनबाट खाद्य आपूर्तिको अवस्था

राष्ट्रिय कृषि नीति २०६१ ले नेपालको उपलब्ध खेतीयोग्य भूमि तथा भौगोलिक विविधताले उच्च प्रविधिको प्रयोगबाट खाद्य सुरक्षा सुनिश्चित गर्न सकिने सम्भावनाको आकलन गरेको छ। नेपालको संविधानले नागरिकको खाद्य सुरक्षासम्बन्धी विषयलाई मौलिक हकको रूपमा संरक्षण गर्नुका साथै संविधानको धारा ३६ ले प्रत्येक नागरिकलाई खाद्यवस्तुको अभावमा जीवन जोखिममा पर्ने अवस्थाबाट

सुरक्षित हुने हकका साथै कानून बमोजिम खाद्य सम्प्रभुताको हक हुने व्यवस्था गरेको छ । संविधानको धारा ५१ ले कृषि क्षेत्रमा लगानी अभिवृद्धि गर्ने र जलवायु तथा माटो अनुकूलको खाद्यान्न उत्पादनलाई प्रोत्साहन गरी खाद्यान्नको दिगो उत्पादन, आपूर्ति, सञ्चय, र सुलभ तथा प्रभावकारी वितरणको व्यवस्थाका साथै राज्यले खाद्य सुरक्षामा विशेष कार्य गर्नुपर्ने नीति तय गरेको छ । नेपालको खाद्य अधिकार तथा खाद्य सम्प्रभुतासम्बन्धी ऐन २०७५ को परिच्छेद २ को धारा ३ ले प्रत्येक नागरिकको खाद्यसम्बन्धी अधिकार तथा पोषणयुक्त खाद्यको उपलब्धता, पहुँच र सुरक्षाको अधिकार सुनिश्चित गरेको भए तापनि समग्रमा राष्ट्रले कसरी खाद्य सुरक्षाको स्थिति हासिल गर्ने भन्ने विषयमा स्पष्ट अवधारणा ल्याएको पाइँदैन । यसैले यस खण्डमा नेपालको खाद्य आपूर्तिको अवस्थाको विवेचना गर्ने प्रयास गरिएको छ ।

आर्थिक वर्ष सन् १९९१/९२ को कुल खाद्यान्न उत्पादन ५४ लाख ४६ हजार मे.टनबाट सन् २०२१/२२ मा करिब ९८ प्रतिशतले वृद्धि भई १ करोड ७ लाख ७३ हजार मे.टन. उत्पादन भएको पाइन्छ । उक्त अवधिमा गहुँको उत्पादन १८१ प्रतिशत र मकैको उत्पादन १५८ प्रतिशतले वृद्धि भएको छ भने नेपालीको मुख्य खाद्यान्न धान बालीको उत्पादन भने ५९ प्रतिशतले बढेको छ । विगत २० वर्षको अवधिमा नगदे तथा फलफूल बालीहरूको उत्पादन परिमाण क्रमशः वृद्धि हुँदै गएकोले नेपालको कृषि क्षेत्रमा विविधीकरण र व्यावसायीकरण तर्फ अगाडि बढेको दर्साउँछ । सन् १९९१ देखि २०२१ सम्मको राष्ट्रिय तथ्याङ्क अनुसार दुध र मासुको उत्पादन दोब्बरभन्दा बढी भएको छ भने अण्डाको वार्षिक उत्पादनमा १९४ प्रतिशतले वृद्धि भएको पाइन्छ । ऊनको वार्षिक उत्पादन भने सन् २००१ पछि घट्दो क्रममा रहेको छ (तालिका १०.२२) ।

तालिका १०.२२: विभिन्न बाली तथा पशुजन्य वस्तुको उत्पादन प्रवृत्ति

विवरण	१९९१/९२		२००१/०२		२०११/१२		२०२१/२२		परिवर्तन (प्रतिशत)
	हजार मे.टन	कुलको प्रतिशत	हजार मे.टन	कुलको प्रतिशत	हजार मे.टन	कुलको प्रतिशत	हजार मे.टन	कुलको प्रतिशत	
खाद्यान्न बाली									
धान	३,२२३	५९.२	४,१६५	५७.५	५,०७२	५३.६	५,१३१	४७.६	५९.२
मकै	१,२०५	२२.१	१,५११	२०.८	२,१७९	२३.०	३,१०६	२८.८	१५७.८
गहुँ	७६२	१४.०	१,२५८	१७.४	१,८४६	१९.५	२,१४५	१९.९	१८१.४
जौ	२८	०.५	३१	०.४	३५	०.४	३२	०.३	१६.७
कोदो/ फापर	२२९	४.२	२८३	३.९	३२५	३.४	३५९	३.३	५६.९

विवरण	१९९१/९२		२००१/०२		२०११/१२		२०२१/२२		परिवर्तन (प्रतिशत)
	हजार मे.टन	कुलको प्रतिशत	हजार मे.टन	कुलको प्रतिशत	हजार मे.टन	कुलको प्रतिशत	हजार मे.टन	कुलको प्रतिशत	
जम्मा	५,४४६	१००	७२४७	१००	९,४५८	१००	१०,७७३	१००	९७.८
नगदे बाली तथा फलफूल									
आलु	७३३	२९.१	१,४७३	३७.३	२,५०८	३५.०	३,३२५	३५.७	३५३.७
तरकारी	१,१२८	४४.८	१,७३८	४४.०	३,२९९	४६.१	४,१५३	४४.६	२६८.२
दाल	१५५	६.१	२५०	६.३	३२०	४.५	४०८	४.४	१६४.३
फलफूल	५०२	१९.९	४८७	१२.३	१,०३०	१४.४	१,४१७	१५.२	१८२.२
जम्मा	२,५१७	१००	३,९४९	१००	७,१५६	१००	९,३०४	१००	२६९.६
पशुजन्य उत्पादन									
दुध	८७१	-	१,१२४	-	१,५५७	-	२,४८०	-	१८४.६
मासु	१४९	-	१९४	-	२७८	-	५२१	-	२५०.२
अण्डा*	३,६८२	-	५,०७३	-	७,०४१	-	१४,९३६	-	३०५.७
ऊन**	६२०	-	६१४	-	५८६	-	५८४	-	-५.९

नोट: * - लाख गोटा, ** - मे. टन

स्रोत: Statistical Information on Nepalese Agriculture (MoALD, 2013; 2023)

राष्ट्रिय जनगणना भएको विभिन्न अवधिलाई आधार मानेर विगत ३० वर्षको अवधिमा नेपालको उत्पादनबाट उपलब्ध वा आपूर्ति हुने खाद्य वस्तुको तथ्याङ्क केलाउँदा प्रतिव्यक्ति अप्रशोधित खाद्यान्न उपलब्धता सन् १९९१ को २३२ केजीबाट ११ प्रतिशतले बढेर २०२१ मा २५८ केजी मात्र पुगेको पाइन्छ। यसैगरी, सोही अवधिमा उत्पादनको आधारमा अन्य खाद्य वस्तुको प्रतिव्यक्ति उपलब्धता (उत्पादन उपरान्तको नोक्सान घटाई) तरकारीमा ५७ केजी, दुधमा ३९ केजी, फलफूलमा १५ केजी, माछा-मासुमा ११ केजी र अण्डा २५ गोटा बढेको पाइन्छ (तालिका १०.२३)।

तालिका १०.२३: प्रतिव्यक्ति खाद्य उपलब्धता

विवरण	खाद्य वस्तुको उपलब्धता* (केजी प्रतिव्यक्ति)				विगत ३० वर्षको परिवर्तन	
	१९९१	२००१	२०११	२०२१	परिमाण (केजी)	प्रतिशत
खाद्यान्न (अप्रशोधित)	२३१.८	२४१.६	२५८.४	२५८.३	२६.४	११.४

विवरण	खाद्य वस्तुको उपलब्धता* (केजी प्रतिव्यक्ति)				विगत ३० वर्षको परिवर्तन	
	१९९१	२००१	२०११	२०२१	परिमाण (केजी)	प्रतिशत
खाद्यान्न (प्रशोधित)	१७१.६	१७९.२	२०५.५	२०९.०	३७.३	२१.७
आलु	२१.३	३६.४	५८.२	७२.३	५१.०	२३९.९
दलहन	७.३	९.५	१०.६	१२.४	५.१	६८.९
फलफूल	१९.०	१४.७	२७.२	३४.०	१५.०	७८.९
तरकारी	४२.७	५२.६	८७.२	९९.७	५७.०	१३३.५
दुध	४४.८	४७.५	५८.२	८३.६	३८.८	८६.७
मासु	७.६	८.२	१०.३	१६.७	९.१	११९.१
अण्डा (सङ्ख्या)	१८.९	२२.१	२८.७	४३.३	२४.४	१२९.१
माछा	०.५	०.७	१.१	२.७	२.२	४६२.६

* वीउका लागि प्रयोग हुने अनाज, दलहन तथा आलुको परिमाण र उत्पादन उपरान्त हुने छिनछर्ति तथा भण्डारणमा हुने नोक्सानी, पशुपन्छी दाना, घरायसी मदिरा तथा अन्य प्रयोजनमा प्रयोग हुने परिमाण घटाएर तथा तोकिएको निचोर वा प्रशोधन दरको आधारमा अनुमान गरिएको छ ।

स्रोत: सम्बन्धित वर्षको जनसङ्ख्या, विभिन्न बाली र पशुजन्य पदार्थको उत्पादन परिमाणबाट आकलन गरिएको ।

नेपालमा उत्पादन हुने खाद्यान्न र आलु तथा कन्दमूल बालीबाट आपूर्ति हुने सबै शक्ति (energy) मानिसका लागि उपभोग भएको खण्डमा मात्र नेपालको खाद्यान्नको माग पूरा हुने स्थिति भए तापनि उत्पादित अनाज तथा दलहनको उत्पादन उपरान्त हुने १०-१५ प्रतिशतको नोक्सानी, पशुपन्छी दाना र घरायसी मदिरा तथा अन्य प्रयोजनका लागि उपयोग हुने खाद्यान्न तथा दलहन घटाउँदा सन् २०२० मा करिब ८ लाख ६० हजार टन खाद्यान्न र करिब ६ लाख २० हजार टन दाल प्रतिवर्ष अपुग हुने र तरकारी तथा फलफूलको उत्पादन उपरान्त हुने २५-३० प्रतिशतको नोक्सान घटाउँदा प्रतिवर्ष तरकारी ४ लाख टन, फलफूल ५ लाख ८१ हजार टन, दुध १३ लाख ७० हजार लिटर र २,६१४ लाख गोटा अण्डा कम हुने अनुमान गरिएको छ (उप्रेती, न्यौपाने, र मानन्धर, २०७९) । यसैगरी, उपलब्ध तथ्याङ्कअनुसार आलुको उत्पादनले नेपालको माग पुग्ने देखिए तापनि भन्सार विभागको आ.व. २०७८/७९ तथ्याङ्कले ने.रु. ६.८३ अर्ब मूल्यको दुई लाख ७४ हजार मे. टन आलु आयात भएकोमा आ.व. २०८०/८१ मा पनि करिब समान परिमाण कै ने.रु. ६.४६ अर्ब पर्ने २ लाख ५५ हजार २ सय ९३ मे.टन आलु आयात भएको छ (भन्सार विभाग, २०८०) । यसले आलुको उत्पादन तथ्याङ्क सङ्कलनमा समस्या रहेको स्पष्ट हुन्छ ।

१०.४.५.२ खाद्य सुरक्षा

कुनै पनि देशको जनसङ्ख्या र राष्ट्रिय उत्पादनबाट हुने खाद्य आपूर्तिबाट खाद्य सुरक्षाको स्थितिको आकलन गर्न सकिन्छ । यसैले, नेपालको विभिन्न जिल्लाको खाद्यान्न उत्पादन र सोही जिल्लाको जनसङ्ख्याको खाद्य माग अनुसार आपूर्तिको अवस्था विश्लेषण तथा नक्साङ्कन गर्न खाद्य आपूर्ति र माग अनुपातको (food supply and demand ratio) विधि अवलम्बन गरिएको छ । खाद्य आपूर्ति र मागको अनुपात प्रत्येक जिल्लामा उत्पादन हुने खाद्यान्न बालीबाट (धान, मकै, गहुँ, कोदो, जौ, आलु) आपूर्ति हुने खाद्य शक्तिको (food calories) परिमाण र जिल्लामा रहेको जनसङ्ख्यालाई आवश्यक पर्ने खाद्य शक्तिको अनुपात हो । नेपाल सरकार, खाद्य प्रविधि तथा गुण नियन्त्रण विभागले विभिन्न उमेर समूहका व्यक्तिहरूका लागि सिफारिस गरेको प्रतिव्यक्ति प्रतिदिन खाद्य शक्तिको आधारमा भारित औसत क्यालोरी २,४३६ आकलन गरिएको छ (DFTQC, 2012) । नेपालमा कुल प्रतिव्यक्ति प्रतिदिन आवश्यक हुने खाद्य शक्तिको करिब ८७.३ प्रतिशत खाद्य शक्ति अर्थात् २१३४ खाद्यान्नबाट (plant-based) आपूर्ति हुने अनुमान गरिएको छ (के.सी र देवकोटा, २०७७) । खाद्य आपूर्ति र माग अनुपातको अनुमान गर्न प्रत्येक जिल्लाको उत्पादनबाट बीउ, उत्पादन उपरान्त हुने भण्डारण तथा अन्य नोक्सानी, पशु आहार, तथा अन्य प्रयोजनका लागि प्रयोग हुने खाद्यान्न घटाएर बाँकी खाद्यान्नबाट आपूर्ति हुने खाद्य शक्ति र जिल्लाको जनसङ्ख्या अनुसार आवश्यक हुने खाद्य शक्तिको आधार लिइएको छ (अनुसूची १) ।

खाद्य आपूर्ति र माग अनुपात एक भएको अवस्थाले जिल्लाको माग अनुसार उत्पादन भएको अवस्था देखाउँछ भने एकभन्दा कम र बढी भएको अवस्थाले क्रमशः जिल्लाको उत्पादनले माग अनुसारको खाद्य आपूर्ति नभएको र बढी भएको अवस्था देखाउँछ । मौसममा हुने परिवर्तनका कारणले हुने प्राकृतिक विपद्हरू (बाढी, पहिरो, सुक्खा) र बालीनालीमा लाग्ने रोग किराको प्रकोप आदिका कारण उत्पादनमा हुन सक्ने जोखिमलाई समेत दृष्टिगत गर्दा २० प्रतिशतभन्दा बढी र कम खाद्य शक्ति आपूर्ति हुने जिल्ला क्रमशः सुरक्षित र असुरक्षित रहने अवधारणा अनुसार जिल्लाहरूको वर्गीकरण गरिएको छ (Neupane, 2006; Neupane & Van deer Zee, 2008) ।

तालिका १०.२४: खाद्य आपूर्ति-माग अनुपातको वर्गीकरण र जिल्ला सङ्ख्या

क्र.सं.	खाद्य सुरक्षा वर्गीकरण	खाद्य आपूर्ति-माग अनुपात	जिल्ला सङ्ख्या		
			२००१	२०११	२०२१
१	असुरक्षित	०.८ भन्दा कम	४०	२९	१५
२	सम्भाव्य असुरक्षित	०.८ देखि ०.९९	१७	१४	१६
३	सम्भाव्य सुरक्षित	१ देखि १.१९	१४	१३	१४
४	सुरक्षित	१.२ भन्दा बढी	४	१९	३२
जम्मा			७५	७५	७७

स्रोत: उपलब्ध तथ्याङ्कको आधारमा लेखकले आकलन गरेको

खाद्य आपूर्ति-माग अनुपातको मानकका आधारमा जिल्लाहरूलाई खाद्य सुरक्षाको उपलब्धताको पक्षबाट वर्गीकरण गर्दा सन् २००१ मा ५७ वटा जिल्ला सम्भाव्य खाद्य असुरक्षित र खाद्य असुरक्षित स्थितिमा रहेकोमा सन् २०११ र २०२१ मा क्रमशः ४३ र ३१ जिल्लामा भएको देखिन्छ। सन् २०२१ मा १५ जिल्ला खाद्य असुरक्षित र १६ जिल्ला सम्भाव्य खाद्य असुरक्षित रहेको पाइएको छ। यसैगरी, उक्त मानक अनुसार जिल्लाको उत्पादनले सम्भाव्य खाद्य सुरक्षित र खाद्य सुरक्षित रहेको जिल्लाको सङ्ख्या क्रमशः १४ र ३२ रहेको पाइयो (तालिका १०.२४)।

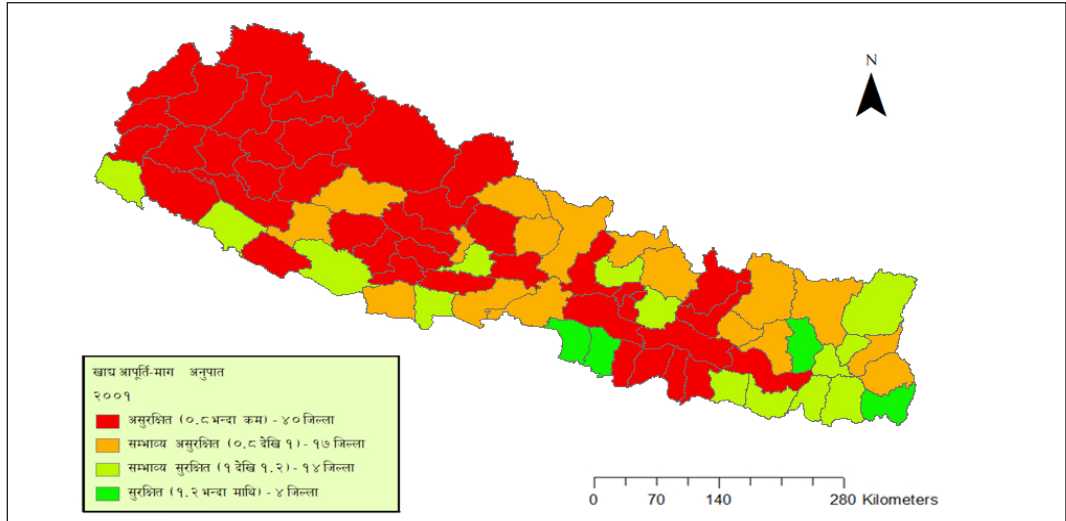
तालिका १०.२५: भौगोलिक क्षेत्र अनुसार खाद्य आपूर्ति-माग अनुपात १ भन्दा कम हुने जिल्ला सङ्ख्या

क्र.सं.	भौगोलिक क्षेत्र	जिल्ला सङ्ख्या	खाद्य आपूर्ति-माग अनुपात १ भन्दा कम हुने जिल्ला सङ्ख्या			
			२००१	२०११	२०१६	२०२१
१	हिमाली जिल्ला	२१	२०	११	१३	९
२	पहाडी जिल्ला	२५	२४	१८	१६	११
३	तराई तथा भित्री मधेश	२९	१३	१४	१३	११
जम्मा		७५	५७	४३	४२	३१

स्रोत: उपलब्ध तथ्याङ्कको आधारमा लेखकले आकलन गरेको। वि.सं. २०१६ पछिको जम्मा जिल्ला सङ्ख्या हिमाली २१, पहाडी ३१ र तराई तथा भित्रीमधेश २५ जिल्ला रहेको

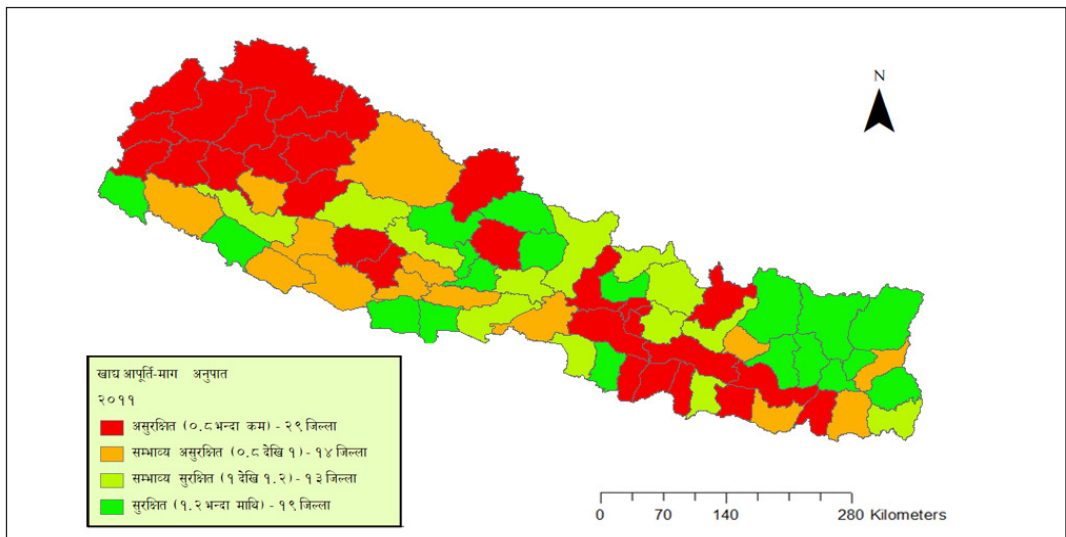
भौगोलिक क्षेत्र अनुसार सन् २००१ को तुलनामा २०२१ मा खाद्य आपूर्ति-माग अनुपात एकभन्दा कम हुने जिल्ला सङ्ख्या आधा भन्दा बढीले घटेको पाइन्छ (अनुसूची ३)। नेपालमा कृषि विकासका पहलहरूले मूर्तरूप लिन नसके तापनि उत्पादन वृद्धिमा सकारात्मक प्रभाव पारेको पक्ष उपलब्ध तथ्याङ्कले देखाउँछ। साथै, खाद्य उपलब्धताको पक्षबाट विश्लेषण गर्दा गत २० वर्षमा २५ जिल्ला खाद्य असुरक्षित अवस्थाबाट माथि उठेको पाइन्छ भने २००१ मा चार वटा जिल्ला खाद्य सुरक्षित अवस्थामा रहेकोमा २०२१ मा यो सङ्ख्या ३२ पुगेको छ। यसले नेपालका ७७ जिल्लाहरूमध्ये ४५ जिल्ला अभैपनि स्थानीय खाद्यान्नको उत्पादन तथा खाद्य आपूर्तिको दृष्टिकोणले सुरक्षित छन् भन्न सक्ने अवस्था छैन (तालिका १०.२५, चित्र १०.७ देखि १०.९)।

चित्र १०.७: २००१ मा खाद्य आपूर्ति-माग अनुपात अनुसारको खाद्य सुरक्षाको स्थिति (आन्तरिक उत्पादन)



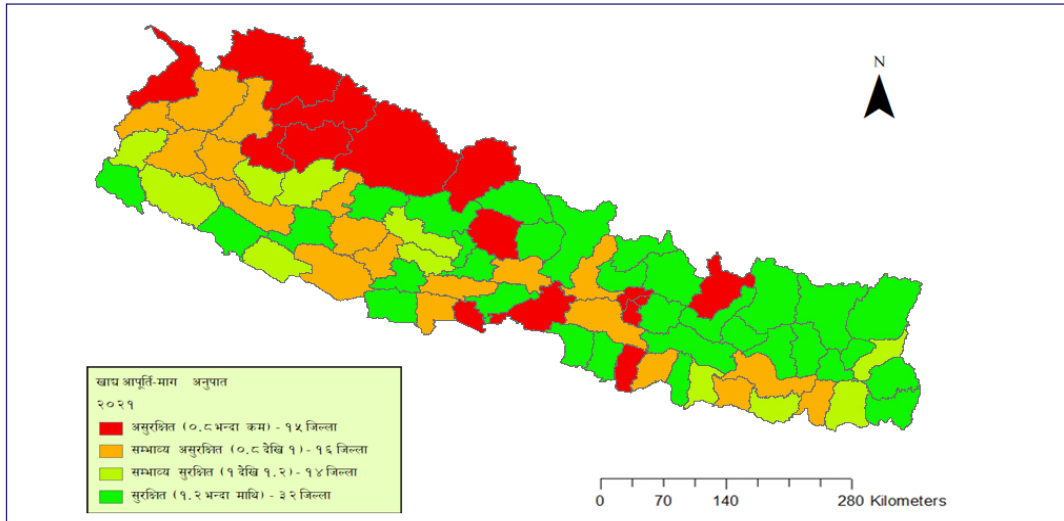
स्रोत: अनुसूची १ मा उल्लिखित नतिजाका आधारमा ArcGIS मार्फत चित्रण गरिएका

चित्र १०.८: २०११ मा खाद्य आपूर्ति-माग अनुपात अनुसारको खाद्य सुरक्षाको स्थिति (आन्तरिक उत्पादन)



स्रोत: अनुसूची १ मा उल्लिखित नतिजाका आधारमा ArcGIS मार्फत चित्रण गरिएका

चित्र १०.९: वि.सं. २०२१ मा खाद्य आपूर्ति-माग अनुपात अनुसारको खाद्य सुरक्षाको स्थिति (आन्तरिक उत्पादन)



स्रोत: अनुसूची १ मा उल्लिखित नतिजाका आधारमा ArcGIS मार्फत चित्रण गरिएका

यस अगाडि गरिएको विश्लेषणबाट विगत २० वर्षमा नेपालको आन्तरिक उत्पादन बढेकाले कृषि क्षेत्रको विकासका लागि भएका प्रयासहरूबाट जीविकोपार्जन सुधारमा परेको प्रभाव आकलन गर्न गरिबी दर, सडक घनत्व^९ र खाद्य आपूर्ति-माग अनुपातबिचको सहसम्बन्ध विश्लेषण गरिएको छ। जिल्ला अनुसारको गरिबीको दरको नयाँ तथ्याङ्क उपलब्ध नभएकाले केन्द्रीय तथ्याङ्क विभागले प्रकाशित गरेको Small Area Estimation of Poverty (CBS & The World Bank, 2013) सम्बन्धी प्रतिवेदनमा उल्लिखित गरीब जनसङ्ख्याको अनुपातलाई 'गरिबी दर' को रूपमा प्रयोग गरिएको छ। खाद्य आपूर्ति-माग अनुपात, गरिबी अनुपात, र सडक घनत्वको सहसम्बन्धको गुणाङ्क अनुसार सडक घनत्व र खाद्य-आपूर्ति माग अनुपातबिच सकारात्मक सम्बन्ध देखिएको भए तापनि यो सम्बन्धको गुणाङ्क निकै कम अर्थात् ०.०७ (पी गुणाङ्क ०.५४५) मात्र रहेको छ (तालिका १०.२६)। त्यसैगरी खाद्य आपूर्ति माग अनुपात र सडक घनत्वको गरिबी दरसँगको सम्बन्ध क्रमशः -०.२१ (पी गुणाङ्क ०.०६६) र -०.३६ (पी गुणाङ्क ०.००१) अर्थात् नकारात्मक रहेकाले गरिबी घटाउन दुवै सूचकहरूको महत्वपूर्ण भूमिका रहको सङ्केत गर्दछ।

९: सडक घनत्वले प्रत्येक जिल्लामा प्रतिएकाइ वर्ग क्षेत्रफलमा पुगेको सडकको लम्बाइलाई जनाउँछ। यो मान हिसाब गर्न राष्ट्रिय राजमार्गसम्बन्धी तथ्याङ्कको प्रयोग गरिएको छ भने स्थानीय तहमा निर्मित सडक खण्डलाई तथ्याङ्क उपलब्ध नभएकाले समावेश गरिएको छैन। प्रत्येक जिल्लाको कालोपत्रे, ग्राभेल र कच्ची सडकको कुल योगफललाई उक्त जिल्लाको कुल क्षेत्रफलले भाग गरिएको छ।

तालिका १०.२६: खाद्य आपूर्ति माग अनुपात, गरिबी दर र सडक घनत्वसम्बन्धी सूचकहरूको सहसम्बन्ध

क्र.सं.	सूचक	गरिबी दर	सडक घनत्व	खाद्य आपूर्ति माग अनुपात
१	गरिबी दर	१.००		
२	सडक घनत्व	(०.३६)	१.००	
३	खाद्य आपूर्ति माग अनुपात	(०.२१)	०.०७	१.००

विश्व भोकमरी सूचकाङ्क (global hunger index score) अनुसार सन् २००० मा श्रीलङ्काबाहेक दक्षिण एसियाली देशहरू नेपालसहित बङ्गलादेश, भारत, पाकिस्तानमा भोकमरीको अवस्था चिन्ताजनक रूपमा रहेको थियो भने भियतनाम गम्भीर र थाइल्याण्ड मध्यमस्तरको भोकमरी अवस्थामा रहेको थियो । २०२३ को सूचक अनुसार दक्षिण एसियामा पाकिस्तान र भारतको भोकमरीको अवस्था केही सुधार भए तापनि अझै भोकमरीको गम्भीर स्थिति रहेको छ भने नेपालले भोकमरीको अवस्थामा निकै सुधार छ । नेपाल भोकमरी सूचकाङ्क स्कोर १५ सहित १३६ देशहरूमा ६९औँ स्थानमा रहन सफल भएको छ भने बङ्गलादेश, पाकिस्तान र भारत क्रमशः ८१, १०२ र १११औँ स्थानमा रहेका छन् । यसैगरी श्रीलङ्का, थाइल्याण्ड र भियतनामले पनि भोकमरीको अवस्थामा राम्रो सुधार गरेको पाइन्छ (तालिका १०.२७) ।

तालिका १०.२७: विभिन्न देशहरूको भोकमरी सूचकाङ्क

क्र.सं.	देश	२०००	२०१५	२०२३	२०२३ को स्तर	परिवर्तन	विश्वको स्तर
१	नेपाल	३७.२	२१.३	१५	मध्यम (१०-१९.९)	(२२.२)	६९
२	बङ्गलादेश	३३.८	२६.२	१९	मध्यम (१०-१९.९)	(१४.८)	८१
३	भारत	३८.४	२९.२	२८.७	गम्भीर (२०-३४.९)	(९.७)	१११
४	पाकिस्तान	३६.७	२८.८	२६.६	गम्भीर (२०-३४.९)	(१०.१)	१०२
५	श्रीलङ्का	२१.७	१७.१	१३	मध्यम (१०-१९.९)	(८.७)	६०

क्र.सं.	देश	२०००	२०१५	२०२३	२०२३ को स्तर	परिवर्तन	विश्वको स्तर
६	थाइल्याण्ड	१८.७	९.४	१०.४	मध्यम (१०-१९.९)	(८.३)	५१
७	भियतनाम	२६.१	१४.५	११.४	मध्यम (१०-१९.९)	(१४.७)	५४

नोट: *Global Hunger Index Score: 1. Extremely Alarming–50 or >50; 2. Alarming: 35–49.9, 3. Serious: 20–34.9 and 4. Low: < 9.9. 8 among 136 Countries of the World*

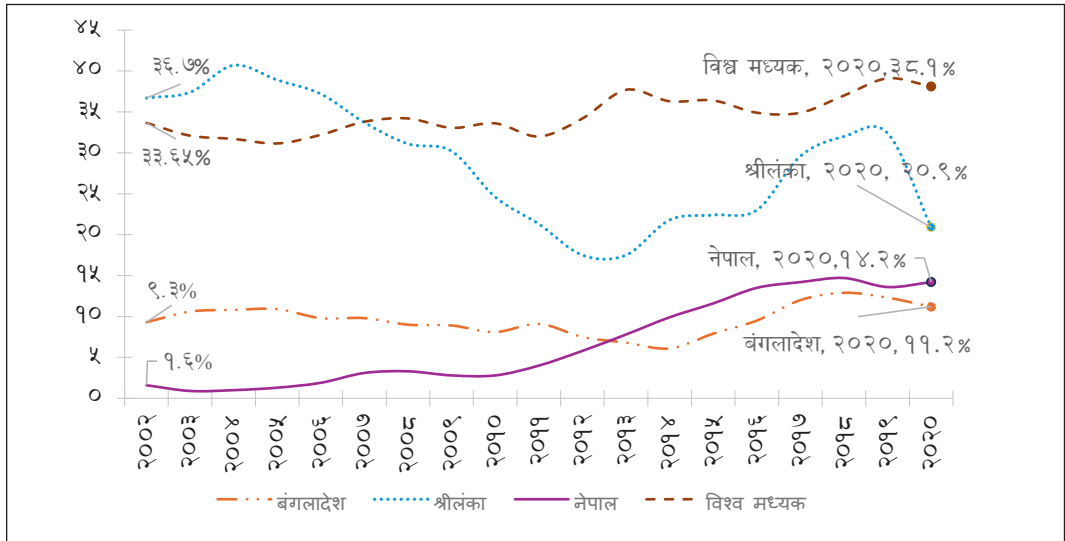
स्रोत: *Grebmer, et al. (2023)*

नेपालले गरिबी तथा भोकमरी घटाउन गत २० वर्षमा निकै सफलता हासिल गरेको छ । नेपालको गरिबी (head count) सन् २०११ मा २५.१६ प्रतिशत रहेको तथ्याङ्कले देखाउँछ (केन्द्रीय तथ्याङ्क विभाग, २०६८) । यसैगरी बहुआयामिक गरिबी २०१४ को ३०.१ बाट सन् २०२१ मा १७.४ प्रतिशतमा झरेको छ (NPC, 2021) । नेपालको दैनिक खाना तथा खाद्य सुरक्षाको प्रमुख आधार धान बाली हो । सन् २०२१ मा कुल खाद्यान्न उत्पादनको करिब ४८ प्रतिशत धान बालीको हिस्सा रहेको छ भने मकै तथा गहुँको हिस्सा क्रमशः करिब २९ र २० प्रतिशत रहेको छ (तालिका २२) । तर, पछिल्लो समय सडक सञ्जाल विस्तार, अन्य रोजगारीका अवसर तथा वैदेशिक रोजगारीका कारण आयमा भएको परिवर्तनले मुख्य खानाको रूपमा प्रयोग हुने मकैको उपभोगमा परिवर्तन भएर चामलले प्रतिस्थापन गरेको छ भने उत्पादित मकै अधिकांश पशुपन्छी दानामा प्रयोग हुने गरेको पाइन्छ । यसको अतिरिक्त ग्रामीण पहाडी क्षेत्रबाट शिक्षा, स्वास्थ्य रोजगार तथा अन्य सुविधाहरूको अभावका कारण सहरी तथा तराई क्षेत्रमा हुने बसाइँसराइले पहाडको खेती गरिएको जमिनको बाँझो हुने क्रम बढेको छ भने तराईको सहरी तथा अर्धसहरी क्षेत्रमा खेतीको प्रयोगमा रहेको जमिन समेत आवास प्रयोजनका लागि खण्डीकरण हुँदा खेतीको जमिन घट्ने क्रम जारी रहेको छ ।

१०.४.६ खाद्यान्न आयात र परनिर्भरता

खाद्यान्न बालीको उत्पादकत्व न्यून हुनुका साथै स्थानीय रैथाने बालीको उत्पादनमा ह्रास हुनु र पछिल्लो समय आयको वृद्धिसँगै उपभोग प्रवृत्तिमा भएको परिवर्तनले नेपालको अनाज आयात परनिर्भरता अनुपात बढेको छ । सन् २००२ मा विश्वको मध्यक खाद्यान्न परनिर्भरता अनुपात करिब ३४ प्रतिशतबाट ३८.१ प्रतिशत बढेको छ भने श्रीलङ्काले उक्त अवधिमा खाद्यान्न परनिर्भरता अनुपात ३७.७ प्रतिशतबाट करिब २१ प्रतिशतमा घटाउन सफल भएको छ । बङ्गलादेशको खाद्यान्न परनिर्भरता अनुपात सोही अवधिमा दुई प्रतिशत बिन्दुमा मात्र बढेको पाइन्छ भने नेपालको खाद्यान्न परनिर्भरता अनुपात २००२ को १.६ प्रतिशतबाट बढेर २०२० मा १४.२ प्रतिशत पुगेको छ (चित्र १०.१०) ।

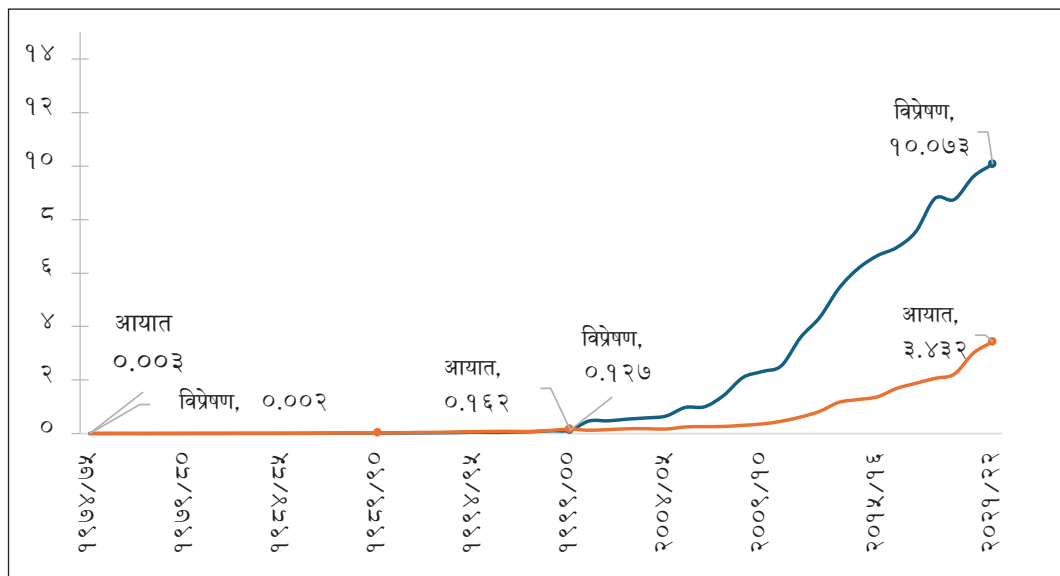
चित्र १०.१०: खाद्यान्न परनिर्भरता अनुपात



स्रोत: WDI (2023)

नेपालमा खाद्य आयातको प्रवृत्ति बढ्नमा उदारीकरणको सुरुआतसँगै मूल्य हस्तक्षेप नीति मुताबिक कृषि क्षेत्रमा दिइएको अनुदान हटाउने कृषि विरोधी पूर्वाग्रहको नीति (anti-agriculture bias), सशस्त्र द्वन्द्व, र कृषिसम्बद्ध संस्थाहरूको कमजोर उपस्थिति तथा समन्वयको अभाव, ग्रामीण पूर्वाधार तथा औद्योगिक क्षेत्रको विकास हुन नसक्दा कृषि क्षेत्रको वृद्धिदर तथा श्रमको दुवैको न्यून उत्पादकत्वजस्ता कारणहरू मुख्य रहेका छन्। यसले गर्दा कृषि क्षेत्रबाट युवाहरू वैदेशिक रोजगारमा पलायन भएकाले ग्रामीण क्षेत्रको कृषि उत्पादन प्रणालीमा प्रभाव पाऱ्यो भने सडक सञ्जाल विस्तार भएसँगै विप्रेषणबाट प्राप्त आय खाद्य उपभोगमा प्रयोग हुन पुग्यो। एसियाली विकास बैंकले सन् २०१४ मा गरेको एक अध्ययन अनुसार नेपालमा आप्रवासनका कारण हुने श्रम अभावले कृषि उत्पादनमा नकारात्मक प्रभाव पारेको मात्र नभई विप्रेषण प्राप्त गर्ने परिवारले कृषि सामग्री तथा पुँजीमा लगानी नगरेको तथ्य उजागर गर्दै कृषि क्षेत्रमा लगानी गर्न प्रोत्साहित गर्नुपर्ने सुझाव दिएको थियो (Tuladhar et al., 2014)। आर्थिक वर्ष सन् १९७४/७५ पछि सन् २००० सम्म नेपालले प्राप्त गर्ने विप्रेषण तथा कृषिजन्य वस्तुको आयातको स्थिर प्रवृत्ति रहेकोमा त्यसपछि परिवर्तन भएर त्वात्तै बढेको छ भने यी दुई चरहरूबिचको सहसम्बन्ध गुणाङ्क अति उच्च अर्थात् ०.९७ रहेको छ। सहसम्बन्धको पी (p) सूचकाङ्क ०.००१ भन्दा कम रहेकाले यो गुणाङ्क तथ्याङ्कीय हिसाबले निकै महत्त्वपूर्ण छ (चित्र १०.११)।

चित्र १०.११: नेपालले प्राप्त गर्ने विप्रेषण तथा कृषिजन्य वस्तुको आयातको प्रवृत्ति



स्रोत: WDI (2023)

यसैगरी, पछिल्ला ३० वर्षको नेपालको कृषिजन्य वस्तुहरूको आयातको तथ्याङ्कको प्रवृत्ति केलाउँदा सन् १९९० देखि नै आयात बढ्ने सङ्केत देखा परेको भए तापनि सन् २००० पछि खाद्यान्न तथा अन्य कृषिजन्य वस्तुहरूको आयात ह्वात्तै बढेको पाइन्छ (चित्र १०.११)। आ. व. २०८०/८१ को नेपालको कुल अन्तर्राष्ट्रिय व्यापारमध्ये आयात ने.रु. १५ खर्ब ९३ अर्बको ६२.६ प्रतिशत र निर्यात व्यापार १ खर्ब ५२ अर्ब ३८ करोडको ६७.७ प्रतिशत कारोबार भारतसँग भएको छ। नेपालले अधिकांश खाद्यान्न, तरकारी तथा फलफूल भारतबाट आयात गर्ने गरेको भए तापनि, स्याउ, नास्पाती अनार, आँप, सुकुमेल, बीउ लगायतका वस्तुहरू चीनबाट पनि उल्लेखनीय परिमाणको आयात हुने गरेको छ। हालैका वर्षहरूमा चीनसँगको निर्यात व्यापार भन्दा आयात व्यापार ठुलो हुने गरेको पाइन्छ।

भारत सरकारको कृषि तथा प्रशोधित खाद्य पदार्थ निर्यात विकास प्राधिकरणको [Agricultural and Processed Food Products Export Development Authority (APEDA), Government of India] भारतबाट नेपालमा निर्यात गरेको कृषि जन्य वस्तुको तथ्याङ्क अनुसार नेपालले सन् २००१/०२ मा भारतबाट ८ हजार मे. टन चामल, ९ सय मे. टन गहुँ, ९ सय मे. टन तरकारी, १० हजार ८ सय मे. टन मासु र अन्यसहित जम्मा ३२ हजार ५ सय मे. टनको कृषिजन्य खाद्य वस्तु आयात गरेकोमा सन् २०२१/२२ मा आयात १०३ गुणाले वृद्धि भएको छ। साथै, २०२१ मा भारतबाट आयात भएको खाद्यान्नहरू मध्ये १४ लाख ६ हजार ७ सय मे. टन धान चामल, ५ लाख ८७ हजार टन मकै, ३ लाख १९ हजार टन गहुँ लगायत अन्य अनाज समेत गरेर २३ लाख ३४ हजार ५ सय मे.

टन खाद्यान्न आयात भएको छ (APEDA, 2023) । सन् २०२१/२२ मा नेपालले करिब १ हजार ९ सय मे. टन दाल, करिब १ लाख ८९ हजार मे. टनको तरकारी तथा फलफूल र ३१ हजार मे. टन फूल आयात गरेको छ । नेपालले भारतबाट २०२१/२२ मा आयात गरेको खाद्यान्न सोही वर्षको नेपालको कुल खाद्यान्न उत्पादनको करिब २१.७ प्रतिशत हुन्छ भने आयात गरेको तरकारी तथा फलफूल ३.४ प्रतिशत हुन्छ । नेपालले सन् २००१/०२ मा ने.रु. ९१ करोडको कृषिजन्य वस्तुको आयात गरेकोमा २०२१/२२ मा अकल्पनीय रूपमा बढेर ने.रु. १३१.५६ अर्बको पुगेको छ । गत १० वर्षमा खाद्यान्नको आयात परिमाण १० गुणाले बढेको छ भने नेपालले भारतबाट सन् २०११/१२ मा ने.रु. ५.०७ अर्बको खाद्यान्न आयात गरेकोमा २०२१/२२ मा १७ गुणाले बढेर ने.रु. ८५.२५ अर्ब पुगेको तथ्याङ्कले देखाउँछ । यसमध्ये ने.रु. ५६.५ अर्बको धान चामल आयात भएको थियो (तालिका १०.२८) ।

तालिका १०.२८: विभिन्न वर्षहरूमा भारतबाट नेपालले आयात गरेका खाद्य वस्तुहरूको परिमाण तथा मूल्य

क्र.सं.	कृषिजन्य वस्तु	परिमाण (हजार मे. टन), मूल्य (ने.रु., अर्ब)						गत १० वर्षको परिवर्तन (गुणा)	
		२००१/०२		२०११/१२		२०२१/२२			
		परिमाण	मूल्य	परिमाण	मूल्य	परिमाण	मूल्य	परिमाण	मूल्य
१	खाद्यान्न	८.९	०.१४	२२५.७	५.०७	२,३३४.५	८५.२५	१०	१७
१.१	चामल	८.०	०.१३	१४१.०	३.३७	१,४०६.७	५६.५०	१०	१७
१.२	मकै	-	-	७०.२	१.४२	५८७	१८.२४	८	१३
१.३	गहुँ	०.९	०.०१	२.६	०.०५	३१९	९.७८	१२१	१९६
१.४	अन्य खाद्यान्न	-	-	११.९	०.२३	२१.९	०.७३	२	३
२	दाल	-	-	-	-	१.९	०.१२	६२	-
३	तरकारी/फलफूल	०.९	०.०१	४२.७	०.९८	१८८.६	५.९३	४.४	६.१
४	मासु	१०.८	०.६९	८२.०	५.८३	२७५.५	२५.७९	३	४
५	फूल	-	-	०.२	०.०१	३०.७	२.९५	२०५	२९५
६	अन्य	१२.३	०.०६	१९७.०	२.१५	५४१.४	११.५२	३	५
जम्मा		३२.८	०.९१	५४७.५	१४.०५	३,३७२.६	१३१.५६	६.२	९.४

स्रोत: APEDA (2023)

उल्लिखित प्रमाणहरूले नेपालको कृषि प्रणालीलाई संरक्षण तथा रूपान्तरण गर्न सरकारले सहयोग गर्न नसक्ने हो भने आउँदो केही दशकभित्र नेपालको कृषि प्रणाली गम्भीर सङ्कटमा जाने तथ्य प्रस्ट छ । वर्तमान अवस्थामा कोभिड-१९ महामारीपछिका असरहरू, जलवायु परिवर्तन र फराकिलो आर्थिक असमानता तथा बहुदो द्वन्द्वले परेको कास्केडिङ प्रभावले (cascading effect) विश्व खाद्य उत्पादन तथा आपूर्ति प्रणालीमा पारेका नकारात्मक प्रभावले विश्वमा खाद्यान्नको सङ्कट बढ्दै गएको छ (Committee on World Food Security, 2021) । खाद्य सुरक्षा नेपालको संवैधानिक व्यवस्था अनुसार नागरिकको मौलिक हक हो भने राष्ट्रिय सुरक्षाको महत्वपूर्ण पक्ष पनि हो । यसैले, कृषि क्षेत्रको उच्च वृद्धिदर राष्ट्रिय खाद्य आपूर्ति प्रणाली तथा ग्रामीण जीविकोपार्जन सुधारको विषय हो । खाद्य तथा पोषण सुरक्षा राष्ट्रको सार्वभौमिकता र राष्ट्रिय सुरक्षाको विषय पनि भएकाले राज्यले यस क्षेत्रको संरक्षण तथा लगानी गर्न हिचकिचाउनु पर्दैन । साथै, कृषि क्षेत्रको जिम्मा लिएको कृषि तथा पशुपन्छी विकास मन्त्रालय तथा निकायहरू र कृषिसम्बद्ध संस्थाहरूलाई जिम्मेवार (accountable) बनाउन र संस्थागत समन्वयका साथै यी संस्थाहरूको प्रभावकारीता बढाउन छुट्टै नीतिगत व्यवस्थाको आवश्यकता छ ।

१०.५ विभिन्न देशहरूमा कृषि क्षेत्रको रूपान्तरणका लागि गरिएका पहलहरू

यस परिच्छेदमा भारत, दक्षिण कोरिया, थाइल्याण्ड र भियतनाममा कृषि क्षेत्रको रूपान्तरणका लागि गरिएका पहलहरूको समीक्षा गरी नेपालले सिक्नु वा अवलम्बन गर्नुपर्ने केही विशेष कार्यहरूलाई जोड दिएर व्याख्या गरिएको छ ।

१०.५.१ भारत

भारतको कृषि विश्वको सबैभन्दा पुरानो कृषि प्रणाली भए तापनि सन् १९६० को दशकसम्म बढ्दो जनसङ्ख्या र कृषि क्षेत्रको न्यून उत्पादकत्वका कारण भारतमा खाद्यान्नको अभाव हुनुका साथै खाद्य पहुँचको गम्भीर सङ्कटमा परेकाले भारतले संयुक्त राज्य अमेरिकाको Public Law - 480 (PL-480) अन्तर्गतको कार्यक्रमबाट खाद्य सहायता लिएको थियो । तर, कृषि क्षेत्रको रूपान्तरणले सन् २०१० पछि भारत खाद्यान्न सञ्चय गर्ने देश बन्नुका साथै विश्वको खाद्य भण्डारको रूपमा पनि हेरिन्छ (Pathak et al., 2022; Ravi, 2023) । यसको पछाडि भारतले आर्थिक तथा कृषि विकासका लागि लिएका नीतिहरू र आवधिक विकास योजनाहरूको महत्वपूर्ण भूमिका रहेको छ ।

भारतको पहिलो पञ्चवर्षीय योजनाले (सन् १९५१-१९५६) खाद्यान्नमा आत्मनिर्भर हुने लक्ष्य तय गरेको थियो । यस योजनाले खाद्यान्न बालीको उत्पादन तथा उत्पादकत्व वृद्धि गर्न उन्नत बीउ, मल, र आधुनिक कृषि प्रविधिहरूको उपयोग र नदी प्रणाली तथा जलाशयहरूमा आधारित सिँचाई सुविधाको निर्माणमा साथै जलस्रोत, ऊर्जा, यातायात, उद्योग, समाज कल्याण, र रोजगारी सिर्जनामा प्राथमिकता दिएको थियो । गरिबी निवारण तथा सामाजिक न्याय कायम गर्न भूमिको पुनर्वितरण, किसानहरूको भूमिमा स्वामित्व सुनिश्चित गर्ने र भूमिको उचित प्रयोगबाट कृषि क्षेत्रको उत्पादन तथा उत्पादकत्व

वृद्धि गर्न कार्यान्वयन गरिएको भूमि सुधार कार्यक्रम र आवधिक योजनाहरूमा कृषि विकासका लागि दिइएको प्राथमिकताले भूमिको संरचनामा परिवर्तन भयो । यसले भूमिको अधिकतम स्वामित्व सीमित गर्दै भूमिहीन र साना किसानहरूको भू-स्वामित्वको अधिकार सुनिश्चित गर्ने वातावरण सिर्जना गर्नका साथै कृषि क्षेत्रको उत्पादन बढाउन समेत सहयोग गर्‍यो (Ministry of Statistics and Programme Implementation, 2014) ।

सन् १९६० को दशकमा भारत सरकारका आवधिक योजना तथा आर्थिक विकाससम्बन्धी नीतिहरूले कृषि योजनाहरूमा लगानी वृद्धि गरेर यस क्षेत्रको रूपान्तरण मार्फत रोजगारी सिर्जना गर्दै खाद्य सङ्कट, र गरिबी निवारणबाट बृहत् सामाजिक न्याय स्थापित गर्न हरितक्रान्ति सुरु भएको थियो । हरितक्रान्ति उच्च उत्पादन दिने उन्नत बीउ, रासायनिक मल तथा विषादी, बाली संरक्षण र सिँचाई प्रणालीहरूको विकास गर्दै गहुँ र धानको उत्पादन बढाउनमा केन्द्रित रहेको पाइन्छ । यसका लागि भारतले मेक्सिको र फिलिपिन्समा विकसित उच्च उत्पादन दिने गहुँ, धान र अन्य अन्नबालीको प्रजातिका बीउ ल्याएको थियो । भारतीय कृषि अनुसन्धान परिषद्, भारतीय कृषि अनुसन्धान संस्थान, र गोविन्द बल्लभ पंत कृषि एवम् प्रौद्योगिक विश्वविद्यालय, पन्तनगरजस्ता संस्थाहरूले कृषि शिक्षा तथा अनुसन्धानमा उत्कृष्ट काम गरेका थिए । भारतमा १९६० को दशकमा नै मकै र जुनेलोको वर्णशंकर बीउ, तथा अरहर, चना आदि बालीको उन्नत बीउको विकास गरिएको थियो भने चिनियाँ कार्प जातका माछाहरूको प्रजनन समेत भएको थियो (Pathak et al., 2022) ।

भारत सरकारले विश्वभर उपलब्ध तत्कालीन समयका उत्कृष्ट प्रविधिहरूको कृषकसमक्ष पहुँच वृद्धि गर्ने र किसान-केन्द्रित नीतिहरू लिएका कारण नै हरित क्रान्ति अभियानले सफलता प्राप्त गर्‍यो र भारत खाद्यान्नमा आत्मनिर्भर बन्ने बाटोमा अग्रसर भयो (Indian Council of Agricultural Research [ICAR], 2022) । हरित क्रान्ति अभियानको प्रतिफलस्वरूप खाद्यान्नको उत्पादनमा उल्लेखनीय वृद्धि भएर सन् १९७० मा भारत खाद्यान्नको सङ्कटको (food scarce) स्थितिबाट खाद्यान्न कम (food shortage) हुने देश बन्यो । त्यस्तै, सरकारका कृषिसम्बन्धी उचित नीतिहरू र कृषक केन्द्रित कार्यक्रमहरू कै कारण सन् २००१ र २०१० मा क्रमशः भारत खाद्यान्न पर्याप्त तथा अधिक खाद्यान्न सञ्चय गर्ने देशमा रूपान्तरण भएको पाइन्छ (Pathak et al., 2022) । सन् २०२० मा भारतको खाद्यान्न उत्पादन ३०५.४४ मिलियन टन पुगेको छ (ICAR, 2022) ।

भारतको आत्मनिर्भर हुने बृहत् आर्थिक विकास नीतिले आयात प्रतिस्थापनमा प्राथमिकता दिएको थियो । यो नीति सन् १९९१ सम्म मूलतः अपरिवर्तित रह्यो । यस नीति अन्तर्गत भारतले कृषि क्षेत्रको विकासका लागि विभिन्न अभियानहरू मार्फत कृषि क्षेत्रमा लगानी वृद्धि, प्रविधिको अनुसन्धान तथा विकास र प्रसार गरेको पाइन्छ । हरित क्रान्तिपछि, १९७०-१९९६ सम्म सञ्चालन भएको श्वेत क्रान्ति (White Revolution) अभियानले दुग्ध क्षेत्रमा रूपान्तरण भयो । दुग्ध उद्योगको विकासका पशु प्रजातिहरूको अनुवांशिक सुधार र कृत्रिम प्रजनन सेवाको विस्तार, मूल्य स्थिरता र अनुसन्धान आदिमा

सरकारले सहयोग गरेको थियो । श्वेत क्रान्ति अन्तर्गत राष्ट्रिय दुग्ध ग्रिडको स्थापना गरी प्रमुख दुध उत्पादक क्षेत्रहरूलाई प्रमुख उपभोक्ता बजारहरूमा जोड्ने, दुग्ध प्रशोधन संयन्त्रहरूको विकास तथा क्षमता वृद्धि र किसान-नियन्त्रित सहकारीहरूको मार्फत स-साना किसानहरूबाट दुध सङ्कलन र चिस्यान प्रणालीबाट ठुला सहरहरूमा वितरण गर्ने व्यवस्थित आपूर्ति शृङ्खलाको विकास भयो । यसले भारतको गरिवी घटाउन निकै सहयोग गर्‍यो (Candler & Kumar, 1997; Gulati & Juneja, 2022; Narayan & Glinskaya, 2007) । सन् २०२०/२१ मा १९९ मिलियन मेट्रिक टन दुध उत्पादन गरेर भारत विश्वको प्रमुख दुध उत्पादक देश बन्यो भने प्रतिदिन प्रतिव्यक्ति दुध उपलब्धता ४०७ ग्राम पुगेको छ (ICAR, 2022) ।

भारतले कृषि क्षेत्रको विकासको विभिन्न काल खण्डमा सञ्चालन गरेको विभिन्न बालीका सघन अभियानहरू, तेलहन (पहेलो क्रान्ति), माछा (नील क्रान्ति), र फलफूल तथा तरकारी (सुनौलो क्रान्ति), अण्डा (सिल्भर क्रान्ति), कफी (ब्राउन क्रान्ति), ऊन (ग्रे क्रान्ति) ले कृषि क्षेत्रको उत्पादनमा कायापलट गरेको पाइन्छ । उदाहरणार्थ, दाल बालीमा केन्द्रित गरिएको अभियानले दालको उत्पादनमा क्रान्ति ल्यायो र भारतलाई आयात निर्भरता घटाउन ठुलो मद्दत गर्‍यो । नील क्रान्तिले ऐतिहासिक कीर्तिमान कायम गर्दै २०१९/२० मा १४.१६ मिलियन टन माछा उत्पादन भयो भने भारतले अमेरिकी डलर ६.६८ बिलियन मूल्य बराबरको माछा र माछाजन्य उत्पादनहरू निर्यात गर्‍यो (ICAR, 2022) । समग्रमा भन्नुपर्दा हरित क्रान्तिबाट सुरु भएको भारतको कृषि विकास अभियान विज्ञान, प्रविधिको विकास तथा विस्तार र कृषि नीतिको संयोजनले कृषि क्षेत्रको संरचनात्मक सुधार गर्दै भारत भोकमरी तथा खाद्यान्न अभावबाट मुक्त, आत्मनिर्भर, खाद्यान्न अधिशेष तथा सञ्चय गर्ने राष्ट्र र खाद्य-सङ्कटमा रहेका देशहरूलाई खाद्यान्न सहयोग गर्ने देश बनेको छ । भारतको कृषि रूपान्तरणका प्रमुख कारकहरू निम्न रहेका छन् ।

क. पूर्वाधार विकासमा पर्याप्त सरकारी लगानी: भारतको आत्मनिर्भर हुने बृहत् आर्थिक विकास नीति १९९१ सम्म मूलतः अपरिवर्तित रह्यो । यस नीति अन्तर्गत कृषि क्षेत्रमा प्राथमिकता दिँदै भारतले नदी तथा भूमिगत स्रोतमा आधारित सिँचाई प्रणाली, सडक, रेल, विद्युत, सञ्चार आदिको विकास भयो र कृषि उत्पादन क्षेत्रहरू बजारसँग जोडिएकाले आपूर्ति शृङ्खलाको विकास भएको छ । साथै, रासायनिक मल कारखाना, बजार यार्ड (market yards), खाद्य गोदाम, र कोल्ड स्टोरेज आदिजस्ता कृषि बजार पूर्वाधारमा पर्याप्त लगानी गरेकाले कृषिको उत्पादन तथा उत्पादकत्व बढ्यो ।

ख. कृषि अनुसन्धान तथा शिक्षा, नवप्रवर्तन र प्रविधि विकासमा पर्याप्त सार्वजनिक लगानी: भारत सरकारले हरित क्रान्तिको समयदेखि नै कृषि अनुसन्धान तथा शिक्षा, नवप्रवर्तन र कृषि प्रविधि विकासमा जोड दिँदै पर्याप्त लगानी गरेकाले नयाँ बालीका जात तथा पशुको नश्ल सुधार र प्रविधिको विकास भयो । उदाहरणार्थ आई.सी.ए.आर. द्वारा विकसित धानका जातहरू र प्रविधिले भारतको चामल उत्पादन क्षमतामा पाँच गुणाभन्दा बढी वृद्धि भई विश्वको ठुलो

चामल निर्यातकर्ता बन्यो । पुसा बासमती-११२१ जातको धान एक बहु-अर्ब डलर आम्दानी गर्न सक्षम धानको जात^{१०} हो (ICAR, 2022) । भारतमा संसारको पहिलो क्लोन गरिएको भैंसीको विकास भयो । कृत्रिम गर्भाधान र भ्रूण स्थानान्तरण प्रविधिको प्रयोगले नश्ल सुधार हुनुका साथै ICAR द्वारा विकास गरिएका नयाँ प्रजातिका कुखुरा र खोपहरूले पशु स्वास्थ्य व्यवस्थापन हुँदा पशुधनको उत्पादकत्व तथा किसानहरूको आय बढेको छ । ।

- ग. **कृषि तालिम तथा प्रविधिको पहुँच विस्तार गर्ने रणनीति:** उन्नत प्रविधि र यसको प्रयोगको विस्तार गर्न कृषि ज्ञान केन्द्रबाट विशेषज्ञस्तरको सेवा उपलब्ध हुने व्यवस्था मिलाउनुका साथै स्रोतको केन्द्रको रूपमा जिल्लास्तरमा सञ्चालित कृषि विज्ञान केन्द्र, किसान कल सेन्टर, ICAR का बाह्य अनुसन्धान केन्द्रहरू र कृषि विश्वविद्यालयहरूले उन्नत प्रविधिको प्रयोग तथा पहुँच विस्तारमा महत्त्वपूर्ण योगदान गरेका छन् ।
- घ. **कृषि क्षेत्रमा यन्त्रीकरण:** कृषि कार्य र उपजहरूको प्रशोधनमा यन्त्र तथा मेसिनरी उपकरणको प्रयोगले खेतीको उत्पादन लागत घटाउन र उत्पादकत्व बढाउनुका साथै मूल्य अभिवृद्धि भएको छ भने ICAR ले ३०० भन्दा बढी सफल स्थानीय कृषि क्षेत्रका यन्त्र उपकरणहरूको प्रविधि विकास गरेको छ । कृषि क्षेत्रमा वैकल्पिक ऊर्जाका स्रोतहरूको प्रयोग भएको छ ।
- ङ. **हाइटेक प्रविधिको प्रयोग गर्न प्रोत्साहन र कृषि क्षेत्रको विविधीकरण:** उच्च-प्रविधिमा आधारित सघन र व्यावसायिक प्रणाली अवलम्बन गर्न प्रोत्साहन दिने नीतिका साथै हरितगृह, ताप नियन्त्रित वा संरक्षित खेती, र कम लागतको पोलिहाउस प्रविधिको विकास गरिएका छन् । यसले भौगोलिक पर्यावरणको विविध आयामको अधिकतम तथा न्यायोचित उपयोग गरी परम्परागत खाद्यान्न बालीहरूको सट्टा उच्च मूल्य जाने कृषि उपजहरूको जस्तै बागवानीजन्य बालीहरू, च्याउ, मह, दुध, मासु तथा माछाको उत्पादनमा विविधीकरण गर्न प्रोत्साहन गरेको छ ।
- च. **कृषि व्यवसाय, उद्योग, कृषि स्टार्टअप तथा उद्यमशिलता विकास गर्ने रणनीति:** कृषि व्यवसाय विकास गर्न निजी क्षेत्रसँगको सहकार्य, स्थिर आर्थिक नीति तथा खुला बजार नीतिको कार्यान्वयन तथा कृषिजन्य उपजको मूल्य अभिवृद्धि गर्ने उद्योग तथा खाद्य प्रशोधन उद्योग स्थापनामा प्रोत्साहन गर्नाका साथै निर्यातको अवसरहरू सिर्जना गर्न मेगा फूड पार्क योजनाको कार्यान्वयनका साथै खाद्य परीक्षण तथा मापदण्ड निर्धारण, गुणस्तर परीक्षण र मानकको प्रयोग गरिएको छ (Ministry of Food Processing Industries, 2024) । कृषि उद्यमशिलता विकास गर्न कृषि स्टार्टअपमा युवालाई ICAR प्रविधिहरू प्रयोग गर्न प्रोत्साहन गर्नुका साथै व्यवसाय इन्कुबेसन सेवा तथा सुविधाबाट (incubation facilities) व्यवसायसम्बन्धी जानकारी तथा अन्य सेवाहरूको प्रवाह, नियमित प्रशिक्षण मार्फत सीप र दक्षता अभिवृद्धि गरिएको छ ।

१०. अन्तर्राष्ट्रिय बजारमा करिब ९० प्रतिशत बासमती चामलको व्यापार हिस्सा भारतको रहेको छ भने २०२०/२१ मा भारतीय रुपैयाँ ६५,३२६ करोड बराबरको १७.७३ मिलियन टन चामल भारतले निर्यात गरेको छ ।

छ. कृषि बजार तथा मूल्य शृङ्खला व्यवस्थापन र मूल्य स्थिरतामा प्राथमिकता: भारतमा संस्थागत रूपमा कृषि बजारको व्यवस्थापन गर्ने कार्य राज्य सरकारबाट हुन्छ। राज्य स्तरका कृषि उपज बजार समितिहरूले (Agriculture Produce Marketing Committee, APMC) ऐनको दायराभित्र रहेर कृषि बजार स्थलहरूको नियमन तथा सञ्चालन र कृषि उपजको व्यापारलाई व्यवस्थित गर्छन्। APMC मण्डीहरूलाई अनलाइन नेटवर्कमा जोड्न इलेक्ट्रोनिक व्यापार पोर्टल-राष्ट्रिय कृषि बजार (ई-नाम) स्थापना भएको छ। यसले किसानहरूलाई अनलाइन प्लेटफर्मबाट उपज बेच्न र राम्रो मूल्य प्राप्त गर्न मद्दत पुर्याएको छ (Ministry of Agriculture and Farmers Welfare, 2024)। कृषि उपजको मूल्य स्थिरता तथा किसानले पाउने मूल्य सुनिश्चित गर्न खेती खर्चको आधारमा न्यूनतम समर्थन मूल्य निर्धारण र विशिष्ट वस्तुका लागि बजार हस्तक्षेप योजना (market intervention scheme) बनाउने नीतिले बजारमा पारदर्शिता र उचित मूल्य सुनिश्चित गरेको छ। भारतले २३ बालीको न्यूनतम समर्थन मूल्य निर्धारण गरेको पाइन्छ भने किसानहरूले APMC बजारहरूमा आफ्नो उत्पादन न्यूनतम समर्थन मूल्यमा सजिलै बेच्न सक्छन् (David Chella Baskar & Shalendra, 2022; Vishnu & Panigrahy, 2023)। भारतीय खाद्य निगमले खाद्य भण्डारण, वितरण, र सार्वजनिक वितरण प्रणालीमा महत्वपूर्ण भूमिका खेलेको छ। सन् १९८० को दशकमा सहकारीहरू मार्फत कृषकहरूलाई सस्तो दरमा ऋण, बीउ, र मलको आपूर्ति गरियो। सहकारीहरूले कृषि उपज बिक्री समेत गर्छन्। दुधको सङ्कलन तथा व्यापारमा सहकारीको महत्वपूर्ण भूमिका रहेको छ (Singh & Pundir, 2000)।

ज. कृषि क्षेत्रमा सूचना प्रविधिको प्रयोग: कृषिसम्बन्धी सल्लाहकार सेवाहरू मोबाइल एपबाट प्रदान गरिएको छ। भारतमा प्रयोग गरिने ११ भाषामा विकसित गरिएको भारतको किसान-२ एपले कृषिसम्बन्धी विभिन्न वस्तुहरूको उत्पादन तथा स्रोत प्रबन्धका लागि तयार गरिएका ३५० भन्दा बढी एपहरूलाई एकीकृत गर्नका साथै संवाद गर्न सकिने व्यवस्था समेत रहेको छ। ICAR द्वारा प्रकाशित कृषि प्रविधिसम्बन्धी अध्ययन सामग्रीहरू डिजिटल तथा भौतिक पुस्तकालयबाट प्रयोग गर्न सकिन्छ। ई-नाम डिजिटल ट्रेडिङ प्लेटफर्मले कृषि बजारको नेटवर्किङ गरेको छ। कृषि क्षेत्रमा ड्रोन प्रविधि समेत सुरु भएको छ।

१०.५.२ दक्षिण कोरिया

दक्षिण कोरिया कृषि क्षेत्रको रूपान्तरणको सन्दर्भमा एक अग्रणी राष्ट्र मानिन्छ। कोरियाली युद्धपछि दक्षिण कोरियाको सरकारले लागु गरेको भूमि सुधारसम्बन्धी नीतिले आर्थिक वृद्धि तथा कृषि क्षेत्रको विकासमा महत्वपूर्ण योगदान गरेको थियो (Moreddu, 1999)। सन् १९४९ मा सुरु गरेको भूमि सुधारका पहलहरूले जापानीहरूको स्वामित्वमा रहेको कृषियोग्य भूमिको प्राप्ति गर्नका साथै कोरियाली जमिनदारको स्वामित्वमा रहेको ठुलो आकारको जमिन पनि प्रतिपरिवार तीन हेक्टरको हदबन्दी कायम गरेर किसानहरूलाई वितरण गरियो। भूमि सुधारले औसत कृषि चलनको जमिन एक हेक्टरभन्दा सानो

आकार कायम गर्नका साथै जमिनमा रहेको सामन्ती व्यवस्था अन्त्य गर्दै राजनैतिक स्थिरतासहित विकासको आधार तयार गर्न सहयोग गरेको पाइन्छ ।

सन् १९६० को दशकको सुरुआतसम्म दक्षिण कोरिया खाद्यान्न अभाव, चरम गरिबी र युद्धबाट क्षतिग्रस्त थियो । प्रतिवृषिक परिवार वार्षिक आय अमेरिकी डलर २६६ मात्र थियो । दक्षिण कोरियाका ६० प्रतिशतभन्दा बढी जनसङ्ख्या कृषिमा आधारित थिए भने कुल गार्हस्थ्य उत्पादनमा कृषिको योगदान ३० प्रतिशत रहेको थियो । सरकारले कृषि क्षेत्रबाट कर समेत लिने गरेको थियो । दक्षिण कोरियाको सरकारले खाद्यान्न अभावका कारण कुल खाद्य मागको करिब १० प्रतिशत खाद्यान्न अमेरिकाबाट आयात गर्थ्यो (Ko et al., 2014) ।

दक्षिण कोरियाको औद्योगिक विकासको नीति कार्यान्वयनमा कृषि क्षेत्रको न्यून मूल्य, पुँजीको न्यून ब्याजदर र कोरियन मुद्राको अवमूल्यन तथा खाद्यान्न आयातमा लिइएको खुला नीतिले कृषि क्षेत्रबाट श्रम औद्योगिक क्षेत्रमा स्थानान्तरण गर्न महत्त्वपूर्ण भूमिका खेलेको थियो (J. Song, 2006) । दक्षिण कोरियाले एक पुस्तामा नै कृषि तथा औद्योगिक दुवै क्षेत्रको रूपान्तरण गरेर कृषि प्रधान समाजबाट औद्योगिक समाज निर्माण गर्न सफल भएको थियो । दक्षिण कोरियाले साठीको दशकमा कृषि प्रसारको संस्थागत सुधार गर्नका साथै ग्रामीण विकास ऐन जारी गरेर कृषिसँग सम्बद्ध सबै संस्थाहरूले समन्वयात्मक रूपमा काम गर्नुपर्ने अनिवार्य व्यवस्था लागु गरेको थियो (Moreddu, 1999) । यसको अतिरिक्त कृषि क्षेत्रमा सेवा प्रवाहलाई गाउँस्तरमा चुस्त बनाउन प्राविधिक शिक्षालय तथा कृषि विश्वविद्यालय मार्फत जनशक्ति विकास तथा परिचालन गरियो ।

सन् १९७० को दशकमा दक्षिण कोरियाले निर्यात वृद्धि तथा खाद्य आत्मनिर्भरताको रणनीतिका साथै कृषि क्षेत्रको कर प्रणालीमा सुधार गरी अनुदान दिने व्यवस्था गरेको थियो । यसले सरकारको खर्चमा वृद्धि भयो (J. Song, 2006) । सत्तरीको दशकको अन्त्यदेखि द्रुत कृषि व्यावसायीकरण, र लगानीसहितको सघन कृषि प्रणाली अवलम्बन गर्ने नीति लिइयो । यस अन्तर्गत हरित गृह, ताप नियन्त्रित खेती प्रविधि, यन्त्रीकरण, रासायनिक मल कारखानाको स्थापनाजस्ता पहल तथा प्रविधिको प्रयोगले कृषि क्षेत्रको रूपान्तरणमा महत्त्वपूर्ण भूमिका खेलेको पाइन्छ । कृषि विकाससम्बन्धी नीतिहरूले उत्पादनका साधनहरू, मल, बीउ, विषादी आदिमा अनुदान दिने व्यवस्था गर्नुका साथै कृषि ऋण तथा कृषि प्रसारको पहुँच विस्तार गरियो । कृषिसम्बद्ध नीतिहरूले कृषिका आधारभूत संरचनाहरू (जस्तै सिँचाई, बजार, भण्डारण आदि) र ग्रामीण पूर्वाधारहरूको निर्माण तथा विस्तारका साथै कृषि अनुसन्धान तथा प्रविधिको विकास र प्रयोगमा राज्यको लगानी केन्द्रित गरेर उच्च उत्पादकत्व भएका बालीको जात तथा पशु नश्लको विकासजस्ता विषयहरूलाई प्राथमिकता दिनुका साथै उच्च मूल्य जाने प्रतिस्पर्धी कृषि उपजको उत्पादन तथा अन्तर्राष्ट्रिय व्यापार सहजीकरण गर्ने नीति समेत कार्यान्वयन गरिएको थियो ।

कृषि सूचना, उन्नत प्रविधि, खेती गर्ने तौरतरिकाको सुधारजस्ता विषयमा कृषकहरूलाई ज्ञान सीप प्रदान गर्न ठुलो सङ्ख्यामा तालिमहरू आयोजना गरिए भने प्रविधि प्रदर्शनका लागि मध्यम तथा विज्ञता प्राप्त कृषि विज्ञहरूलाई ग्रामीण क्षेत्रमा परिचालन गरियो । तत्कालीन समयमा कोरियामा सञ्चालन गरिएको नयाँ गाउँ विकास अभियान (Saema-eul Undong) लाई राष्ट्रपति पार्क चुंग हीले राजनैतिक पहल मार्फत अगाडि बढाउन मद्दत गरे (Ko et al., 2014) । यस आन्दोलनले कोरियामा सिँचाइ, ग्रामीण सडक र प्रविधिको प्रयोग तथा यन्त्रीकरण मार्फत कृषि क्षेत्रको परिवर्तन गर्न ठुलो भूमिका खेलेको थियो । यसैगरी, कृषि प्राविधिकहरूलाई गाउँमा केन्द्रित गरी कृषि शिक्षा, प्रविधि प्रसार, कृषकसँग सम्बन्धित सङ्गठन (समूह, सहकारी, संघ आदि) निर्माण र कृषि अनुसन्धानमा आधारित कृषि आयोजना मार्फत कृषि कार्य अघि बढाइएको थियो । सत्तरीको दशकमा कोरियामा गरिएका १३ प्रतिशत अनुसन्धानहरू कृषि प्रविधि विकास तथा प्रसारसम्बन्धी रहेका थिए (Ko et al., 2014) ।

धान बालीमा आत्मनिर्भरता हासिल गर्नुभन्दा पहिले कृषि उत्पादनले औद्योगिक क्षेत्रमा खासै योगदान दिन सकेको थिएन भने उत्पादित कृषि उपजको मूल्य अभिवृद्धि नभई सोभै उपभोगमा जाने गरेको थियो । सरकारले संस्थागत समन्वयको व्यवस्थित प्रणाली निर्माण गरेर सरकार, कृषक, कृषि सहकारी, निजी फर्म आदिजस्ता सम्पूर्ण सरोकारवालाहरू धान बालीमा आत्मनिर्भर हुने साभ्ना उद्देश्य परिपूर्ति गर्न पहल गरेकाले धान बालीमा आत्मनिर्भर उन्मुख हुँदै गएपछि कृषि क्षेत्रले औद्योगिक उत्पादन र रोजगारी सिर्जना दुवैमा उल्लेखनीय योगदान गरेको पाइयो (Park, et al., 2018) । दक्षिण कोरियाको कृषि क्षेत्रको रूपान्तरणलाई नियाल्दा त्यहाँको सार्वजनिक नीतिहरू कृषि क्षेत्रको वृद्धिका लागि आधार खडा गर्न मुख्य भूमिका निर्वाह गरेको तथ्य उजागर हुन्छ । यस पहलबाट सन् १९८० को दशकमा ऋणात्मक रहेको कृषि क्षेत्रको वृद्धिदर १९९० को दशकमा तीन प्रतिशतभन्दा बढी पुगेको थियो भने धान खेतीमा यन्त्रीकरण, ग्रिन हाउस प्रयोग भएको क्षेत्रमा वृद्धि, फार्मको आकार वृद्धि र पशुपालन क्षेत्रको विस्तारजस्ता उल्लेखनीय उपलब्धि हासिल भएका थिए (Arya, 2021) ।

नब्बेको दशकमा अन्तर्राष्ट्रिय व्यापारको विषयमा भएको उरुग्वे राउण्डको छलफलपछि कृषि क्षेत्रमा संरचनात्मक सुधार गरियो । यस अन्तर्गत दक्षिण कोरियाले खाद्य सुरक्षाका लागि कृषिमा अनुदान दिने, मूल्य समर्थनको (price support policy) सट्टा आय समर्थन (income support policy) को नीतिगत व्यवस्था गर्ने, र आयस्तर समानताका लागि ग्रामीण औद्योगीकरण र पूर्वाधार विकासजस्ता पक्षहरूलाई आत्मसात् गर्दै निम्न कार्यहरू गरेको पाइन्छ (J. Song, 2006):

- क) कृषि क्षेत्रमा बढीभन्दा बढी सार्वजनिक स्रोत विनियोजन
- ख) कृषि उत्पादनमा आवश्यक पर्ने पूर्वाधारमा अधिकतम लगानी
- ग) जग्गाको आकार वृद्धि गर्न आवश्यक लगानी तथा प्रवाह
- घ) व्यवस्थित र विशिष्टीकृत वितरण केन्द्रहरूको स्थापना

- ड) वातावरणमैत्री कृषिको प्रवर्धन गर्दै प्राङ्गारीक उत्पादनप्रति उपभोक्ताको रुचि अभिवृद्धि गर्न नीतिगत पहल
- च) सहरमा बस्ने मानिसहरूलाई ग्रामीण क्षेत्रमा लगानी गर्न प्रोत्साहित गर्ने र आवश्यक सूचना प्रवाह गर्ने ग्रामीण लगानी केन्द्रको स्थापना
- छ) ग्रामीण क्षेत्रमा गैरकृषि आम्दानी वृद्धि गर्न औद्योगिक क्षेत्रको स्थापना र कृषि पर्यटनको प्रवर्धन
- ज) कृषक पेन्सन, वातावरणमैत्री पशुपालन, भूपरिदृश्य संरक्षणका लागि प्रोत्साहन अनुदान र भौगोलिक रूपले विकट क्षेत्रमा खेतीपाती गर्न अनुदान (grant) प्रदान गर्ने ।

१०.५.३ थाइल्याण्ड

विगत छ दशकमा थाइल्याण्डको कृषि क्षेत्र परम्परागत प्रणालीबाट रूपान्तरण भई आधुनिक, विविधतायुक्त, विशिष्टीकृत र उद्योगमा महत्वपूर्ण योगदान गर्ने आर्थिक क्षेत्रको रूपमा विकास भएको छ । थाइल्याण्डको कृषि क्षेत्र मूलतः धान बालीमा आधारित थियो भने कृषि क्षेत्रले निर्यातको ठुलो हिस्सा ओगटेको थियो । सन् १९६० र १९७० को दशकमा थाइल्याण्डमा हरित क्रान्तिको सुरुआत भएको थियो । थाइल्याण्डको कृषि क्षेत्रको उच्च वृद्धि हासिल गर्न जमिन तथा श्रमको बढ्दो प्रयोगले महत्वपूर्ण भूमिका खेलेको पाइन्छ ।

तत्कालीन सरकारका कृषिसम्बन्धी नीति तथा सामाजिक-आर्थिक विकासका योजनाहरू कृषि क्षेत्रको उत्पादनको विस्तार र विविधीकरण गर्दै उत्पादकत्व वृद्धिबाट आय वृद्धि गर्ने तथा साना कृषकको जीवनस्तर सुधार गर्ने लक्ष्यमा केन्द्रित भएको पाइन्छ । साथै, विकास योजनाहरूले पनि कृषि क्षेत्रलाई आर्थिक विकासको प्रमुख क्षेत्रको रूपमा स्वीकार गरेर सडक तथा सिँचाई सुविधा विस्तार गर्न प्रयास गरेको पाइन्छ (Suphannachart & Thirawat, n.d.) । कृषि क्षेत्रका नीतिहरूले उन्नत बीउ, मलखाद, विषादीजस्ता उत्पादनका साधनहरूको प्रयोग गर्न प्रोत्साहन गर्नाले निर्यातजन्य कृषि उपज उत्पादनमा समेत उल्लेख्य सहयोग पुगेको थियो (Boonyanam, 2018) । कृषि क्षेत्रको बृहत् उद्देश्य हासिल गर्न ग्रामीण पूर्वाधार, सिँचाई, बजार संरचनाको विस्तार, कृषि ऋणको प्रत्याभूति, कृषि क्षेत्रको संस्थागत सुधार तथा कृषि अनुसन्धानलाई विशेष प्राथमिकता दिएको पाइन्छ (Sabatini, 1972) ।

थाइल्याण्डको सन् १९५४ मा लागु भएको भूमि संहिताले (land code) भूमिको हदबन्दी आठ हेक्टर कायम गर्नुका साथै थाइ जनताले उपभोग गर्दै आएको वन जङ्गल बाहेकको भूमिको स्वामित्वसम्बन्धी समस्या समाधान गर्ने उद्देश्य लिएको भए तापनि अपेक्षित सफलता प्राप्त हुन सकेन । तसर्थ, थाइल्याण्डले सन् १९७५ मा पुनः कृषि भूमि सुधार ऐन (Agriculture Land Reform Act) जारी गर्‍यो । यस ऐनले राज्यको स्वामित्वमा रहेको (जङ्गलबाहेक) कृषियोग्य भूमि, ऐन अन्तर्गत तोकिएको हदबन्दी सीमाबाट प्राप्त भएको जमिन र जमिनदारहरूबाट राज्यले खरिद गरेको जमिन आवासीय क्षेत्रका लागि र साना कृषक तथा भूमिहीन लगायत कृषिसँग सम्बद्ध समूह सहकारीहरूजस्ता

संस्थाहरूलाई भाडामा वा बिक्रीमार्फत पुनर्वितरण गरेको थियो (Gine, 2005; UN.ECAFE, 1955) । भूमि संहिता तथा कृषि भूमि सुधार ऐन दुवैले जग्गा विकास, जमिनको पुनर्वितरण र कृषि भूमिको सुरक्षालाई विशेष महत्त्व दिँदै भूमिको स्वामित्व, पुनर्वितरण र उपयोगमा प्राथमिकता दिएकाले तत्कालीन समयमा परम्परागत कृषि उपजहरू चामल, मकै, जुट, रबर लगायत कासावा (cassava) र चिनीको राम्रो उत्पादनले निर्यात वृद्धिमा योगदान गरेको थियो (Boonyanam, 2018; Leturque & Wiggins, 2011) ।

थाइल्याण्डले सन् १९७९ मा कृषि अर्थशास्त्र ऐन (Agriculture Economics Act) लागु भयो । यसले हावापानी, माटोको किसिम र भूमि प्रयोगको उपयुक्तताका आधारमा आर्थिक दक्षता (economic efficiency) हासिल गर्दै प्रतिस्पर्धी वस्तुको उत्पादन गर्न कृषि उत्पादन क्षेत्र (agriculture economic zone) स्थापना गर्ने विशेष व्यवस्था गर्‍यो । फलस्वरूप, थाइल्याण्डमा कृषि उत्पादनको विविधीकरण र विशिष्टीकरणका लागि दीर्घकालीन योजना सञ्चालन गर्ने गरी प्रदेशको सीमा कायम गरेर २४ वटा कृषि उत्पादन क्षेत्रहरू स्थापना भए । यसले विशिष्टीकृत क्षेत्रमा कृषि उत्पादन बढाउनका साथै विविधीकरण, उत्पादन दक्षता (economic efficiency of production), कृषि उद्योगका लागि आवश्यक कच्चा पदार्थ आपूर्ति, र कृषिजन्य वस्तुको निर्यात वृद्धि गरेर राष्ट्रिय अर्थतन्त्रमा ठुलो योगदान गरेको पाइन्छ (Boonyanam, 2018) ।

थाइ सरकारले सन् १९६० को दशकमा कृषि क्षेत्रमा रहेको अधिक करको व्यवस्था हटाएर जमिन र सस्तो श्रमको उपयोगबाट कृषि क्षेत्रमा व्यावसायीकरण र आधुनिकीकरण गरायो । यसले राष्ट्रिय अर्थतन्त्रमा दिगो वृद्धि कायम हुनुका साथै गरिबी निवारणमा ठुलो सफलता मिल्यो । सन् १९८०-१९९६ अवधिमा कृषिको वृद्धिमा शिथिलता आए तापनि थाइल्याण्डको औद्योगिक क्षेत्रको औसत वृद्धि १० प्रतिशतभन्दा बढी भएकाले थाइ अर्थतन्त्र भने उच्च वृद्धि भयो । कृषि क्षेत्रको वृद्धिलाई विश्व बजारमा आएको कृषि उपजको मूल्य ह्रासले समेत प्रभाव पारेको थियो । यद्यपि, सन् १९९७ देखि १९९८ को अवधिमा देखापरेको आर्थिक मन्दीमा थाइल्याण्डको आर्थिक सङ्कुचनको जोखिम कम गर्न कृषि क्षेत्रले निकै मद्दत गरेको थियो । थाइल्याण्डले सन् १९९९ देखि कृषि क्षेत्रको परम्परागत उत्पादन वृद्धिमा मात्र केन्द्रित नीतिहरूमा परिवर्तन गरेर कृषि क्षेत्रको सघनता (intensification), उच्च मूल्य जाने वस्तुहरूको उत्पादन र प्रशोधन मार्फत विश्व बजारमा जोडिने र विशिष्टीकृत वस्तु उत्पादन गर्ने गरी अगाडि बढेको पाइन्छ । सरकारले परम्परागत धान खेतीमा मात्र केन्द्रित कृषि उत्पादन प्रणालीलाई विविधीकरणमा गर्दै उच्च मूल्य जाने कृषि उपजहरू रबर, कासावा, उखु, बागवानीजन्य बाली, पशुपालन र मत्स्य उत्पादन गर्ने र उत्पादित कृषि उपजको मूल्य अभिवृद्धिबाट निर्यात प्रवर्धन गर्ने रणनीतिले रोजगारी सृजना र कृषिको रूपान्तरणमा समेत योगदान गर्‍यो ।

कृषि उत्पादन क्षेत्रहरूमा सडक, सिँचाइ, विद्युत, कृषि बजार सङ्कलन केन्द्रजस्ता पूर्वाधार निर्माणमा सरकारले यथेष्ट लगानी गर्दा पूर्वाधारको पहुँच तथा बजार सुनिश्चित भएकाले कृषि क्षेत्रको उत्पादन

वृद्धि हुनुका साथै गैरकृषि क्षेत्रको विकासमा समेत टेवा पुग्यो । थाइ सरकारले कृषि उपजहरूको मूल्य स्थिरता कायम राख्न धान, रबर लगायतका कृषि उपजहरूको न्यूनतम समर्थन मूल्य तोक्ने र बजार मूल्यभन्दा बढी मूल्यमा खरिद गरेर बजार नियमन गर्ने रणनीति अख्तियार गर्नका साथै उत्पादनका साधनहरू मल, बीउ, मेसिनरी आदि र आधुनिक कृषि प्रविधि र असल कृषि अभ्यासजस्ता महत्त्वपूर्ण पक्षमा अनुदान दिने तथा प्रवर्धनात्मक कार्यक्रम सञ्चालन गरेको पाइन्छ ।

थाइ सरकारले कृषि शिक्षा तथा अनुसन्धानमा लगानी, निर्यात केन्द्रित उत्पादन प्रणालीको प्रवर्धन र मूल्य अभिवृद्धि गर्दै चामल, रबर, कासावा, माछा, भिङ्गेमाछा (shrimp) लगायत समुद्री खाद्य वस्तु र वनमा आधारित उपजहरू विश्व बजारमा निर्यात गर्ने नीतिको कार्यान्वयनले कृषि क्षेत्रले बृहत् अर्थतन्त्रमा जोडिन मद्दत गर्‍यो । कृषिसँग सम्बद्ध अनुसन्धान संस्थाहरू, थाइ धान विभाग, कृषि विभाग, कृषि अनुसन्धान विकास एजेन्सी, विश्व विद्यालयहरूलाई बालीका उन्नत जातहरू तथा आनुवंशिक विकास, किट तथा रोग व्यवस्थापन, दिगो खेतीजस्ता विषयमा थाइ सरकारले पर्याप्त लगानी गरेकाले उच्च उत्पादकत्व भएका बालीका जातहरूको विकास र खेती पद्धति विकास गर्न सफल भयो । यसको अतिरिक्त कृषिसम्बन्धी नवप्रवर्तन र प्रविधिहरूको हस्तान्तरण गर्न बलियो कृषि प्रसार प्रणाली, तालिम तथा प्रदर्शनजस्ता कार्यक्रमहरू सञ्चालन गर्ने गरेको र विश्वविद्यालय र कृषकसँगको बलियो सम्बन्ध कायम गर्नका साथै कृषि प्रणालीमा आधारित अनुसन्धान तथा शिक्षा कार्यक्रम सञ्चालनमा लगानी गरेको पाइन्छ ।

कृषक र उद्योगको बिचमा सम्बन्ध विस्तार र आपूर्ति शृङ्खला व्यवस्थापनमा निजी उद्यमीहरूको भूमिकालाई आत्मसात् गर्दै थाइ सरकारले पूर्वाधार निर्माणमा ठुलो लगानी गर्‍यो । यसले कृषि क्षेत्रमा निजी क्षेत्रको लगानी आकर्षित भयो र कृषि क्षेत्रको रूपान्तरणमा सहयोग गर्‍यो (Poggi et al., 2016) । आर्थिक मन्दीमा समेत कृषि क्षेत्र जोखिम कम गर्ने आधार बन्यो । तर, अहिले थाइल्याण्डमा श्रम शक्ति आपूर्तिको कमी, निरन्तर रूपमा घट्दै गएको साना किसानको आम्दानी, जलवायु अनुकूलन खेती प्रणालीको विकास र कृषक आयस्तरको वृद्धि तथा खाद्य तथा पोषण सुरक्षा, धान बालीमा संलग्न कृषकहरूलाई मूल्य संरक्षण तथा बीमाजस्ता विषयहरू महत्त्वपूर्ण पक्ष बनेका छन् भने सहरी क्षेत्रभन्दा ग्रामीण क्षेत्रमा रहेको उच्च गरिबी, श्रमको घट्दो उत्पादकत्व, कृषि क्षेत्रमा संलग्न ठुलो श्रम शक्तिको व्यवस्थापन, कृषि क्षेत्रको घट्दो उत्पादकत्व, विकसित मुलुक हुनुभन्दा पहिल्यै प्रौढ जनसङ्ख्याको वृद्धि आदि चुनौतीको रूपमा देखिएका छन् (Food and Agriculture Policy Development Analysis, 2018) ।

थाइल्याण्डको पर्याप्त अर्थव्यवस्था (sufficiency economy) सम्बन्धी नीतिले पनि आर्थिक उतारचढाव (economic shock) को जोखिम कम गर्न सघाउ पुर्‍याएको थियो (United Nations Development Programme, 2012) । यस नीतिले समुदायमा आधारित आर्थिक विकासका अवधारणाहरूलाई आत्मसात् गर्दै यस्ता कार्यमा समुदायको निर्णयलाई महत्त्वपूर्ण स्थान दिएको छ । प्राङ्गारिक खेती

पद्धति तथा सन्तुलित मात्राको मलखाद प्रयोग गरी माटोको उर्वराशक्ति कायम राख्नका साथै कृषिसँग सम्बन्धित रासायनिक पदार्थ तथा विषादीको निर्भरता कम गर्दै जाने नीतिहरू पछिल्ला वर्षहरूमा लिइएको छ। यसको अतिरिक्त पर्यावरण संरक्षणका लागि प्राकृतिक स्रोतहरूको संरक्षण, पानीको उचित व्यवस्थापन र कम प्रयोग, वातावरण अनुकूलन खेती पद्धतिको अनुसन्धान, विकास र प्रयोगका साथै कृषि क्षेत्रमा संलग्न कृषकहरूको स्वास्थ्य तथा शिक्षामा समेत सुधार गर्ने नीति लिइएको पाइन्छ।

१०.५.४ भियतनाम

सन् १९५० को दशकसम्म सामन्तवादी समाज रहेको भियतनाममा अधिकांश कृषियोग्य जमिन जमिनदारहरूको हातमा थियो। भूमिहीन किसानहरू जमिनदारहरूका लागि काम गर्थे। फ्रान्सेली र ताइवानी उपनिवेशका कारण कृषि पेशामा संलग्न ९५ प्रतिशतभन्दा बढी भियतनामीहरू अशिक्षित हुनुका साथै भोकमरी तथा गरिवीमा बाँचेका थिए (N. V. Song et al., 2020)। फ्रान्ससँगको दशवर्षे युद्ध अन्त्य भएपछि सन् १९५४ भियतनाम स्वतन्त्र भयो र राष्ट्रपति होची मिन्हको नेतृत्वमा लोकतान्त्रिक गणतन्त्र भियतनामको सरकार बन्यो। यद्यपि, जेनेभा सम्झौता अनुसार १९५५-१९७५ सम्म भियतनाम उत्तर तथा दक्षिण गरी दुई क्षेत्रहरूमा विभाजित भएको थियो (UN, 1954)। उत्तर भियतनाम सोभियत युनियन, चीन लगायतका देशहरूको सहायतामा निर्भर थियो भने दक्षिण भियतनाम अमेरिकी सहयोगमा बजार अर्थतन्त्रको अवधारणा अनुसार अगाडि बढेको थियो।

सन् १९५५ मा कृषि क्षेत्रको सुधारका लागि जारी गरिएका भूमिसम्बन्धी नीतिहरूले भियतनामको कृषि प्रणाली सुधार र यस क्षेत्रको उत्पादकत्व तथा उत्पादन बढाउन बजार संयन्त्र जस्तै एक संयन्त्र सिर्जना गरे भने यसले कृषकहरूलाई खेतीको व्यापक सुधार र उत्पादन गर्न उत्प्रेरित गर्दै प्राकृतिक र मानव संसाधनको कुशल उपयोगलाई प्रोत्साहित गरेको थियो (N. V. Song et al., 2020)। उत्तर भियतनाममा कृषि क्षेत्रको विकासलाई प्रोत्साहित गर्न जारी भएको भूमि सुधार नीतिले कृषक घरपरिवारलाई भूमि प्रयोग गर्ने अधिकार प्रदान गरेको थियो। भूमि सुधारले सुरुका वर्षहरूमा उत्तर भियतनामको आर्थिक विकास र कृषि विकासमा सकारात्मक प्रभाव समेत पारेको थियो। यो कृषि क्षेत्रको एक महत्वपूर्ण सफलता भए तापनि यस किसिमका नीतिहरू कायम रहेनन् र यसको सट्टा भूमि सुधारपछि खेतीको सामूहिकीकरण प्रक्रिया सुरु भयो।

सन् १९७५ मा दक्षिण र उत्तर भियतनाम पुनः एकीकरण भए। सन् १९७६ मा भियतनामी कम्युनिस्ट सरकारले केन्द्रीय योजनाबद्ध अर्थ व्यवस्था दक्षिण भियतनाममा समेत विस्तार गर्दै उत्तरको मोडेल पछ्याउँदै दक्षिण भियतनामको सहरी र ग्रामीण दुवै क्षेत्रको अर्थ व्यवस्था पुनर्निर्माण गर्‍यो। दक्षिण क्षेत्रमा रहेको भूमिको असमानता कम गर्न भूमि सुधार मार्फत भूमिको पुनर्वितरण र कृषि क्षेत्रमा सामूहिक उत्पादन प्रणाली समेत लागु गरेको थियो। यस अन्तर्गत सहरी क्षेत्रका निजी कम्पनीहरूलाई राज्यको स्वामित्व वा सामूहिक स्वामित्वमा सामेल हुन वा परिवर्तन गर्न बाध्य पारिएको थियो भने ग्रामीण क्षेत्रमा सामूहिक मोडेलका सहकारीमा सामेल हुन कृषक घर परिवारलाई

सदस्य बन्न प्रोत्साहित गरिएको थियो । ग्रामीण क्षेत्रमा ९५ प्रतिशत खेती व्यवस्थापन तथा उत्पादन गतिविधिहरू कृषि सहकारीको मातहतमा रहे पनि यो मोडेलले कृषक तथा श्रमिकहरूलाई उत्प्रेरित गर्न असफल भयो भने कृषि क्षेत्रको उत्पादन स्थिर रह्यो । सहकारीहरूले राज्यलाई दिनुपर्ने योगदान पूरा गरेपछि खेतीसम्बन्धी दायित्व पूरा गरेका सदस्यलाई आम्दानीको ५० प्रतिशत उपलब्ध गराउन असमर्थ भएकाले किसानले कृषि उत्पादनमा चासो नदिएर आफ्नो जिम्माको धान खेत समेत छोडे (Dieu, 2005) ।

सन् १९८० मा सुरु भएको खुला तथा बजारमा आधारित आर्थिक नीति डोइमोइ ले (Doi Moi) भियतनामको कृषि क्षेत्रको उत्पादकत्व र उत्पादन वृद्धिमा संरचनात्मक परिवर्तन गर्न महत्वपूर्ण भूमिका खेलेको छ । कृषि क्षेत्रले भियतनामीहरूको गरिवी न्यूनीकरण र खाद्य सुरक्षा सुधार गर्न प्रमुख भूमिका खेलेको छ भने सामाजिक स्थिरता कायम राख्दै अन्तर्राष्ट्रिय बजारमा प्रवेश गर्न सफल भएको छ (Hac, 2005) । यसको अतिरिक्त भियतनाम सरकारले बहुक्षेत्रगत आर्थिक संरचनाको अस्तित्व र भूमिकालाई औपचारिक रूपमा स्वीकार गरेर सन् १९८८ मा कृषि आधारित अर्थतन्त्रको व्यवस्थापन र सुधारसम्बन्धी सङ्कल्प नम्बर १०-NQ/TW ले भियतनाममा कृषि र ग्रामीण विकासमा ठुलो सफलता हासिल भएको थियो । यस सङ्कल्पले कृषकहरूलाई खेती गर्न १५ वर्षसम्म जमिन उपलब्ध गराउनुका साथै, कृषकले खेती गर्ने निर्णय आफै गर्न सक्ने र व्यक्तिगत रूपमा उत्पादन साधनहरू प्राप्त गर्न सक्ने व्यवस्था गर्‍यो । सहकारीहरूलाई उत्पादन साधनको व्यवस्थापनमा संलग्न गरियो । साथै कृषकले सरकार र सहकारीहरूबाट प्राप्त गरेको उत्पादन साधनको लागत भुक्तानी गरेपछि अतिरिक्त उत्पादन बजारमा विक्री गर्नेजस्ता सुधारहरू गरिएको थियो । यी नीतिहरू अन्य आर्थिक नीतिहरूसँग समेत सामञ्जस्य गरेकाले कृषि क्षेत्रको सुधारमा सफलता मिलेको थियो । समग्रमा भन्नुपर्दा डोई मोई नीतिले भियतनामको अर्थतन्त्रलाई केन्द्रीय नियोजित प्रणालीबाट बढी बजारमुखी प्रणालीमा परिवर्तन गर्‍यो । यसले किसानहरूलाई दीर्घकालीन भूउपयोग अधिकार दिएर सुरक्षा प्रदान गर्नका साथै कृषि उत्पादनमा प्रोत्साहन गरेको थियो भने बजार उदारीकरणले कृषि क्षेत्रको उत्पादकत्वका साथै कृषकको आय पनि बढाएको थियो । भियतनामले कृषि क्षेत्रको रूपान्तरणका लागि निम्न कार्य गरेको पाइन्छ (Arya, 2021) ।

- क. कृषकहरूलाई लामो अवधिसम्म कृषि भूमि प्रयोग गर्ने अधिकार प्रदान तथा उदारीकरण ।
- ख. अनुसन्धान तथा शिक्षा र कृषि प्रसारमा सार्वजनिक लगानीको प्राथमिकताले उत्पादन बढी दिने बालीका उन्नत जातहरू, पशु नश्ल र प्रविधिको विकास हुनुका साथै प्रविधिको पहुँचको विस्तारमा सहयोग ।
- ग. कृषि यन्त्रीकरण, कृषि ऋण, सिँचाई सुविधाको विस्तार तथा पहुँचमा भएको वृद्धि तथा कृषि उत्पादन क्षेत्रमा सडक सञ्जाल तथा बजार पूर्वाधार विकास प्राथमिकता दिएकाले कृषि क्षेत्रमा उत्पादन लागत घट्दा व्यावसायीकरण र प्रतिस्पर्धी बन्न पुग्यो ।

- घ. भौगोलिक सम्भाव्यता अनुसार सघन कृषि उत्पादन तथा पशुपालन कार्यक्रम र बाली विविधीकरणमा प्राथमिकता दिने नीतिले धान तथा उच्च मूल्य जाने प्रतिस्पर्धी कृषि उपजहरू जस्तै तरकारी तथा फलफूल कफी, मरिच, काजु, कासाभा, रबर, माछा मासु तथा स्त्रीम्प आदिको उत्पादन तथा उत्पादकत्व बढेकाले निर्यात प्रवर्धनमा सहयोग गऱ्यो ।
- ङ. कृषिको व्यावसायीकरण, प्रशोधन र प्राकृतिक स्रोत व्यवस्थापनका लागि नीतिगत मार्गदर्शन र निजी क्षेत्र, सहकारी तथा बैकिङ क्षेत्रको सहभागिता तथा साभेदारीका लागि तयार गऱ्यो ।
- च. कृषि र ग्रामीण विकासमा लगानी आकर्षित गर्न आवश्यक संयन्त्रमा लगानी बढाउने नीतिगत तथा कानुनी आधार (Decree No.57/2018/ND-CP) तयार भएकाले भियतनामको कृषि क्षेत्रमा निजी तथा वैदेशिक लगानी आकर्षित भयो ।
- छ. स्थिर आर्थिक नीतिहरूले सार्वजनिक तथा निजी साभेदारीमा कृषि क्षेत्रको उत्पादन वृद्धि, मूल्य अभिवृद्धि, प्रशोधन उद्योगको स्थापना, आपूर्ति शृङ्खला तथा लजिस्टिक व्यवस्थापन गर्न सहज भयो भने निर्यात प्रवर्धन गर्ने नीतिले भियतनाम विश्व मूल्य शृङ्खलामा जोडिन पुग्यो ।
- ज. कृषिबाहेकका विविध दक्षता सम्बद्ध पेशाहरूमा संलग्न गराउन बृहत् व्यावसायिक तालिम (vocational training) कार्यक्रम र उद्योग तथा सेवा प्रदायक संस्थाहरूको स्थापना गरी कृषि क्षेत्रमा रहेको अधिक श्रमको स्थानान्तरण (relocation) गर्ने नीतिले कृषि क्षेत्रमा संलग्न श्रममा कमी भयो ।
- झ. खाद्य सुरक्षा, दिगो उत्पादन तथा जलवायु परिवर्तन समस्याको समाधानका लागि जैविक खेती, जलवायु अनुकूलन कृषि अभ्यासको प्रयोग, हानिकारक विषादीको प्रयोगमा नियमन तथा नियन्त्रणजस्ता कार्यहरूले प्राथमिकता पाए ।

१०.६. कृषि क्षेत्र रूपान्तरणको नीति प्राथमिकता: छलफल र विश्लेषण

कृषि क्षेत्रको रूपान्तरण गर्दै अर्थतन्त्रको संरचना सुधारको चरणबाट गुज्रिरहेका देशहरूमा आय असमानताको समस्या समाधान गर्न गरिबी निवारणका बहुपक्षीय पथहरू अँगाल्ने समग्र दृष्टिकोण लिन आवश्यक हुन्छ । विश्वका अधिकांश गरिबहरू ग्रामीण क्षेत्रमा बसोबास गर्ने कृषि श्रमिकहरू र अति सानो कृषि भूमिमा आश्रित साना किसानहरू हुन् । विश्वको ग्रामीण क्षेत्रमा बस्ने करिब ५४ प्रतिशत जनसङ्ख्याको ७९ प्रतिशत हिस्सा व्याप्त गरिबीमा रहेको छ र यसको व्यापकता तथा तीव्रता पनि ग्रामीण क्षेत्रमा केन्द्रित छ (World Bank, 2018) । त्यसैले दिगो विकास, गरिबी निवारण र अर्थतन्त्रको संरचनात्मक सुधारका लागि कृषि क्षेत्र एक प्रमुख आधार हो । राज्यले परम्परागत न्यून उत्पादकत्व भएको कृषि प्रणालीमा परिवर्तन गर्न उच्च मूल्यका कृषि वस्तुहरूको उत्पादनमा प्रोत्साहन गर्ने, कृषिको व्यावसायिकरण तथा विविधिकरण गर्ने, ग्रामीण क्षेत्रमा गैरकृषि आर्थिक गतिविधि सञ्चालन गर्ने, र कृषि क्षेत्रमा रहेको श्रम बाहिर ल्याउन सहयोग प्रदान गर्नेजस्ता नीतिहरू कार्यान्वयन गर्नुपर्ने हुन्छ (World Bank, 2008) । कृषि क्षेत्रको विकासले खाद्य तथा पोषण सुरक्षा सुनिश्चित

गर्नुका साथै उद्योगका लागि कच्चा पदार्थको आपूर्ति तथा मूल्य अभिवृद्धि गर्न र कृषि क्षेत्रमा रहेको अधिक श्रम द्वितीय क्षेत्रमा हस्तान्तरण हुने अवसर सिर्जना गरेर समग्र आर्थिक विकासमा टेवा पुऱ्याउँछ, भने वातावरणीय सेवा पनि प्रदान गर्दछ ।

Timmer (1998) द्वारा प्रकाशित लेखमा विकासोन्मुख देशहरूमा कृषि क्षेत्रको रूपान्तरण र अर्थतन्त्रको संरचनात्मक परिवर्तनको सन्दर्भमा आर्थिक वृद्धि, गरिबी निवारण, औद्योगिकरण, र विकास रणनीतिहरूमा कृषिले खेल्न सक्ने महत्वपूर्ण भूमिकाहरू उल्लेख गरेको पाइन्छ । उनले अर्थतन्त्रको वृद्धिमा कृषि क्षेत्रको योगदानलाई चार चरणहरूमा व्याख्या गरेका छन् । संस्थागत संरचनाको निर्माण, नयाँ प्रविधि प्रयोगको सुरुआत, बजार व्यवस्थापनमा सुरुआती कार्य, कृषि क्षेत्रमा आर्थिक तथा प्राविधिक सहयोग र पूर्वाधार निर्माणमा लगानी हुने हुँदा कृषि क्षेत्रलाई गतिशील बनाउने सुरुआती चरणमा (getting agriculture moving) श्रमको उत्पादकत्व बढ्न थाल्छ । दोस्रो चरणमा कृषि क्षेत्र बजार तथा उद्योगसँग जोडिन्छ, प्रविधिको बढ्दो प्रयोगलाई प्रोत्साहन गरिने भएकाले उत्पादनका साधनको बजार विस्तार हुन्छ । कृषि क्षेत्रको उत्पादकत्व बृद्धिले कृषि उपजको अधिशेष सिर्जना हुने हुँदा गैरकृषि क्षेत्र अर्थात् औद्योगिक विकासका लागि सहयोग हुने भएकाले कृषि क्षेत्र आर्थिक वृद्धिमा योगदान दिने (agriculture as contributor of growth) क्षेत्रको रूपमा विकास हुन्छ । यसैगरी, तेस्रो चरणमा पूर्वाधार तथा बजार विकासको माध्यमबाट कृषि क्षेत्र अर्थतन्त्रको बाँकी उपक्षेत्रहरूसँग एकीकरण हुन थाल्दछ । ग्रामीण क्षेत्रबाट श्रम तथा स्रोतहरू सहरी क्षेत्र तथा औद्योगिक क्षेत्रमा स्थानान्तरण हुन्छ । अन्ततः चौथो चरणमा कृषि क्षेत्रको औद्योगिकरण भएर औद्योगिक अर्थतन्त्रमा समाहित हुन्छ ।

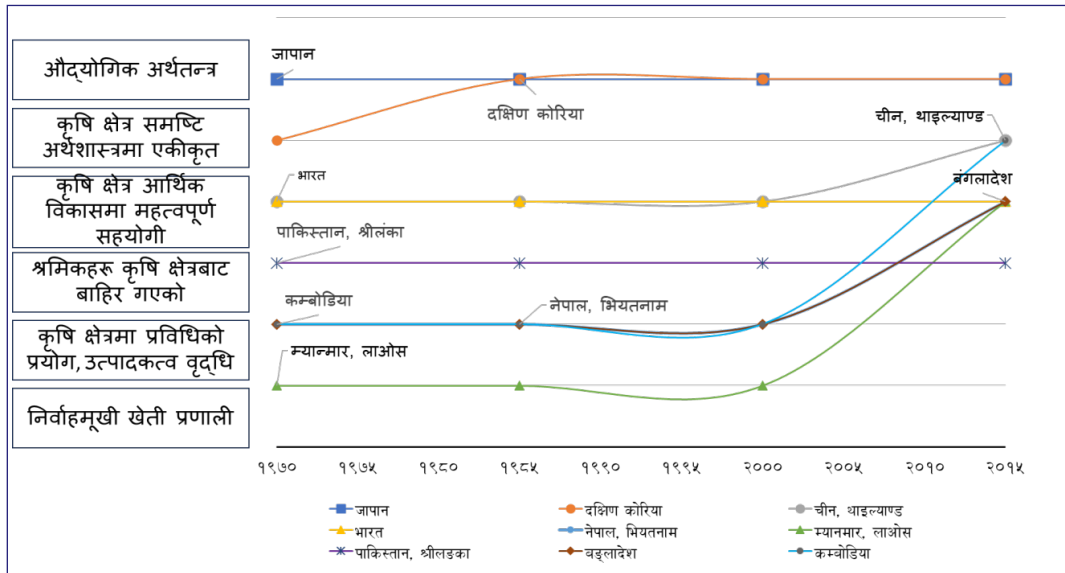
Briones and Felipe (2013) को विकासोन्मुख एसियामा कृषि र संरचनात्मक रूपान्तरणको समीक्षा र भविष्यको दृष्टिकोण विषयक अध्ययनले Timmer (1998) को कृषि रूपान्तरणका चार चरणहरूलाई प्रतिव्यक्ति आय र प्रतिश्रमिक कृषि उत्पादनको आधारमा परिभाषित गरेको पाइन्छ । उनीहरूको अध्ययन अनुसार सन् १९८० मा नेपाल लगायत बङ्गलादेश, कम्बोडिया र भियतनामको कृषि क्षेत्रलाई गतिशील बनाउने सुरुआती चरणमा (getting agriculture moving) रहेको थियो । सन् २०१० मा नेपालको कृषि क्षेत्र सुरुआती चरणमा नै रह्यो भने बङ्गलादेश र कम्बोडिया कृषि अधिशेषको (agricultural surplus) चरणमा र भियतनामको कृषि क्षेत्र अर्थतन्त्रको अन्य उपक्षेत्रहरूमा एकीकरणको (integration) चरणमा पुगे । सोही ३० वर्षको अवधिमा भारत, इन्डोनेसिया र श्रीलङ्काको कृषि क्षेत्रमा परिवर्तन भएर कृषि अधिशेष चरणबाट एकीकरण (integration) चरणमा पुगेको पाइन्छ, भने दक्षिण कोरियाको कृषि क्षेत्र एकीकरणको चरणबाट औद्योगिकरण भएको छ (Briones & Felipe, 2013) । तर, उल्लिखित अवधिमा नेपालको कृषि क्षेत्रमा परिवर्तन नभई स्थिर रहेकाले र कृषि श्रमको उत्पादकत्वले उनीहरूको आय वृद्धि गर्न सहयोग नगरेकाले कृषि क्षेत्रको विकासका लागि नेपालले गरेका प्रयासहरू प्रभावकारी नभएको प्रस्ट हुन्छ ।

Briones and Felipe ले कृषि रूपान्तरणको प्रक्रिया अगाडि बढाउँदा साना कृषक तथा गरिब घरपरिवारहरूलाई संरक्षण दिनुका साथै कृषि क्षेत्रको लगानी पूर्वअनुमानयोग्य बनाउन र मूल्यसम्बन्धी नीतिहरू मार्फत बजार स्थिरता कायम राख्न आवश्यक हुने भएकाले राज्यबाट कृषिमा दिइने अनुदान पूर्णरूपमा हटाउन नहुने दाबी गरेका छन्। कृषि अनुदान र अन्य प्रवर्धनात्मक गतिविधिहरूलाई रणनीतिक रूपमा बजार अवरोधहरू हटाउन तथा कृषि मूल्य शृङ्खलाको विकास गर्न, सार्वजनिक तथा निजी लगानीमा देखापरेका समन्वयको अभाव कम गर्न, र बाह्य प्रभावहरूबाट पर्ने जोखिम सम्बोधन गर्न केन्द्रित गर्दै राष्ट्रिय कृषि नीतिले नाफामूलक कृषि व्यवसायको प्रवर्धन र औद्योगिक विकासका लागि उपयुक्त वातावरण बनाउन जोड दिएको पाइन्छ।

अन्तर्राष्ट्रिय खाद्य नीति अनुसन्धान संस्थान (International Food Policy Research Institute [IFPRI]) र अन्तर्राष्ट्रिय दिगो विकास संस्थान (International Institute for Sustainable Development [IISD]) ले विगत ४५ वर्षको अवधिमा १ सय १७ देशहरूले कृषि विकासमा गरेका प्रयासहरू समेटेर कुन नीतिहरू सफल भए वा असफल भए भन्ने मूल ध्येयसाथ गरेको अफ्रिका र एसियामा कृषि रूपान्तरणका नीतिगत प्राथमिकताहरू के हुन् भन्ने अध्ययन पनि मूलतः Timmer को कृषि रूपान्तरण ढाँचामा नै आधारित छ तथापि उनीहरूको विश्लेषणमा ६ वटा गैररेखीय चरणहरू^{११} प्रयोग गरेको पाइन्छ (Laborde, et al., 2019)। साथै, उक्त अध्ययनमा कृषि रूपान्तरणको अवस्था विश्लेषण गर्न कुपोषणको अवस्था र कृषि क्षेत्रको रोजगारीसम्बन्धी तथ्याङ्क समेत प्रयोग गरिएको छ। लाबोर्ड लगायतका अध्येताको अध्ययनले विभिन्न देशहरूको विषेशता फरक फरक हुने मान्यताको आधारमा जन्मदर, प्रतिव्यक्ति भूमि उपलब्धता, र भूमिको उर्वरताजस्ता संरचनात्मक परिवर्तनका कारकहरूको (drivers of structural change) आधारमा सन् १९७० मा समान सन्दर्भ भएका देशहरूलाई विभिन्न समूहमा वर्गीकरण गरेका छन्। उक्त अध्ययन अनुसार सन् १९७० मा नेपाल लगायत चीन, इन्डोनेसिया, मलेसिया, दक्षिण कोरिया र भियतनाम उच्च जन्मदर र दुर्लभ भूमि (प्रतिव्यक्ति उपलब्धता) भएका समूहमा थिए। सन् १९७०-२०१५ सम्मको ४५ वर्षमा चीन, इन्डोनेसिया, मलेसिया, दक्षिण कोरिया र भियतनामले आफ्नो कृषि क्षेत्रको रूपान्तरण गर्न सफल भएका छन्। तर, नेपाल १९७०-२००० सम्म कृषि क्षेत्रलाई गतिशील बनाउने सुरुआती अवस्थामा नै रहेकोमा २०१५ मा कृषि क्षेत्र आर्थिक वृद्धिमा योगदानकर्ता भएको अवस्थामा पुगेको छ (चित्र १०.१२)। यसैगरी, संयुक्त राष्ट्रसंघीय खाद्य तथा कृषि सङ्गठनको २०२१ को अध्ययनले नेपाललाई सहरीकरण भइरहेका, कृषि जमिन दुर्लभ भए तापनि पानीको समस्या नभएकाले कृषि क्षेत्रको उच्च सम्भावना रहेका र कमजोर संस्थाहरू भएका देशहरूको सूचीमा समावेश गरेको छ (FAO, 2021)।

११. यी चरणहरू (क) औद्योगीकरण भएको अर्थतन्त्र; (ख) कृषि क्षेत्र बृहत् अर्थतन्त्रमा एकीकृत भएको अवस्था; (ग) कृषि क्षेत्र आर्थिक वृद्धिमा योगदानकर्ता भएको अवस्था; (घ) कृषि क्षेत्रबाट श्रम बाहिर स्थानान्तरण भएको अवस्था; (ङ) कृषि क्षेत्रलाई गतिशील बनाउने सुरुआती अवस्था; र (च) निर्वाहमुखी कृषि प्रणाली हुन्।

चित्र १०.१२: नेपाल लगायत विभिन्न अर्थतन्त्रहरूको कृषि रूपान्तरणका चरणहरू



स्रोत: Laborde (2024), लेखकको विश्लेषणबाट चित्रण गरिएको

नोट: Y अक्षमा कृषि रूपान्तरणका चरणहरू उल्लेख गरिएका छन् । चित्रमा भएका वक्रहरूले निश्चित वर्ष (सन्) मा सम्बन्धित राष्ट्रहरू रहेको चरण जनाउँछन् ।

कृषि क्षेत्रको रूपान्तरण मार्फत गरिवी अन्त्य गर्ने पक्ष सम्बन्धित देशमा पर्याप्त कृषि भूमि छ कि छैन, कृषि भूमिको उर्वरता शक्ति कति छ, र भूमिमा जनसाङ्ख्यिकीय दबाव (अर्थात् प्रतिव्यक्ति भूमिको उपलब्धता) कस्तो छ भन्ने कुरामा निर्भर गर्दछ । तसर्थ, उच्च जन्मदर तथा पर्याप्त उर्वर भूमि भएका देशहरूले कृषि क्षेत्रको उत्पादकत्व वृद्धिबाट आर्थिक रूपान्तरणको सुरुआत गर्न उपयुक्त हुने तथ्य दक्षिणी अमेरिकी देशहरू ब्राजिल र कोलम्बियाको अध्ययनबाट देखिएको छ भने उच्च जन्मदर र दुर्लभ भूमि (न्यून प्रतिव्यक्ति भूमिको उपलब्धता) भएका देशहरूले आर्थिक रूपान्तरणको सुरुआत गर्न गैरकृषि क्षेत्रको उत्पादकत्व वृद्धिमा पनि एकसाथ प्राथमिकता दिनु पर्ने प्रमाण चीन, दक्षिण कोरिया, मलेसिया र भियतनामको अध्ययनबाट पुष्टि भएको छ (Laborde et al., 2019) ।

उल्लिखित सन्दर्भमा प्रत्येक आवधिक विकास योजनामा, नीति तथा कार्यक्रममा नेपालले कृषि तथा गैर कृषि क्षेत्रको विकासलाई प्राथमिकता दिएको भए तापनि यी क्षेत्रको उत्पादकत्व वृद्धिका लागि न पर्याप्त सार्वजनिक लगानी भएको छ, न त निजी क्षेत्रमैत्री वातावरण सिर्जना हुन सकेको छ । भियतनामले कृषि र ग्रामीण विकासमा आवश्यक संयन्त्रमा लगानी बढाउने नीतिगत तथा कानुनी आधार (Decree No.57/2018/ND-CP) बनाएकाले कृषि क्षेत्रमा निजी तथा वैदेशिक लगानी आकर्षित भयो । त्यसैले, कृषि क्षेत्रको रूपान्तरणका लागि मूल्य नीतिहरू (pricing policies) कृषि क्षेत्र सहयोगी हुनुपर्ने,

सार्वजनिक लगानी (public investment) मात्र पर्याप्त नहुने भएकाले संस्थागत परिवर्तन तथा कानुनी सुधारहरू (institutional change and legal reform), र नीति कार्यान्वयन गर्दा सार्वजनिक नीतिहरू तथा लगानीलाई पनि एकअर्काको परिपूरक (complementarity) बनाउनु अनिवार्य हुन्छ (Laborde et al., 2019) ।

कृषि मूल्य नीतिले उत्पादन प्रणालीमा सकारात्मक वा नकारात्मक रूपमा प्रभाव पार्न सक्छ । सहयोगी मूल्य नीति (जस्तै: न्यूनतम समर्थन मूल्य, हुवानी अनुदान आदि) ले कृषकहरूलाई उत्पादन प्रणालीमा संलग्न हुन र लगानी गर्न प्रेरित गर्दछ । कृषि रूपान्तरण सफल हुन कृषि नीतिहरू र बृहत् आर्थिक नीतिगत व्यवस्था तथा वातावरण सहयोगी हुनुपर्छ । तसर्थ, सरकारले कृषि क्षेत्रलाई कमजोर बनाउने नीतिहरू हटाई बजार असफलताहरूलाई सम्बोधन गर्न अति आवश्यक हुन्छ । अर्थतन्त्रको अन्य उपक्षेत्रहरूमा भएको सहयोगको तुलनामा कृषि क्षेत्रको सापेक्ष सहयोग नकारात्मक भए त्यसलाई कृषि विरोधी पूर्वाग्रह (anti-agricultural bias) भनिन्छ (Balino, et al., 2019b) । ब्राजिल, इन्डोनेसिया, दक्षिण कोरिया, र भियतनामले कृषि विरोधी पूर्वाग्रह हटाएकाले कृषि रूपान्तरण प्रक्रिया अघि बढ्यो भने इथियोपिया, मलावी, टोंगो, र युगाण्डाजस्ता देशहरूले कृषि विरोधी पूर्वाग्रहलाई कायम राखेका कारण कृषि क्षेत्र अझै रूपान्तरण गर्न सकेका छैनन् । तसर्थ, कृषि क्षेत्रको विकासमा अवरोध गर्ने वा हानी गर्ने मूल्यसम्बन्धी नीतिहरूको खारेजी वा परिमार्जन कृषि क्षेत्रको रूपान्तरण प्रक्रिया अगाडि बढाउन महत्वपूर्ण हुन्छ (Laborde, et al., 2019) । नेपालमा दीर्घकालीन कृषि योजना सुरु भए तापनि उदारीकरणको नीतिसँगै कृषि विरोधी पूर्वाग्रहका कारण रासायनिक मलमा दिने अनुदान कटौती गर्दा प्रतिहेक्टर मलको खपत घट्यो भने कृषि क्षेत्रको अपेक्षित वृद्धि समेत हुन सकेन । पछिल्लो समय पनि कृषि क्षेत्रको अनुदानको विषयमा गहन अध्ययनविना नै एकाध मामिलालाई लिएर कृषि विरोधी पूर्वाग्रह सुरु भएका समाचारहरू पढ्न पाइन्छ (के.सी, २०२४; “कृषि अनुदानको दुरुपयोग”, २०८१; “कृषि अनुदानको चरम”, २०७६) ।

कृषि उपजको मूल्य जोखिमबाट कृषकहरूलाई संरक्षण गर्न र उत्पादन प्रणाली प्रोत्साहन गर्न न्यूनतम समर्थन मूल्यको (minimum support price) नीति अवलम्बन गरिन्छ । यसले कृषि उत्पादन पूर्वानुमानयोग्य बनाउँछ भने मूल्य स्थिरता कायम गर्न समेत मद्दत गर्छ । नेपालमा न्यूनतम समर्थन मूल्य धान, उखुजस्ता केही सीमित बालीमा मात्र घोषणा गरिन्छ तर तोकिएको मूल्य कृषकले प्राप्त नगरेमा सरकारले खरीद गर्दैन । यसले उक्त नीति कार्यान्वयनबाट कृषकले पाउने पूर्ण लाभ प्राप्त गर्न सकेका छैनन् । तर, भारतमा २२ भन्दा बढी बालीहरूमा न्यूनतम समर्थन मूल्य तोक्नका साथै सरकारले न्यूनतम समर्थन मूल्यमा खरिद गर्ने व्यवस्था पनि गरेको छ (Kumar et al., 2024) ।

एसियाली देशहरूमा हरित क्रान्तिको सफलतापछि आर्थिक विकासमा कृषि क्षेत्रले गरेको योगदानले अर्थतन्त्रको रूपान्तरणको आधार कृषि क्षेत्र हुन सक्ने अवधारणा बलियो रूपमा स्थापित भए तापनि हरित क्रान्तिको अवधारणाले सहारा उपक्षेत्र लगायतका अफ्रिकी देशहरूमा गरिबी निवारण तथा

आर्थिक विकासमा आशातीत योगदान गर्न सकेको थिएन (Meijerink & Roza, 2007) । यस सन्दर्भमा, खाद्य आयात कम गर्न अफ्रिकी विकास बैंकले कृषिको उच्च सम्भावना भएका स्थानहरूमा बजार केन्द्रित उत्पादन अवधारणा अनुसार तोकिएका निश्चित कृषि बाली तथा वस्तुको उत्पादकत्व र उत्पादन बढाउन खाद्य बालीको प्रशोधन क्षेत्र स्थापनाको (staple crops processing zones) अवधारणा प्रवर्धन गरेको पाइन्छ (Rankin, et al., 2019) ।

कृषि क्षेत्रको रूपान्तरण गर्न सफल भएका केही देशहरूको नीतिगत व्यवस्थाको प्राथमिकताहरू तालिका १०.२९ मा दिइएको छ । सन् १९७० को परिवेश अनुसार नेपाल लगायत चीन, इन्डोनेसिया, दक्षिण कोरिया आदि देशहरू समूह १ मा रहेका थिए । चीन र दक्षिण कोरियाले भूमि सुधारका साथै कृषि अनुसन्धान र प्रसार, ग्रामीण पूर्वाधार विकास र मौद्रिक तथा विनिमय नीतिहरूमा उच्च प्राथमिकता दिएको पाइन्छ भने इन्डोनेसियाले ग्रामीण पूर्वाधार विकास, ग्रामीण स्वास्थ्य तथा शिक्षा र मौद्रिक तथा विनिमय नीतिहरूमा उच्च प्राथमिकता दिएका थिए । यसैगरी, थाइल्याण्डले कृषि अनुसन्धान तथा विकास र प्रसार, ग्रामीण पूर्वाधार विकास, कृषि विरोधी पूर्वाग्रह (anti-agriculture bias) को अन्त्य, कृषि ऋण र मौद्रिक तथा विनिमय नीतिहरूमा उच्च प्राथमिकता दिएर कृषि क्षेत्रको रूपान्तरणका साथै विश्व मूल्य शृङ्खलामा जोडिन पुगेको छ ।

तालिका १०.२९: कृषि क्षेत्र रूपान्तरण गर्न सफल भएका देशहरूले दिएको नीतिगत प्राथमिकताहरू

कृषि क्षेत्र रूपान्तरण भएका देशहरू	सार्वजनिक लगानी			मूल्य हस्तक्षेप नीति		बृहत् आर्थिक नीतिहरू		भूमि तथा अन्य संस्थागत सुधार	
	कृषि अनुसन्धान तथा विकास र प्रसार	ग्रामीण पूर्वाधार विकास	ग्रामीण स्वास्थ्य तथा शिक्षा	कृषि विरोधी पूर्वाग्रहको अन्त्य	व्यापार नीति परिमार्जन	आर्थिक विविधीकरण	मौद्रिक र विनिमय नीतिहरू	भूमि सुधार	कृषि ऋण
समूह १: रूपान्तरणको परिवेश (१९७०) उच्च जन्मदर र सीमित भूमि									
चीन	...	...	...	...	..	.	...	...	.
इन्डोनेसिया	..	...	...	..	..	..	...	.	..
मलेसिया	...	..	..	..	.	.	...	.	.
दक्षिण कोरिया	...	...	..	..	.	..	...	...	.
भियतनाम	..	..	...	..	...	..	...	..	.
समूह २: रूपान्तरणको परिवेश (१९७०): उच्च जन्मदर र सीमित उर्वरभूमि									

कृषि क्षेत्र रूपान्तरण भएका देशहरू	सार्वजनिक लगानी			मूल्य हस्तक्षेप नीति		बृहत् आर्थिक नीतिहरू		भूमि तथा अन्य संस्थागत सुधार	
	कृषि अनुसन्धान तथा विकास र प्रसार	ग्रामीण पूर्वाधार विकास	ग्रामीण स्वास्थ्य तथा शिक्षा	कृषि विरोधी पूर्वाग्रहको अन्त्य	व्यापार नीति परिमार्जन	आर्थिक विविधीकरण	मौद्रिक र विनिमय नीतिहरू	भूमि सुधार	कृषि ऋण
थाइल्याण्ड	...	...	..	...	..	.	...	.	...
समूह ३: रूपान्तरणको परिवेश (१९७०): प्रशस्त उर्वरभूमि भएको									
ब्राजिल	...	..	.	...	..	...	.	.	..
समूह ४: रूपान्तरणको परिवेश (१९७०): प्रशस्त भूमि तर उर्वरता न्यून भएको									
चिली	.	..	.	...	...	...	...	...	.

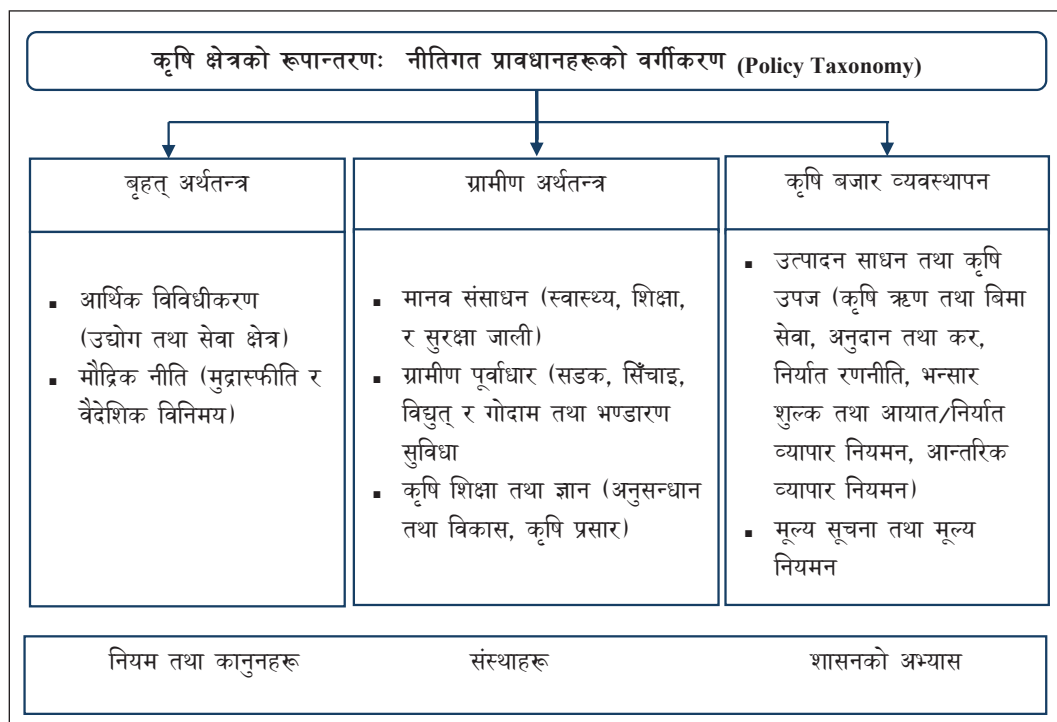
• न्यून प्राथमिकता, •• मध्यम प्राथमिकता र ••• उच्च प्राथमिकता

स्रोत: Laborde et al. (2019)

नेपालको सन्दर्भमा उल्लिखित नीतिगत व्यवस्थाहरूको विवेचना गर्दा प्राय सबै नीतिहरूलाई आवधिक योजनाहरूले समेटेको पाइन्छ (तालिका १)। तर, भूमि सुधार तथा अन्य संस्थागत सुधारको पक्षले पूर्णता पाएको छैन। ग्रामीण पूर्वाधारको विकासजस्तो महत्वपूर्ण पक्षमा पर्याप्त लगानी नभएकाले कृषि उत्पादन क्षेत्रहरू बजारसँग जोडिन नसकेको र आपूर्ति शृङ्खलाको अवरोध कायम पनि रहेकाले कृषकहरूले उत्पादित उपजको उचित मूल्य प्राप्त गर्न नसकी न्यून आयका कारण कृषि पेशामा आकर्षण कम भएको छ। कृषि अनुसन्धान, शिक्षा र कृषि प्रसारमा न्यून लगानी तथा समन्वय अभाव हुँदा प्रविधि विकास र व्यावसायीकरण हुन सकेको छैन। कृषि अनुसन्धान तथा प्रविधि विकास र कृषि प्रसार सेवाका साथै सिँचाई, कृषिसम्बन्धी पूर्वाधारहरू जस्तै सडक, बजार विद्युत् आदिमा सार्वजनिक लगानी महत्वपूर्ण हुन्छ र कृषि सम्बद्ध संस्थाहरूको उपयुक्त समन्वयले कृषि विकासमा गति दिन्छ। साथै, उल्लिखित सेवाहरूको विस्तार र परिमाणले भन्दा सेवाको गुणस्तरले कृषिको रूपान्तरणमा बढी महत्त्व राख्ने हुँदा यस पक्षमा समेत ध्यान दिन जरुरी हुन्छ।

भूमि सुधार, अनुसन्धान संस्थानहरू, र कृषि ऋणको पहुँचमा सुधारजस्ता नीतिहरू पनि महत्वपूर्ण छन्। तर, कुनै पनि देशले कृषि तथा यससम्बद्ध अन्य नीतिहरूको संयोजन र एक नीतिले अर्को नीतिलाई परिपूरक बनाउने गरी सार्वजनिक लगानी र समन्वयविना सफलता हासिल गर्न सक्दैन। समग्रमा भन्नु पर्दा सुशासन तथा संस्थागत जवाफदेहिता र सफल नीतिहरूको कार्यान्वयनको निरन्तरताले अपेक्षित परिणाम दिन सक्छ। कृषि रूपान्तरण भएका देशहरूले नीतिगत रूपमा मुख्यगरी निम्न तीन पक्षलाई सम्बोधन गरेको पाइन्छ (Balino, et al., 2019) (चित्र १०.१३)।

चित्र १०.१३: कृषि क्षेत्रको रूपान्तरणको नीतिगत प्रारूपहरूको वर्गीकरण



स्रोत: Balino, et al. (2019a); लेखकको विश्लेषणबाट चित्रण गरिएको

- क. ग्रामीण अर्थतन्त्रको परिवर्तनका लागि मानव संसाधन विकाससम्बन्धी सेवाहरूको प्रत्याभूति (स्वास्थ्य, शिक्षा तथा तल्लो वर्गका मानिसहरूलाई खाद्य सुरक्षा सहयोग), ग्रामीण पूर्वाधार विकास (सडक, सिँचाइ, विद्युत् र गोदाम), र कृषि क्षेत्रको ज्ञान अर्थात् कृषि अनुसन्धान, शिक्षा तथा कृषि प्रसार सेवाहरू सुनिश्चितताका लागि निरन्तर पहल गरिएको हुन्छ।
- ख. कृषि बजार प्रवर्धन अर्थात् कृषि सम्बद्ध उत्पादनका साधनहरू र कृषि उपजको बजार व्यवस्थापनसम्बन्धी सेवाहरू पर्छन्। यी सेवाहरू उत्पादनका साधनहरूको बजार व्यवस्थापन तथा सहज आपूर्ति; कृषि उपजको बजार व्यवस्थापन तथा प्रशोधन र मूल्य अभिवृद्धि, उत्पादनका साधनहरू तथा कृषि उपजको आन्तरिक व्यापारको व्यवस्थापन तथा नियमन; बजार मूल्य नियमन; भन्सार शुल्क तथा निर्यात/आयात व्यापार नियमन तथा व्यवस्थापन; अनुदान तथा करसम्बन्धी व्यवस्था; र कृषि ऋण तथा बिमा सेवाहरू समावेश गरिएको हुन्छ।

- ग. कृषि क्षेत्रलाई बृहत् अर्थतन्त्रका अन्य क्षेत्रहरूसँग एकीकरण र औद्योगीकरण गर्न कृषि क्षेत्रको आधुनिकीकरण र उद्योग व्यवसाय तथा मूल्य अभिवृद्धि मार्फत कृषि क्षेत्रको श्रम उद्योग तथा सेवा क्षेत्रमा स्थानान्तरण हुने वातावरणको सिर्जना गर्नु राज्यको दायित्व हुन्छ ।

१०.७ नेपालमा कृषि रूपान्तरणमा देखिएका समस्याहरू

Timmer (1988) तथा Laborde et al. (2019) दुवैको अध्ययनले निर्दिष्ट गरेका कृषि रूपान्तरण प्रक्रियाका विभिन्न चरणमा सार्वजनिक नीति तथा कानूनहरू, र संस्थागत व्यवस्थाहरूले कृषि रूपान्तरणलाई सहज बनाउन वा अवरोध गर्न महत्वपूर्ण भूमिका खेल्ने उल्लेख गरेको छ । यसैले, सरकारले अवलम्बन गर्ने नीतिगत प्रावधानहरू रूपान्तरण प्रक्रियाका लागि सहयोगी तथा परिपूरक हुनु नितान्त जरुरी हुन्छ । मुख्यगरी यस्ता सार्वजनिक नीतिहरू मूल्य प्रोत्साहन तथा नियमन, कृषि अनुसन्धान तथा विकासमा सार्वजनिक लगानीका साथै ग्रामीण पूर्वाधार विकास, शिक्षा तथा स्वास्थ्य सेवामा राज्यले लगानी गर्न लिएको नीति, र अन्य सेवासम्बन्धी स्थानीय संस्थाहरू जस्तै वित्तीय संस्थाहरू मार्फत दिइने बचत तथा ऋण सेवा सम्बद्ध रहेका हुन्छन् । साथै, पहिलो सेवा प्रदायक (first hand agriculture service providers) निजी कृषि एग्रेभेट तथा पाराभेटबाट दिने सेवाको पहुँच तथा गुणस्तर, स्रोत केन्द्रहरूको सेवा, स्थानीय उद्योग वाणिज्य संघ र समुदायमा आधारित समूह तथा सहकारीहरूको परिचालन आदिले कृषि रूपान्तरण प्रक्रियामा निकै प्रभाव पारेको हुन्छ । यसको अतिरिक्त भूस्वामित्वको सुरक्षा र कृषि सम्बद्ध संस्थाहरू जवाफदेही बनाउँदा सार्वजनिक नीतिको हस्तक्षेपमा (intervention) निर्णायक भूमिका खेल्ने भएकाले तिनीहरूको समयसापेक्ष सुधारहरूले कृषिको सफल रूपान्तरणका लागि गतिशील वातावरण सिर्जना गर्छ ।

उल्लिखित सन्दर्भहरूलाई हेर्दा नेपालको कृषि क्षेत्रको रूपान्तरणमा प्रक्रियामा निम्न समस्याहरू रहेका छन् ।

क. भूमिको वैज्ञानिक उपयोगसम्बन्धी समस्या थाती रहनु

भूउपयोग नीति अनुसार भूमिको वैज्ञानिक उपयोग कसरी गर्ने भन्ने प्रश्न अहिलेसम्म समाधान हुन नसकेको तथ्य सबै आवधिक योजनाहरूमा भूमि सुधारसम्बन्धी प्रस्तावको प्रवेशले पुष्टि गर्दछ । नेपालले सन् २०१५ मा भूसम्बन्ध (land tenure), भूस्वामित्व (land ownership) तथा भूअधिकार (land right) सम्बन्धी सबै समस्याहरू समाधान र भूमिमा नागरिकको पहुँच तथा हक स्थापित गरेर भूमिको वैज्ञानिक उपयोग गर्ने गरी भूउपयोग नीति जारी गरेको भए तापनि यस नीतिको कार्यान्वयन पक्ष कमजोर देखिएको छ । सुकुमवासी समस्या समाधानसम्बन्धी विषय दशकौँदेखि थाती रहेको विषय हो । परिवारको सङ्ख्या बढ्दै जाँदा भूमिको टुक्रा हुने तथा बढ्दो सहरीकरणले कृषि भूमिको ह्रास तथा बाँझो हुने क्रम बढेको छ । भूमि करार तथा लीजसम्बन्धी उपयुक्त नीति नहुँदा भूमिको उत्पादकत्व बढ्न सकेको छैन । कृषिमा आश्रित रहेका कृषकहरूको स्वामित्वमा प्रतिपरिवार औसत

०.५५ हेक्टर मात्र जमिन हुनुका साथै स-साना टुकामा विभाजित (प्रति परिवार २.८ टुक्रा) छ (NSO, 2023) । भूमिको यस्तो संरचनाबाट परिवारको (औसत प्रतिपरिवार ४.७ सदस्य) जीविकोपार्जनको आवश्यकतालाई धान्ने उत्पादन हुने सम्भावना न्यून छ । तसर्थ, चक्लाबन्दी, भूमि करार र भूमि लीजसम्बन्धी नीति नभएसम्म जमिनको कुशल प्रयोग गरेर कृषि क्षेत्रलाई व्यावसायिक बनाउने सम्भावना न्यून देखिन्छ ।

ख. कमजोर संस्थागत क्षमता र जबाफदेहीता

नेपालका कृषिसम्बद्ध सार्वजनिक संस्थाहरूको संस्थागत क्षमता र सेवा प्रवाहको स्तर कमजोर रहेकाले कृषि क्षेत्रको रूपान्तरण प्रक्रिया गतिशील हुन सकेको छैन भने सुशासनको अभाव तथा राजनीतिक प्रभावले संस्थाहरू जबाफदेहीविहीन बन्न पुगे । मुख्यगरी कृषि तथा पशुपन्छी विकास मन्त्रालयले कृषि क्षेत्रसम्बद्ध निकायहरू जस्तै कृषि अनुसन्धान परिषद्, फार्म केन्द्रहरू, कृषि सामग्री कम्पनी, खाद्य व्यवस्था तथा व्यापार कम्पनी लिमिटेड, कृषि औजार कारखाना आदिजस्ता संस्थाहरूको प्रभावकारी रूपमा सञ्चालन गर्न नेतृत्वदायी भूमिका तथा समन्वय गर्न सकेन । मन्त्रालय लगायत अन्य संस्थाहरूमा भएको पटक पटकको पुनर्संरचनाका कारण देखिएको संस्थागत अस्थिरताले कार्यसम्पादनमा समस्या देखियो ।^{१२} कृषि औजार कारखाना तथा खाद्यान्न निर्यात गर्न खोलिएका धान चामल कम्पनीहरू सञ्चालन हुन नसकेर बन्द भए । यद्यपि वि.सं. २०७९ मा नेपाल सरकारले कृषि औजार कारखाना पुनः सञ्चालन गर्ने गरी राष्ट्रिय आविष्कार केन्द्रलाई जिम्मा लगाएको छ ।^{१३} यसैगरी नेपाल सरकारको कृषि तथा पशुपन्छी विकास मन्त्रालय अन्तर्गत वि.सं. २०४८ मा स्थापना भएको कृषि अनुसन्धान परिषद्ले कृषि बालीका उच्च उत्पादन दिने जातहरू तथा पशु नश्लको अनुसन्धान तथा विकास र नवप्रवर्तनमा अपेक्षित नतिजा दिन सकेन भने सुशासनको अभाव तथा राजनीतिक प्रभावले संस्था जबाफदेहीविहीन बन्न पुगेको छ । यसैगरी, कृषि तथा पशुपन्छी विकास मन्त्रालय र जलस्रोत तथा सिँचाई विभाग र सम्बद्ध निकायहरूबिच प्रभावकारी समन्वय नहुँदा सिँचाई योजना र सघन कृषि कार्यक्रमबिच तालमेल देखिँदैन ।

१२. नेपालमा कृषि सामग्री संस्थान १९६६ मा स्थापना भएको सार्वजनिक संस्था हो । वि.सं. २०३१ मा यस संस्थालाई विभाजन गरेर कृषि सामग्रीहरूको व्यवस्थापन गर्न कृषि सामग्री संस्थान र खाद्यान्नको कारोबार गर्न नेपाल खाद्य संस्थान गरी दुई वटा वेग्लावेग्लै संस्थान खडा गरिए । पुनः २०५३ मा कृषि सामग्री सामग्री संस्थानलाई सरकारको पूर्णस्वामित्व रहने गरी कृषि सामग्री कम्पनी र राष्ट्रिय बीउ विजन कम्पनी गरी दुई संस्थाहरू स्थापना भएकोमा २०७५ मा कृषि सामग्री कम्पनीमा राष्ट्रिय बीउ बीजन कम्पनी लिमिटेड गाभिएको थियो । साथै, वि.सं. २०३१ मा स्थापित नेपाल खाद्य संस्थान र २०१८ स्थापित नेशनल ट्रेडिङ लिमिटेड गाभेर २०७६ मा नयाँ सरकारी कम्पनीका रूपमा खाद्य व्यवस्था तथा व्यापार कम्पनी लिमिटेड गठन भएको छ ।

१३. वि.सं. २०२४ मा रुस सरकारको सहायतामा स्थापना भएको वीरगञ्जस्थित कृषि औजार कारखाना सञ्चालन हुन नसकेर बन्द भएको कृषि औजार कारखाना राष्ट्रिय आविष्कार केन्द्रले पुनः सञ्चालन गर्ने गरी वि.सं. २०७९ मा १० वर्षका लागि राष्ट्रिय आविष्कार केन्द्र र अर्थ मन्त्रालयबिच सम्झौता भएको छ ।

ग. कृषि क्षेत्रको मूल्य तथा बिमासम्बन्धी नीति प्रभावकारी नहुनु

सन् १९६० को दशकमा नेपालले कृषि खाद्य आपूर्ति शृङ्खलाका सबै चरणहरूमा मूल्य नियन्त्रण प्रणाली लागु गरेको पाइन्छ। यसले उत्पादन साधनहरू मुख्यगरी रासायनिक मलको मूल्यमा प्रभाव पारेको थियो। सन् १९६६ पछि कृषि सामग्री संस्थानले रासायनिक मलको आयात तथा वितरण दुवैलाई नियन्त्रण गर्‍यो। तर, सन् १९९७ मा अन्तर्राष्ट्रिय बजारमा रासायनिक मलको मूल्य वृद्धि भएको निहुँमा सरकारलाई वित्तीय बोझ हुने भनेर १९७३ देखि मलमा दिएको अनुदान हटाई कृषि क्षेत्रको उदारीकरण मार्फत निजी क्षेत्रलाई मलको आयात र वितरणको बजारमा प्रवेश गर्न अनुमति दिइयो। निजी क्षेत्र पनि मलको आयात र आपूर्ति गर्न आकर्षित देखिएन। अनुदान कटौती बीउ, पम्पसेट र ट्रयुब्वेलहरूमा पनि लागु गरियो (FAO, 2021)। यस्तो कृषि विरोधी पूर्वाग्रह (anti-agriculture bias) को नीतिले रासायनिक मलको प्रयोग र साना कृषकको सिँचाई सुविधामा प्रतिकूल प्रभाव पर्नाका साथै कृषि उत्पादनमा समेत असर गरेकाले रूपान्तरण प्रक्रियामा अवरोध भयो। यद्यपि, सरकारले यस नीतिमा सुधार गरेर २००९ देखि पुनः अनुदान दिन थाल्यो भने साना कृषि उपकरण तथा मेसिनहरू (पम्पसेट, थ्रेसर, पावर टिलर, ट्र्याक्टर र हार्भेस्टर) आदिको खरिदमा कर छुटको व्यवस्थाका साथै परियोजनाहरूमा सहभागी हुने कृषकहरू तथा उद्यमीहरूलाई सीमित अनुपातमा अनुदान दिन पनि सुरु गर्‍यो।

नेपाल सरकारले कृषि मूल्य नीति अन्तर्गत खाद्यान्न खासगरी धान, गहुँ, उखु, कफीजस्ता सीमित कृषि उपजको न्यूनतम समर्थन मूल्य तोक्ने गरेको छ। यस्ता नीतिहरूले केवल मापदण्ड मूल्यका रूपमा काम गरेको भए तापनि बजारमा कृषकहरूले तोकिएको मूल्यभन्दा कम मूल्य भएमा सरकारले खरीद गर्न नसक्ने भएकाले यसलाई अनिवार्य न्यूनतम मूल्यको रूपमा मान्न सकिँदैन। नेपालमा न्यूनतम समर्थन मूल्य अनुसार सरकारले कृषि उपज खरीद गर्ने सुनिश्चित नहुँदा उत्पादकहरूलाई उत्पादनको परिमाण (volume of production) तथा उत्पादनको स्तर (scale of production) वृद्धि गर्न उत्प्रेरणासमेत मिलेको छैन। उदाहरणार्थ, दुधको उपभोक्ता मूल्य सरकारले निर्धारण गर्ने गर्दछ भने दुध बजारको ४५ प्रतिशत हिस्सा सरकारी स्वामित्वको दुग्ध विकास संस्थान र बाँकी ५५ प्रतिशत बजार निजी व्यवसायहरू ओगटेका छन् (Sharma, 2019)। कुखुराको मासु तथा अण्डाको मूल्य उत्पादक संघले तोक्ने गरेको पाइन्छ। यद्यपि, मासु तथा अण्डाको बजारको माग र आपूर्तिको आधारमा नै मूल्य निर्धारण हुने गरेको पाइन्छ। यसैगरी, पशुपालन क्षेत्रमा कृषि बिमा प्रभावकारी देखिएको भए तापनि खाद्यान्न तथा अन्य बालीको हकमा बिमा सेवा प्रभावकारी देखिएको छैन।

घ. नीतिगत तादात्म्य र नीति कार्यान्वयनमा समन्वयको अभाव

कृषि क्षेत्रको रूपान्तरण प्रक्रिया गतिशील बनाउन कृषि तथा गैरकृषि क्षेत्र दुवैको भूमिका महत्वपूर्ण हुन्छ। कृषि क्षेत्रको वृद्धिबाट प्राप्त हुने अधिशेष र यस क्षेत्रबाट स्थानान्तरण हुने श्रमले द्वितीय क्षेत्रको विकासमा टेवा दिन्छ भने सेवा क्षेत्रको पनि उत्तिकै भूमिका रहेको हुन्छ। त्यसैले, कृषि

रूपान्तरण प्रक्रियाका लागि गैरकृषि नीतिहरू र सहयोगी वातावरण पनि उत्तिकै महत्त्वपूर्ण हुन्छ। कृषि क्षेत्रका नीतिहरू र सिँचाई तथा पूर्वाधार (जस्तै सडक, उर्जा, सञ्चार) विकासको प्राथमिकता, बृहत् आर्थिक तथा मौद्रिक नीति, मूल्य तथा व्यापार नीति, वाणिज्य सम्झौताहरू, कर तथा भन्सारसम्बन्धी व्यवस्थाहरू, वैदेशिक लगानी तथा प्रविधि हस्तान्तरण नीति आदिमा नीतिगत तादात्म्य भएमा समग्र कृषि उत्पादन प्रणाली प्रोत्साहित हुन्छ। उदाहरणार्थ, नेपालले कृषि क्षेत्रमा लिएको उदारीकरणको नीतिले कृषि उत्पादन सामग्रीको लागत बढेकाले कृषि क्षेत्र प्रतिस्पर्धी बन्न सकेन भने मलको खपत कम भएकाले कृषि क्षेत्रको उत्पादनमा समेत असर गरेको थियो। कृषि क्षेत्रमा वैदेशिक लगानी नलिने नीतिले वैदेशिक लगानी तथा निजी लगानी आकर्षित हुन सकेन। तसर्थ, कृषिलाई लक्षित गर्ने नीति मात्र नभएर अर्थतन्त्रको वृद्धि तथा स्थिरता, समावेशी विकासका साथै कृषि क्षेत्रको अतिरिक्त श्रमलाई अवशोषण गर्न उद्योगको विकास गर्नेजस्ता नीतिले विविध कृषि उत्पादनहरूको माग सिर्जना गर्न महत्त्वपूर्ण भूमिका खेल्छ तर नेपालको सन्दर्भमा नीतिगत तादात्म्य रहेन भने सरकारले कृषि रूपान्तरणका लागि कार्यान्वयन गरेको दीर्घकालीन कृषि योजनामा समेत द्वन्द्वका कारण पर्याप्त लगानी हुन सकेन।

मुख्यगरी आवधिक योजनाहरू, दीर्घकालीन कृषि योजना र प्रधानमन्त्री कृषि आधुनिकीकरण परियोजनाजस्ता हस्तक्षेपहरूमा समन्वय तथा संस्थागत जिम्मेवारीको विषय उठान भए तापनि व्यवहारमा लागु नहुने अवस्थाले निरन्तरता पाएको छ। उदाहरणार्थ, कृषि तथा पशुपन्छी विकास मन्त्रालय र जलस्रोत तथा सिँचाई विभागबिच प्रभावकारी समन्वय नहुँदा सम्पन्न भएका सिँचाई योजनाहरू र सघन कृषि कार्यक्रमबिच तालमेल मिलेको पाइँदैन। जसका कारण बाह्रै महिना सिँचाई सुविधा भएको स्थानमा सघन कृषि कार्यक्रमका लागि प्रविधिको पहुँच नहुने, सिँचाईको पानी वितरण कार्य बाली चक्र अनुसार व्यवस्थापन गर्न कठिन हुनेजस्ता समस्याहरू देखिएका छन्। कृषिसम्बद्ध सरकारी निकायहरूबिच (कृषि तथा पशुपन्छी विकास मन्त्रालयसँग वन तथा वातावरण मन्त्रालय, उद्योग मन्त्रालय र जलस्रोत तथा सिँचाई विभाग आदि) प्रभावकारी समन्वय नहुँदा दीर्घकालीन कृषि योजनाले अपेक्षित नतिजा दिन सकेन। साथै, कृषि अनुसन्धान, कृषि शिक्षा तथा कृषि प्रसारमा संलग्न संस्थाहरूबिच समेत प्रभावकारी समन्वय हुन सकेन। यसले कृषकको समस्यामा आधारित अनुसन्धान तथा प्रविधि विकास र प्रविधि प्रसारमा अवरोध सिर्जना गरेको छ।

एकात्मक राज्य संरचना हुँदा तयार गरिएको कृषि विकास रणनीति सन् २०१५ बाट कार्यान्वयनमा भए पनि यसको कार्यान्वयन गर्ने चरणमा राज्य पुनर्संरचना भई सङ्घीय राज्य बन्न पुग्यो। संघ, प्रदेश र स्थानीय तहहरूको सवैधानिक अधिकार अनुसार स्पष्ट कार्य विभाजन हुन नसक्दा कृषि क्षेत्रको विकासको गतिमा सुस्तता आउनुका साथै कृषि विकास रणनीति तथा कृषिका बृहत् योजनाहरूको कार्यान्वयनमा चुनौती देखिएको छ। कृषि विकास रणनीतिमा सङ्घीय राज्य व्यवस्था अनुसार आवश्यक परिमार्जन गरेर कार्यान्वयन गर्न जरूरी छ। साथै, संस्थागत समन्वय कमजोर हुँदा तीन तहका सरकारद्वारा सञ्चालन हुने कार्यक्रमहरू, अनुदान लगायतका कार्यक्रम सञ्चालन गर्ने मापदण्ड

फरक-फरक भएकाले कार्यान्वयनमा समस्या देखिनुका साथै दोहोरोपना समेत भएको जनगुनासो छ । कृषि क्षेत्रको प्राविधिक जनशक्तिको क्षमता विकास, स्थानीयस्तरमा दक्ष जनशक्तिको आपूर्ति तथा व्यवस्थापनमा पर्याप्त लगानी गर्नेतर्फ ध्यान दिइएको छैन ।

नेपाल सरकार र सङ्घीय कृषि तथा पशुपन्छी मन्त्रालयको आवश्यक हस्तक्षेप, पहल र समन्वय कम हुँदा गैरसरकारी संस्थाहरूमाफत पालिकास्तरमा कृषि विकास रणनीति बनाउने प्रतिस्पर्धा चलेको छ । यसरी हेर्दा कागजी कार्य प्रशस्त भएको पाइन्छ । कार्यक्रम सञ्चालन गर्दा हुने राजनीतिक हस्तक्षेप, संस्थागत जबाफदेहितामा आएको क्षयीकरण र पुरानो ढर्राको कृषि प्रणालीबाट बाहिर आउन नसक्दा प्राविधिक सेवा, उन्नत प्रविधि, र कृषिजन्य वस्तुहरूको आपूर्ति शृङ्खला व्यवस्थापन तथा मूल्य अभिवृद्धिजस्ता महत्वपूर्ण पक्षमा समस्या तथा अवरोध भएकाले कृषि क्षेत्रको रूपान्तरणबाट अपेक्षित उपलब्धि हासिल हुन सकेको छैन ।

ड. कृषिसँग सम्बन्धित पूर्वाधार विकास, अनुसन्धान, शिक्षा र प्रसारमा न्यून सार्वजनिक लगानी

विभिन्न अध्ययनहरूले एसियाली देशहरूले (भारत, इन्डोनेसिया, थाइल्याण्ड, फिलिपिन्स, चीन, दक्षिण कोरिया र भियतनाम) कृषि रूपान्तरणको प्रारम्भिक चरणमा कृषि क्षेत्रमा उच्च सार्वजनिक लगानी गरेको पाइन्छ । यस्तो लगानी मुख्यगरी कृषि विकासको तीन पक्षहरूसँग केन्द्रित थिए । पहिलो पक्ष कृषिसँग सम्बन्धित पूर्वाधारहरूको विकास (सिँचाइ, ग्रामीण सडक, बजार संरचना तथा गोदाम, विद्युतीकरण, र सञ्चार) हुन्; दोस्रो, कृषि अनुसन्धान, नवपर्वतन र कृषि शिक्षा तथा प्रसार सेवा हुन् भने तेस्रो, कृषि क्षेत्रको उत्पादकत्व वृद्धिका लागि उत्पादन सामग्रीहरू (उन्नत बीउ, रासायनिक मल, बाली संरक्षण र कृषि यन्त्रीकरणसम्बन्धी उपकरण तथा मेसिनरी आदि) र मूल्य तथा अन्य जोखिमबाट कम गर्न विमा सेवा तथा अन्य अनुदान सम्बन्धित छन् (Briones & Felipe, 2013; Sanchez, et al., 2022; Tewodai, 2012) ।

प्रायः एसियाका सबै देशहरूमा आत्मनिर्भरताका लागि धान बालीमा सार्वजनिक लगानीलाई प्राथमिकता दिने नीतिले कृषि क्षेत्रको रूपान्तरण र गरिबी निवारणमा महत्वपूर्ण भूमिका खेलेको पाइन्छ । कृषि क्षेत्रको सार्वजनिक लगानी नेपाल र लाओस दुवै देशमा एसियाका अन्य देशहरूसँग तुलना गर्दा सबैभन्दा कम रहेकाले कृषि क्षेत्रको उत्पादकत्व न्यून हुनुका साथै यसको रूपान्तरणको अवस्था प्रारम्भिक चरणमै रहेको देखिन्छ । यसको अतिरिक्त नेपालले कृषि अनुसन्धान तथा शिक्षा, ग्रामीण पूर्वाधार विकास र कृषि प्रसारमा गरेको लगानी एसियामा सबैभन्दा न्यून छ । उदाहरणार्थ, कृषि क्षेत्रमा गरिएको प्रतिकिसान सार्वजनिक लगानी लाओसको तुलनामा नेपालको तीन गुणा कम छ भने लाओसको लगानी मलेसियाको तुलनामा १० गुणा कम छ । यसले कृषि रूपान्तरणमा सफल देशहरूसँगको तुलनामा नेपाल र लाओसको भिन्नता अत्यन्त प्रस्ट देखिएको छ । साथै, सामाजिक सुरक्षा, शिक्षा तथा स्वास्थ्यजस्ता सेवामा पर्याप्त सार्वजनिक लगानी गर्दा कृषि क्षेत्रको विविध उत्पादन र मागमा समेत प्रभाव पर्दछ (FAO, 2021) ।

च. पूर्वाधार निर्माण तथा मूल्य शृङ्खला विकासको अपर्याप्तता

सिँचाइले मल, बीउ र प्राविधिक सहयोगको पूर्णसदुपयोग गर्न कृषकलाई सक्षम बनाउँछ भने मौसममा निर्भर हुनुपर्ने अवस्था हटाएर कृषकहरूलाई बाह्रै महिना खेती गर्न तथा बेमौसमी बाली उत्पादन गर्न सहयोग गर्नका साथै कृषि क्षेत्रको बाली सघनता र व्यावसायीकरणबाट जमिन तथा श्रमको उत्पादकत्व र कृषकको आय वृद्धि गर्न सहयोग गर्छ । नेपालजस्ता धेरै विकासोन्मुख देशहरूमा सिँचाइको पहुँच सीमित भएकाले जमिनको पूर्णउपयोग र उत्पादकत्व वृद्धि गर्न कठिनाई हुन्छ । नेपालमा अस्थायी बालीको क्षेत्रफलको ७० प्रतिशत भूमिमा सिँचाइको पहुँच विस्तार भए तापनि बाह्रै महिना पर्याप्त सिँचाइ पुगेको जमिन ३८ प्रतिशत मात्र रहेको छ । तसर्थ, नेपालको कृषि क्षेत्रको रूपान्तरणको अवरोधकहरूमध्ये अपर्याप्त सिँचाइ पनि एक हो ।

सिँचाइबाहेकका अन्य ग्रामीण र सहरी क्षेत्रलाई जोड्ने पूर्वाधारमा सार्वजनिक लगानी, सञ्चार तथा सूचना प्रविधिको पहुँच, कृषि बजार सम्बद्ध पूर्वाधार र कसैलाई पछि नछोड्ने उपायहरू कृषि रूपान्तरणका लागि अनिवार्य मानिन्छन् । यस्ता पूर्वाधारको विकासले कृषिको रूपान्तरण प्रक्रियालाई तीव्रता दिनुका साथै उत्पादकत्व वृद्धिको लागि कृषि उत्पादन साधनको आपूर्ति र उत्पादित कृषि उपजको बजारलाई सहज बनाई कृषकहरूको बजारसँगको पहुँच विस्तार गर्न, सहरी क्षेत्रको आय गाउँमा पुऱ्याउन र ग्रामीण क्षेत्रमा बस्ने समुदायहरूको जीवनस्तर सुधार गर्न योगदान पुऱ्याउँछ । साथै, पूर्वाधारले कृषि उपजहरूको आपूर्ति शृङ्खला कायम राख्दै मूल्य शृङ्खला विकासमा सहयोग गर्नका साथै प्रतिस्पर्धी क्षमता विकास गर्न र समग्र आर्थिक विकासमा समेत योगदान पुऱ्याउँछ । तसर्थ, कृषिको दिगो विकास र रूपान्तरणका लागि पर्याप्त पूर्वाधारमा लगानी गर्न सरकार, निजी क्षेत्र, र अन्तर्राष्ट्रिय समुदायको सहभागिता अपरिहार्य छ ।

नेपालमा कृषि बजार मूल्य शृङ्खलाका शीर्ष तह (upstream), मध्य तह (midstream) र अन्तिम तह (downstream) हरूको बिचमा समन्वय र सञ्जाल विस्तार हुन नसक्दा उत्पादन सामग्रीको आपूर्ति, कृषि वस्तुको प्रशोधन तथा मूल्य अभिवृद्धि र वितरण प्रणालीबिचको अन्तरसम्बन्ध स्थापित हुन सकेको छैन । तसर्थ, कृषि वस्तुहरूको आपूर्ति शृङ्खला लामो र खण्डीकृत भएकाले कृषिसँग सम्बन्धित भौतिक पूर्वाधारहरूको (कृषि सडक, बजार पूर्वाधार, शीतभण्डारण आदि) अभावका कारण आपूर्ति शृङ्खला खण्डीकृत हुन गई कृषि उपजको मूल्य शृङ्खलाको विकास हुन सकेको छैन । कृषि क्षेत्रको उत्पादकत्व वृद्धि र व्यावसायीकरण नभएसम्म कृषिजन्य अधिशेष प्राप्त नहुने हुँदा उद्योगहरूको स्थापना तथा कृषि उपजको मूल्य अभिवृद्धि भई निर्यात हुने सम्भावना समेत कम हुन्छ ।

छ. उत्पादन सामग्रीको आपूर्ति तथा कृषि कर्जा विस्तार हुन नसक्नु

राष्ट्रिय कृषि गणना २०७८ अनुसार गत ३० वर्षमा नेपालको खेती गरिएको जमिन पाँच लाख १९ हजार हेक्टरले घटेको छ भने बालीले ढाकेको क्षेत्रफल करिब १६.२ प्रतिशतले घटेको छ । उपलब्ध

तथ्याङ्क अनुसार गत १० वर्षमा बाँझो जमिन ३१ हजार हेक्टरबाट करिब दुई गुणा वृद्धि भई ६०.५ हजार हेक्टर पुगेको छ भने पहाडबाट तराई तथा सहरी क्षेत्रमा हुने बसाइँसराइको दर समेत बढेको छ। यसले कृषि भूमि अन्य प्रयोजनमा प्रयोग भएको वा लामो समय बाँझो रहेको तथ्य उजागर गरेको छ। यसैगरी, २०७८ सालमा धान, मकै, आलु र तरकारी खेती गर्ने कृषकहरूमध्ये क्रमशः करिब ५६, ७५, ६४ र ६५ प्रतिशत कृषकहरूले स्थानीय बीउको प्रयोग गरेको पाइएको छ। नेपालमा रासायनिक मलको प्रयोग पनि दक्षिण एसियाली देशहरूको तुलनामा दोब्बर भन्दा बढीले कम रहेको छ। सन् २०२० मा रासायनिक मलको प्रयोग बङ्गालादेश, श्रीलङ्का तथा भारत क्रमशः ३२१, २९९ र २११ के.जी. प्रतिहेक्टर रहेकोमा नेपालको १०२ के.जी मात्र रहेको छ। आर्थिक वर्ष सन् १९९१/९२ मा बाली सघनता अनुपात १.७८ रहेकोमा २०२१/२२ को कृषि गणनामा ६.६ प्रतिशत मात्र वृद्धि भई १.९१ पुगेको छ।

कृषि क्षेत्रको रूपान्तरणको आधारभूत साधनमध्ये कृषि कर्जाले उत्पादनका साधनहरूको खरीद, कृषि उपजको प्रशोधन तथा बजार व्यवस्थापनजस्ता कार्यहरूमा सहयोग गरेको हुन्छ भने लगानीको प्रमुख स्रोत पनि हो। सहज कृषि कर्जा आपूर्तिको लागि राज्यले कृषि विकास बैंक नै खडा गरेको थियो तर यो बैंक कृषि क्षेत्रको लगानीमा केन्द्रित नभएर वाणिज्य बैंकमा रूपान्तरण भयो। सरकारले प्राथमिक क्षेत्र कर्जा व्यवस्था अन्तर्गत सबै वाणिज्य बैंकहरूले कृषिमा अनिवार्य लगानी गर्नुपर्ने र नगरे जरिवाना तिर्नुपर्ने नीति लिएको छ। नेपाल राष्ट्र बैंकको तथ्याङ्कअनुसार, २०२२ मा कृषि क्षेत्रमा एक खर्ब ६० अर्ब ४० करोड कर्जा प्रवाह भएको पाइन्छ। यसले प्रतिपरिवार कृषि कर्जा करिब ४२ हजार हुन्छ। अतः गुणस्तरीय उत्पादन सामग्री (उन्नत बीउ, मल, सिँचाई) तथा कृषि कर्जाको पर्याप्त आपूर्ति हुन नसक्दा कृषि क्षेत्रको वृद्धि र रूपान्तरणमा अवरोध हुनुका साथै सघन कृषि तथा व्यावसायिक खेतीका लागि लामो अवधिसम्म गरेका प्रयासहरू सफल हुन सकेको छैन। सस्तो कृषि वित्तको पहुँच साना कृषकहरूसम्म नभएकाले कृषि क्षेत्रमा लगानी कम भएको छ।

१०.८ निष्कर्ष र सिफारिस

१०.८.१ निष्कर्ष

कृषि क्षेत्रको रूपान्तरण भन्नाले परम्परागत निर्वाहमुखी खेती पद्धतिको सुधार गरेर आधुनिक प्रविधि तथा उत्पादनका साधनहरूको कुशल (efficient) प्रयोगबाट प्रतिएकाइ जमिन र कृषि श्रमको उत्पादकत्व वृद्धि गर्ने प्रक्रिया हो। कृषि क्षेत्रको वृद्धि आर्थिक विकासको प्रारम्भिक चरणमा द्रुततर वृद्धिको कारक बन्न सक्ने भएकाले कृषिको रूपान्तरण महत्वपूर्ण मानिन्छ। कृषिको रूपान्तरण कार्य प्राविधिक तथा आर्थिक सहयोग गरेर खाद्य सुरक्षा कायम राख्दै ग्रामीण अर्थतन्त्रको सुधार तथा गरिबीको अन्त्य र यस क्षेत्रबाट प्राप्त हुने कृषिजन्य वस्तु तथा श्रमको अधिपेशलाई औद्योगिक क्षेत्रमा उपयोग गरेर आर्थिक विकासलाई प्रवर्धन गर्नु हो।

सबैजसो औद्योगिक तथा विकसित राष्ट्रहरूको आर्थिक विकासको आरोहणको सुरुआत कृषि क्षेत्रको रूपान्तरणबाट नै भएको पाइन्छ। उदाहरणार्थ, दक्षिण कोरिया, ब्राजिल, चीन, र भियतनामले २५-३० वर्षमा कृषि क्षेत्रको रूपान्तरण गरेका छन्। भारत, दक्षिण कोरिया, थाइल्याण्ड र भियतनामजस्ता कृषि रूपान्तरण कार्यमा अग्रणी राष्ट्रहरूले आवधिक योजना तथा आर्थिक विकाससम्बन्धी नीतिहरूमार्फत कृषि क्षेत्रमा पर्याप्त लगानी र कृषि क्रान्तिका लागि विशेष अभियान सञ्चालनका साथै एकीकृत कृषि नीतिहरू तर्जुमा गर्दै संस्थागत समन्वय बलियो बनाएका थिए। यसैगरी, कृषि विरोधी पूर्वाग्रह (anti-agriculture bias) को अन्त्य र उपयुक्त मूल्य हस्तक्षेप नीतिको अवलम्बन गर्दै कृषि क्षेत्रको आधुनिकीकरण र विविधीकरणका लागि प्रविधि विकासमा प्राथमिकता दिएर कृषिमा आत्मनिर्भर बन्न पहल गरेकाले सफलता प्राप्त गरेको पाइन्छ।

नेपाल सरकारका आवधिक योजनाहरू र वार्षिक नीति तथा कार्यक्रम तथा बजेटमा कृषि क्षेत्रको विकासका लागि सधैं उच्च प्राथमिकता दिएको पाइन्छ। कृषि क्षेत्रको रूपान्तरण गर्न व्यावसायीकरणलाई उच्च प्राथमिकता दिएर सन् १९९५/९६ मा २० वर्षे दीर्घकालीन कृषि विकास योजना कार्यान्वयन गरियो भने २०१५ देखि कार्यान्वयनमा रहेको कृषि विकास रणनीतिले समग्र कारक उत्पादकत्वको (total factor productivity) वृद्धि, कृषि क्षेत्रको वृद्धि मार्फत ग्रामीण गरिबी निवारण, सहर र गाउँको बजार सम्बन्ध विकासका लागि मूल्य शृङ्खला विकास, गैरकृषि क्षेत्र र सेवा क्षेत्रमा श्रमको स्थानान्तरणलाई कृषि रूपान्तरणको अवयवको रूपमा लिएको छ।

प्रायः विकासशील देशका सरकारहरू कृषि क्षेत्रको रूपान्तरण र आर्थिक तथा सामाजिक क्षेत्रका धेरै लक्ष्यहरू एकै साथ पूरा गर्न उद्धत भएको पाइन्छ। नेपालले पनि यही बाटो अवलम्बन गरेको थियो भने कृषि क्षेत्रको रूपान्तरण प्रक्रियामा अग्र स्थानमा रहेका देशहरूले अवलम्बन गरेका नीतिहरू जस्तै भूमि सुधार तथा संस्थागत विकास; ग्रामीण पूर्वाधार विकास; कृषि अनुसन्धान तथा विकास र प्रसार; कृषि बजार तथा मूल्य हस्तक्षेप र बृहत् अर्थतन्त्रमा कृषि क्षेत्रको एकीकरण गर्ने नीतिहरू तथा कृषि प्रसारका मोडेलहरू अभ्यासमा ल्याएको थियो। यद्यपि, न्यून सार्वजनिक लगानी र संस्थागत समन्वयको अभावका कारण नीतिगत उपकरणहरूको कार्यान्वयन पक्ष फितलो हुँदा विगत ६ दशकभन्दा बढी समयमा कृषि विकासका लागि गरेका प्रयासहरूबाट कृषि क्षेत्रको आधुनिकीकरण तथा रूपान्तरण प्रक्रियाले गति लिन सकेन भने कृषि श्रम तथा भूमिको उत्पादकत्वमा पनि अपेक्षित सुधार भएन।

सन् १९७५ देखि २०२२ सम्मको कृषि क्षेत्रको वृद्धिदर ३.०८ प्रतिशत मात्र रहेको छ। उच्च प्राथमिकताको साथ कार्यान्वयन गरिएको दीर्घकालीन कृषि योजनापूर्वको २० वर्षे अवधि र उक्त योजनाको अवधिको कृषि क्षेत्रको वृद्धिदरमा तात्त्विक अन्तर देखिन्छ। यस योजना अवधिमा कृषि क्षेत्रको वृद्धिदर ३.५ प्रतिशतभन्दा कम रह्यो। यद्यपि, यस योजना कालमा वैदेशिक सहयोगमा सञ्चालन भएका परियोजनाहरू र नेपाल सरकारको स्रोतमा सञ्चालन भएको कृषि प्रसार प्रणालीले व्यावसायिक कृषि विकासका लागि गन्तव्य तय गर्ने आधार तयार गरेको पाइन्छ। पशुपालन तथा

दुग्ध प्रशोधन, कुखुरापालन, चिया तथा तरकारी तथा फलफूल खेती, माछापालनजस्ता उपक्षेत्रहरूमा उत्साहजनक रूपमा व्यावसायीकरणका प्रक्रिया सुरु भएको छ। उन्नत बीउको उत्पादन तथा प्रयोग र पशु नश्लको सुधारमा सकारात्मक कार्य भएको पाइन्छ। दीर्घकालीन कृषि योजना सुरु भएपछि उदारीकरणको नीतिसँगै कृषि विरोधी पूर्वाग्रह (anti-agriculture bias) का कारण उत्पादनका साधनहरूमा (रासायनिक मल, बीउ तथा साना उपकरण) दिएको अनुदान कटौती गर्ने नीति, सशस्त्र द्वन्द्व, अपर्याप्त लगानी र कृषिसँग सम्बद्ध संस्थाहरूसँग प्रभावकारी समन्वय तथा सहकार्यको अभावले अपेक्षित सफलता प्राप्त भएन। कृषि विकास रणनीति कार्यान्वयन भएपछि पनि सङ्घीय संस्थाहरूका साथै संघ, प्रदेश र स्थानीय सरकारहरूको संवैधानिक अधिकार अनुसार स्पष्ट कार्य विभाजन हुन नसक्दा र समन्वयको अवस्था कमजोर हुनुका साथै कृषि क्षेत्रमा अन्योलता तथा दोहोरोपना देखिएको छ।

कृषि गणना २०२१ अनुसार भूस्वामित्वको आधारमा २,२१८.४१ हजार हेक्टर जमिन कृषि क्षेत्रमा उपयोग भएको देखिन्छ र भने करिब ६१ हजार हेक्टर कृषि भूमि बाँझो रहेको पाइयो। विगत ३० वर्षमा एरेबल भूमि (arable land) र कृषि भूमिको क्षेत्रफल क्रमशः २२ र १६ प्रतिशतले ह्रास भएको छ। बाढे महिना सिँचाइ पुग्ने भूमि ३८ प्रतिशत मात्र रहेकाले खेती प्रणाली मौसममा नै निर्भर छ भने बाली सघनतामा पनि अपेक्षित वृद्धि नहुनुले कृषिसम्बद्ध संस्थाहरूको भूमिका गौण रहेको प्रस्ट हुन्छ। सोही अवधिमा खाद्यान्न, कोसेबाली, नगदे तथा तेल बालीले ढाकेको क्षेत्रफल क्रमशः करिब २०, ४१, २९ र ३१ प्रतिशतले ह्रास भएको छ भने तरकारी तथा फलफूल बालीको क्षेत्रफलमा उल्लेखनीय रूपमा वृद्धि भएको पाइन्छ। आलु बाली, फलफूल, तरकारी तथा मसला बालीको खेती गर्ने क्षेत्रमा भएको वृद्धिले कृषकहरू उच्च मूल्य तथा स्थानीय तथा निर्यात बजारमा माग भएको कृषि उपजमा केन्द्रित हुन थालेको तथ्य उजागर गर्दछ।

उन्नत बीउ, मल तथा विषादीको प्रयोग गर्ने कृषकहरूको प्रतिशत करिब १० देखि ४० प्रतिशतको हाराहारीमा रहेको पाइन्छ। कृषि ऋण तथा विमाको उपयोग गर्ने कृषक सङ्ख्या क्रमशः १२ र ४ प्रतिशत र कृषि क्षेत्रमा संलग्न व्यक्तिहरूको वित्तीय साक्षरता करिब ५७ प्रतिशत मात्र हुनु प्राविधिक कमजोरी हो। कृषि उत्पादनमा प्रभाव पार्ने यस्ता उत्पादन सामग्रीहरूको पर्याप्त पहुँच नहुँदा सरकारका रणनीतिक योजनाहरूको उपलब्धि हासिल गर्न नसकिने कुरा सम्बद्ध सरोकारवालाहरूलाई बोध हुनु आवश्यक छ।

खाद्यान्न, तरकारी तथा फलफूल, माछा-मासुको उत्पादनमा वृद्धि भएको देखिए तापनि नेपालको खाद्यान्न परनिर्भरता अनुपात सन् २००२ को १.५ प्रतिशतबाट बढेर २०२० मा १.४ प्रतिशत पुगेको छ। खाद्य आपूर्ति-माग अनुपातको आधारमा ३१ जिल्लाहरू अहिले पनि खाद्य-असुरक्षित र सम्भाव्य खाद्य-असुरक्षित श्रेणीमा परेका छन्। पछिल्लो समय जनसङ्ख्या वृद्धिको तुलनामा खाद्यान्न बालीको उत्पादन बढ्न नसक्दा आयात क्रमिक रूपमा बढेको छ। नेपालले सन् २०२० मा तीन खर्ब भन्दा

बढीको कृषिजन्य वस्तुको आयात गरेको थियो भने २०२१/२२ ने.रु. ८५ अर्बभन्दा बढीको करिब २३ लाख ३४ हजार मे. टन खाद्यान्न भारतबाट आयात भएको थियो । कृषिजन्य वस्तुको आयात युवाहरू वैदेशिक रोजगारीका लागि आप्रवासन भएसँगै उच्च दरमा वृद्धि भएको छ ।

प्रतिव्यक्ति आय र प्रतिश्रमिक कृषि उत्पादनको आधारमा वर्गीकरण गर्दा नेपाल लगायत बङ्गलादेश, र भियतनाम सन् १९८० मा कृषि क्षेत्रलाई गतिशील बनाउने सुरुआती चरणमा (getting agriculture moving) रहेका थिए । तर, सन् २०१० सम्म पनि नेपालको कृषि क्षेत्र सुरुआती चरणमा नै रह्यो भने बङ्गलादेश र कम्बोडिया कृषि अधिशेषको (agricultural surplus) चरणमा र भियतनामको कृषि क्षेत्र अर्थतन्त्रको अन्य उपक्षेत्रहरूमा एकीकरणको (integration) चरणमा पुगेको छ । यसैगरी, जन्मदर, प्रतिव्यक्ति भूमि उपलब्धता, र भूमिको उर्वरताजस्ता संरचनात्मक परिवर्तनका कारकहरूको (drivers of structural change) आधारमा गरिएको वर्गीकरण अनुसार २०१५ कृषि क्षेत्र आर्थिक वृद्धिमा योगदान गर्ने चरणमा रहेको छ । यसले नेपालको कृषि रूपान्तरणको गतिविधिमा रहेको स्पष्ट हुन्छ ।

१०.८.२ सिफारिस

यस आलेखका विभिन्न खण्डहरूमा गरिएका विश्लेषणहरूको आधारमा नेपालको कृषि क्षेत्रको रूपान्तरण प्रक्रियालाई थप गति दिन निम्न सिफारिसहरू गरिएको छ ।

क) भूमिको वैज्ञानिक उपयोग गर्न भूउपयोग नीतिको प्रभावकारी कार्यान्वयन गर्ने

नेपाल सरकारले विगत सात दशकमा कार्यान्वयन गरेका सबै आवधिक योजनाहरूमा भूमि सुधार प्रमुख एजेन्डाको रूपमा उठेकाले भूमिका समस्याहरू पूर्णरूपमा समाधान नभएको प्रस्ट हुन्छ । सरकारले सन् २०१५ मा भूउपयोग नीति जारी गरेको भए तापनि यस नीतिको कार्यान्वयन पक्ष कमजोर देखिएको छ । तसर्थ, भूमिको वैज्ञानिक उपयोग गर्न भूमिसम्बन्धी सबै समस्याहरूको समाधान गर्दै भूमिमा नागरिकको पहुँच तथा हक स्थापित गर्न वर्तमान भूउपयोग नीतिमा समस्या भए त्यसको परिमार्जन गरेर कार्यान्वयन गरिनुपर्छ जसका लागि थप अध्ययन आवश्यक हुन्छ । साथै, लामो समयदेखि थाति रहेको सुकुमबासी समस्या, पारिवारिक विघटन, बढ्दो सहरीकरणका कारण कृषि भूमिको खण्डीकरण र बाँझो रहने, चक्लाबन्दी नहुनेजस्ता समस्याको समाधान गरेर कृषि भूमिको संरक्षण गर्न ढिला गर्नु हुँदैन भने चक्लाबन्दी गर्ने नीतिले स्रोत उपयोगको कुशलता प्राप्त गर्न र भूमिको उत्पादकत्व बढाउन सहयोग गर्छ । यसका लागि निम्न कार्य गर्न नीति निर्माताको ध्यानाकर्षण हुनु अत्यावश्यक छ:

अ) कृषि भूमि संरक्षण गर्न वस्ती विकास योजना अनिवार्य कार्यान्वयन गर्ने

नेपालको पहाडबाट शिक्षा, स्वास्थ्य तथा रोजगारका अवसरका लागि तराई तथा सहरी क्षेत्रमा हुने बसाइँसराइ र बढ्दो सहरीकरणका कारण कृषि भूमिको खण्डीकरण र बाँझो रहने प्रवृत्ति बढ्दो छ । कृषि भूमि घडेरीमा परिणत भएको छ भने अव्यवस्थित तथा छरिएको बसाइले भूमिको उत्पादकत्वमा

समेत असर गरेको छ । यसर्थ, कृषि भूमिको संरक्षण गर्न पालिकास्तरमा आवासीय क्षेत्रको घोषणा, सहजीकरण र सामूहिक बसोबासका योजनाहरू अनिवार्य कार्यान्वयन गर्न आवश्यक छ । यसले सरकारी सेवा सुविधाको प्रवाह तथा विकास खर्च कम गर्नका साथै रोजगार सिर्जनामा समेत मद्दत पुग्छ ।

आ) भूमि बैंक तथा भूमि करार र लीजमा दिन/लिन सकिने गरी नीतिगत व्यवस्था गर्ने

नेपालमा भूमिलाई सुरक्षित, जीवनको अप्ठ्यारो परिस्थितिमा प्रयोग गर्न सकिने र सन्ततिमा हस्तान्तरण गर्न मिल्ने प्रमुख स्थायी सम्पत्तिको रूपमा स्वीकार गरिएको छ । नीतिगत व्यवस्थामा भू-स्वामित्व हरण नहुने व्यवस्था भए तापनि नागरिकहरूमा लामो समय खेती गर्न दिँदा भूस्वामित्वमा समस्या पर्न सक्ने मनोविज्ञानले आफ्नो स्वामित्वको भूमि लामो समय खेती गर्ने किसानलाई करार वा लीजमा दिन चाहेको देखिँदैन । बढ्दो सहरीकरणका कारण कृषि भूमि बाँझो रहने क्रम बढेकाले भूमि बैंक तथा लामो समय भूमि करार वा लीजमा दिन/लिन सकिने गरी नीतिगत व्यवस्था गर्न उपयुक्त हुन्छ । यसले भूमि बाँझो रहने प्रवृत्ति कम गर्नका साथै भूमिको उत्पादकत्व बढाउन, कृषि क्षेत्रमा लगानी वृद्धि गर्न र कृषि क्षेत्रको व्यावसायीकरण गर्न सहयोग गर्दछ ।

ख) संस्थागत समन्वय तथा जबाफदेहीताका लागि नीतिगत व्यवस्था गर्ने

कृषिसम्बद्ध सार्वजनिक संस्थाहरूको संस्थागत क्षमता र न्यून गुणस्तरको सेवा प्रवाहले कृषि क्षेत्रको रूपान्तरण प्रक्रियामा अवरोध गर्नाका साथै सुशासनको अभाव तथा राजनीतिक प्रभावले कतिपय संस्थाहरू जबाफदेहीविहीन पनि बन्न पुगेका छन् । कृषि क्षेत्रबाट सफलता प्राप्त गर्न कृषि सम्बद्ध सबै संस्थाहरू जिम्मेवार बन्न सक्नु पर्छ । संस्थाहरूबिचको समन्वय अभावले सरकारले सञ्चालन गरेका महत्त्वपूर्ण कृषिसम्बद्ध आयोजनाहरूको कार्य सम्पादनमा असर गरेको पाइन्छ । यस्तो अवस्था कृषि विकाससँग प्रत्यक्ष सरोकार राख्ने मन्त्रालयहरू र सम्बन्धित मन्त्रालय अन्तर्गतका निकायहरू, कृषि अनुसन्धान परिषद्, कृषि सामग्री कम्पनी लगायत वन तथा वातावरण मन्त्रालय र उद्योग वाणिज्य तथा आपूर्ति मन्त्रालय र कृषि विश्वविद्यालयहरू आदिसँग समेत सम्बन्धित छ । साथै, संवैधानिक व्यवस्था अनुरूप संघ, प्रदेश र स्थानीय तहको साझा अधिकारको बाँडफाँट नहुँदा योजना कार्यान्वयनमा दोहोरोपना हुनुका साथै समन्वयमा समेत कठिनाइ हुने गरेको छ । तसर्थ, संस्थागत समन्वय तथा जबाफदेहीता बढाउन नीतिगत व्यवस्था गर्न उपयुक्त हुन्छ । यस किसिमको नीतिगत व्यवस्थामा सरकारले प्राथमिकता दिएको क्षेत्रमा संयुक्त योजना तर्जुमा तथा बजेट विनियोजन (joint programme planning and budgeting) र समन्वय प्रभाव (synergy effect) हुने गरी कार्य गर्न अनिवार्य गरिनु पर्दछ । संस्थागत जिम्मेवारी पूरा नगर्ने संस्था तथा प्रमुखलाई कार्यवाही गर्ने व्यवस्था समेत नगर्ने हो भने समन्वयमा काम नहुने कार्य हाम्रो अनुभवले देखाएको छ ।

ग) नीतिगत तादात्म्य र नीति कार्यान्वयनमा संस्थागत समन्वय गर्नुपर्ने

कृषि क्षेत्रको रूपान्तरण कार्य कुनै एक अमुक मन्त्रालय वा निकायको एकल विषय मात्र होइन । यो देशको खाद्य सुरक्षा, गरिबीको अन्त्य, आर्थिक विकास र समृद्धिसँग सम्बन्धित विषय हो । कृषि क्षेत्रको रूपान्तरण प्रक्रिया गतिशील बनाउन कृषि तथा गैरकृषि क्षेत्र दुवैको भूमिका महत्त्वपूर्ण हुने भएकाले दुवै क्षेत्रका नीतिहरू एक अर्कोप्रति सहयोगी हुन जरुरी हुन्छ । कृषि क्षेत्रको वृद्धिबाट प्राप्त हुने अधिशेष र स्थानान्तरण हुने कृषि श्रमको उपयोग गर्ने औद्योगिक नीतिले कृषि विकासमा टेवा दिन्छ । कृषि क्षेत्रका नीतिहरू र सिँचाइ तथा पूर्वाधार (जस्तै सडक, उर्जा, सञ्चार) विकास, बृहत् आर्थिक तथा मौद्रिक नीति, मूल्य तथा व्यापार नीति, वाणिज्य सम्झौताहरू, कर तथा भन्सारसम्बन्धी व्यवस्थाहरू, वैदेशिक लगानी तथा प्रविधि हस्तान्तरण नीति आदिमा नीतिगत तादात्म्य भएमा समग्र कृषि उत्पादन प्रणाली प्रोत्साहित हुन्छ । तसर्थ, नीतिगत तादात्म्य र नीति कार्यान्वयनमा संस्थागत समन्वय अपरिहार्य हुन्छ ।

घ) कृषि क्षेत्रको संरचनात्मक सुधार गर्न सार्वजनिक लगानी वृद्धि गर्नुपर्ने

नेपालको कृषि क्षेत्रमा पर्याप्त लगानी नभएकाले कृषि रूपान्तरणका अवरोधहरू कायमै रहेका छन् । एसियाका धेरै देशहरूले पूर्वाधार विकास, अनुसन्धान तथा नवप्रवर्तनका साथै आत्मनिर्भर बन्न सार्वजनिक लगानी धान बाली तथा कृषिको विविधीकरण, कृषि व्यवसाय प्रवर्धन, तथा मूल्य अभिवृद्धिका सम्बद्ध कृषि उद्योगमा प्राथमिकता दिने र कृषि क्षेत्रको श्रम गैरकृषि क्षेत्रमा स्थानान्तरण गर्ने नीतिले कृषि क्षेत्रको संरचनात्मक परिवर्तन, उत्पादन प्रणालीको रूपान्तरण र गरिबी निवारणमा महत्त्वपूर्ण भूमिका खेलेको पाइन्छ । कृषि क्षेत्रको संरचनात्मक परिवर्तन परम्परागत उत्पादन प्रणालीको रूपान्तरण, कृषि व्यवसाय प्रवर्धन र उद्योगको विकाससँग सम्बन्धित रहेकाले आवधिक योजना तथा दिगो विकासका लक्ष्य हासिल गर्न कृषि क्षेत्रको व्यावसायीकरण र विविधीकरण मार्फत उत्पादकत्व वृद्धि र गैरकृषि क्षेत्रको औद्योगीकरणबाट रोजगारका अवसरहरू सिर्जना गरेर कृषि क्षेत्रको श्रम बाहिर आउने वातावरण तयार गर्न राज्यले ठोस कदम ल्याउन जरुरी हुन्छ । नेपालले कृषि क्षेत्रको संरचनात्मक परिवर्तन र उत्पादन प्रणालीको रूपान्तरण गर्न सार्वजनिक लगानी मुख्यगरी निम्न उपक्षेत्रहरूमा वृद्धि गर्न आवश्यक छ ।

(अ) कृषि पूर्वाधार विकास: सिँचाइ लगायत ग्रामीण पूर्वाधारहरूको (सडक, गोदाम, कृषि बजार संरचना आदि) विकासमा गरिएको सार्वजनिक लगानीले निजी क्षेत्रको लगानी प्रेरित गर्नका साथै गाउँ र सहरको बजार सम्बन्ध विकासबाट कृषि व्यवसायको प्रवर्धन र मूल्य शृङ्खला विकासमा टेवा पुग्ने हुँदा कृषि उत्पादन प्रणाली प्रेरित हुन्छ । अपर्याप्त पूर्वाधार नेपालको कृषि रूपान्तरणका अवरोधकहरू भएकाले पूर्वाधार विकासमा लगानी बढाउन आवश्यक छ । स्रोतहरू योजनाले पनि कृषि क्षेत्रको उत्पादन तथा उत्पादकत्व अभिवृद्धिका लागि कृषि पूर्वाधारहरू सडक, सिँचाइ, ऊर्जा लगायत सङ्कलन तथा चिस्यान केन्द्र, गोदाम, यातायात सेवा र

प्रशोधनजस्ता विषयहरूमा जोड दिएको सन्दर्भमा कृषि पूर्वाधार विकासमा सार्वजनिक लगानी बढाउन जरुरी छ ।

(आ) **कृषि अनुसन्धान, नवप्रवर्तन, र कृषि शिक्षा तथा जनशक्ति विकास:** नेपालका कृषि वैज्ञानिकहरूले बौद्धिक सम्पत्तिमाथिको अधिकार स्थापित हुने गरी उल्लेख्य पेटेन्टिड दर्ता गरेको पाईदैँन भने कृषकको माग अनुसार उत्पादकत्व बढी भएका, रोगकीरा निरोधक वालीका जातहरू, हाइब्रिड बीउ तथा उच्च उत्पादकत्व भएका पशु नश्ल, प्रविधि र यन्त्रको नवप्रवर्तन तथा विकास समयसापेक्ष हुन नसक्दा कृषि रूपान्तरणको गति प्रायः स्थिर रहेको छ । यसले नेपालको कृषि अनुसन्धान तथा शिक्षाको धरातल तथा क्षमता कमजोर भएको तथ्य उजागर हुन्छ । कृषि अनुसन्धान तथा शिक्षामा पर्याप्त लगानी हुन नसक्दा पर्यावरणीय अवस्था अनुसार कृषि अनुसन्धान, प्रविधिको विकास तथा नवप्रवर्तन हुन सकेको छैन । विश्वविद्यालयहरूको स्नातकोत्तर तथा विद्यावारिधि तहको अध्ययन कृषकहरूको समस्या समाधान र कृषि क्षेत्रको रूपान्तरणका लागि आवश्यक प्रविधि विकास तथा नवप्रवर्तनसम्बन्धी अनुसन्धान र उद्यमशिलताको विकासमा आधारित हुन जरुरी हुन्छ । यसका लागि स्नातकोत्तर तहको दुई वर्षको अध्ययन अवधिमध्ये एक वर्ष विश्वविद्यालयमा र बाँकी एक वर्ष विभिन्न भौगोलिक क्षेत्रमा आधारित स्थलगत अनुसन्धानमा केन्द्रित गर्न सकिन्छ । कृषि विश्वविद्यालयहरूले उत्पादन गर्ने जनशक्तिले नै देशको कृषि प्रसार प्रणाली तथा कृषि क्षेत्रका परियोजनाहरू सञ्चालनको नेतृत्व गर्ने हुँदा व्यवहारिक ज्ञानसहितको जनशक्ति उत्पादनमा सरकारले विश्वविद्यालयहरूसँग सहकार्य गरेर अनुसन्धानमा लगानी बढाउन नितान्त आवश्यक छ ।

(इ) **स्वदेशमै रासायनिक मलको उत्पादन:** नेपालले हरेक वर्ष अन्तर्राष्ट्रिय बजारबाट ठुलो रकम खर्च गरेर रासायनिक मल खरिद गर्ने हुँदा मलको पर्याप्त आपूर्ति हुन सकेको छैन । नेपालमा रासायनिक मलको खपत (प्रतिहेक्टर १०० केजी) भारत, बङ्गलादेश, पाकिस्तान र श्रीलङ्काको तुलनामा २-३ गुणा कम छ । पर्याप्त मल आपूर्ति हुन नसक्दा कृषि क्षेत्रको उत्पादकत्व वृद्धि हुन सकेको छैन भने मलको सन्तुलित प्रयोगमा समेत प्रभाव परेकाले माटोको उर्वराशक्तिमा समेत असर गरेको छ । नेपालमा वर्षाको समयमा उत्पादन हुने अधिक विद्युत्को उपयोग गरेर निजी क्षेत्र वा वैदेशिक लगानीकर्ताको साभेदारीमा रासायनिक मलको उत्पादन र यसको सहज आपूर्ति गर्ने र सिँचाइ पुगेको क्षेत्रमा अभियानको रूपमा सघन कृषि कार्यक्रम चलाउने हो भने प्रतिवर्ष करिब १ खर्ब^{१४} भन्दा बढीको खाद्यान्न, आलु तथा तरकारीको आयात सजिलै कम गर्न सकिन्छ ।

१४. नेपालमा २०२१/२२ मा भारतबाट करिब १३२ अर्बको कृषिजन्य वस्तु आयात भएकोमा खाद्यान्न मात्र ने. रु. ८५.२५ अर्ब, आलु ८.३४ अर्ब र तरकारी तथा फलफूल करिब छ अर्ब बाँकी अन्य कृषिजन्य वस्तु आयात भएको थियो ।

ड) कृषि प्रसार सेवाको क्षमता विकास र कृषि उत्पादन प्रणालीको व्यवस्थापन

आवधिक योजना तथा कृषिसम्बन्धी विभिन्न योजना, रणनीति र नीतिहरूले प्रस्ट मार्गदर्शन गरेको भए तापनि सालबसाली रूपमा योजना तथा बजेटको कार्यान्वयन गर्दा उपभोक्ताको रुचि तथा आयमा आएको परिवर्तन, बजारको माग, र आयात तथा निर्यात व्यापारको प्रवृत्ति अनुसार सघन उत्पादन योजना, अनुसन्धान तथा नवप्रवर्तन र कृषि प्रसार सेवाको गुणस्तर तथा नयाँ प्रविधिको पहुँचमा कृषि प्रसार सेवा प्रभावकारी बन्न सकेको छैन । विश्वविद्यालयबाट उत्पादित जनशक्तिको प्रविधि प्रसार दक्षता र गुणस्तरमा समेत प्रश्न उठ्नका साथै उद्यमशीलता तथा व्यवस्थापकीय सीप विकास हुन नसकेको तथ्य सरकारी फर्महरूको दुर्दशा तथा नाफामूलक प्रविधि प्याकेजको विकास हुन नसकेको सन्दर्भले प्रस्ट दर्साउँछ । कृषि प्रविधि प्रसारबाट कृषि प्रविधिको प्रयोग र कृषकको क्षमता अभिवृद्धि भई कृषि क्षेत्रको रूपान्तरण तथा उत्पादकत्व वृद्धिमा महत्त्वपूर्ण योगदान हुने गर्दछ । यसैले, कृषि प्रसार सेवाको जनशक्ति तथा संस्थागत क्षमता विकास गर्दै जबाफदेहीता प्रवर्धन गर्न नसक्ने हो भने स्रोत भए तापनि कृषि क्षेत्रको रूपान्तरण र खाद्य सुरक्षाको प्रत्याभूति गर्न कठिन हुन्छ । कृषि रूपान्तरणको गति अगाडि बढाउन कृषि कार्यक्रम सञ्चालन गर्ने हालको ढाँचामा परिवर्तन गर्न आवश्यक भएकाले निम्न पक्षमा प्राथमिकता दिन सिफारिस गरिन्छ ।

अ. खाद्य सुरक्षा जालो (food security safety net) सम्बन्धी कार्यक्रमहरू: कृषिमा आश्रित साना कृषकहरूको प्रतिपरिवार औसत चलनको भूमि ०.५५ हेक्टर मात्र रहेको र उक्त भूमि पनि स-साना टुकामा विभाजित भएकाले यस किसिमको भूमिबाट उनीहरूको परिवारको आवश्यकतालाई धान्ने उत्पादन हुँदैन । चक्लाबन्दी, भूमि करार तथा भूमि लीजसम्बन्धी व्यवस्था नभएसम्म जमिनको कुशल प्रयोग गरेर कृषि क्षेत्रलाई व्यावसायिक बनाउने सम्भावना समेत न्यून हुन्छ । तसर्थ, खाद्य असुरक्षित तथा दुर्गम क्षेत्रमा अल्पकालिक रूपमा खाद्य सुरक्षा सुनिश्चित गर्न खाद्य सुरक्षा जालो (food security safety net) सम्बन्धी कार्यहरू स्थानीय तहबाट सञ्चालन गर्नु वाञ्छनीय हुन्छ । यसका लागि बजारमा माग हुने तथा स्थानीय तहमा सजिलै खेती गर्न सकिने बालीका साथै रैथाने जातका बालीहरूको प्रवर्धन गर्न सकिन्छ ।

आ. उच्च प्रविधिमा आधारित (advanced agriculture technology-based) व्यावसायिक कृषि कार्यक्रम: नेपालको कृषि क्षेत्रमा प्रविधि प्रयोगको स्तर तथा यन्त्रीकरण अन्य मुलुकहरूको भन्दा न्यून रहेकाले कृषि क्षेत्रमा युवाहरूको आकर्षण हुन सकेको छैन भने बाली तथा पशुपालन क्षेत्रको उत्पादकत्व पनि न्यून रहेको सन्दर्भमा सहरी तथा अर्धसहरी क्षेत्रमा उच्च प्रविधिमा आधारित (advanced agriculture technology-based) कृषि प्रणालीको विकासमा प्राथमिकता दिन सिफारिस गरिन्छ । उच्च प्रविधिमा आधारित कृषि प्रणालीहरू जस्तै हरित गृह, एग्री टेक्नो पार्क, प्रिसीजन कृषि तथा स्वचालित प्रविधिमा आधारित उच्च उत्पादकत्व हुने कृषि प्रविधिको प्रयोगको प्रवर्धन सहरी तथा अर्धसहरी (urban and semi-urban agriculture) क्षेत्रमा गर्न र सम्भाव्यताको आधारमा मेघा फुड पार्क आदिको व्यवस्थापन गर्न उपयुक्त हुन्छ ।

सहरी तथा अर्धसहरी क्षेत्रमा यस किसिमका कार्यक्रमहरू सञ्चालन गर्दा भारत तथा अन्य देशहरूबाट आयात भइरहेका र स्थानीय बजार मागमा आधारित कृषि वस्तुहरूको उत्पादन र प्रशोधित कृषि उपजको आपूर्तिलाई केन्द्रमा राखेर आयात घटाउने उद्देश्यका साथ सहरहरू तथा ठुला वस्तिको आसपासका क्षेत्रमा (urban and large settlement peripheral area) प्रवर्धन गर्ने ।

इ. उन्नत बीउ, पशु नश्ल, कृषि यन्त्रीकरण र कर्जाको सुनिश्चितता: भौगोलिक क्षेत्र तथा माटोको किसिम अनुसार यन्त्रहरूको विकास तथा अनुसन्धान र पर्याप्त यन्त्रीकरण हुन नसक्दा श्रम-प्रधान कृषि प्रणालीमा लागत बढी लाग्ने गरेकाले व्यावसायिक तथा प्रतिस्पर्धी बन्न सकेको छैन । गुणस्तरीय उन्नत बीउ, बिरुवा, पशु नश्ल आदिको पर्याप्त आपूर्ति र पहुँच नभएकाले धेरै कृषकहरूले स्थानीय बीउ तथा पशु नश्ल प्रयोग गरेको तथ्य राष्ट्रिय कृषि गणनाको तथ्याङ्कले देखाएको सन्दर्भमा यस्ता उत्पादनका साधनहरूको विकास तथा सुनिश्चित आपूर्ति र पहुँच वृद्धि गर्न राज्यले विशेष पहल गर्न आवश्यक छ ।

ई. जलवायु अनुकूलन तथा उत्थानशील खेती प्रविधिको विकास: कृषि क्षेत्रको उत्पादन तथा उत्पादकत्व वृद्धिमा जलवायु परिवर्तनको प्रभावहरू स्पष्ट देखिएका छन् । जलवायु परिवर्तनले खेती पद्धति तथा बाली चक्रमा समेत प्रभाव पार्ने भएकाले कृषि भूमिको प्रयोगमा परिवर्तन आउनुका साथै खाद्य आपूर्तिमा तथा पहुँचमा समेत असर पर्ने भएकाले बसाइँसराइ लगायत अन्य मानवीय समस्याहरू देखापर्न सक्छन् । नेपाल वातावरणीय दृष्टिकोणले संवेदनशील तथा जोखिमयुक्त क्षेत्रमा पर्ने हुँदा खाद्य सुरक्षाको प्रत्याभूति तथा स्थायित्व र जलवायु परिवर्तनले ल्याउन सक्ने विपत्तिहरू कम गर्न जलवायु अनुकूलन बालीका जातहरू तथा पशु नश्लको अनुसन्धान तथा विकास र जलवायु उत्थानशील खेतीको प्रविधिको विकासमा राज्यले लगानी गर्न आवश्यक छ ।

च) मूल्य शृङ्खला व्यवस्थापन, कृषि क्षेत्रको मूल्य नियमन र विमासम्बन्धी नीतिको प्रभावकारी कार्यान्वयन गर्ने

नेपालमा कृषि बजारसँग सम्बन्धित भौतिक पूर्वाधारहरूको अभावका कारण कृषि वस्तुहरूको आपूर्ति शृङ्खला लामो र खण्डीकृत हुनुका साथै कृषि बजार मूल्य शृङ्खलाका शीर्ष (upstream), मध्य (midstream) र अन्तिम (downstream) तहहरूको बिचमा समन्वय र सञ्जाल विस्तार हुन सकेको छैन । कृषि अधिपेशको नियमित तथा पर्याप्त आपूर्तिको साथै उत्पादन, प्रशोधन र उपजको बजार व्यवस्थापन तथा वितरण प्रणालीमा अवरोधहरू सिर्जना भई कृषि उपजले उचित मूल्य प्राप्त गर्न नसकेकाले कृषि क्षेत्रको व्यावसायीकरण उत्प्रेरित भएको छैन । यसैले, मूल्य शृङ्खला विकासमा पूर्वाधार लगायत खाद्य उत्पादन तथा प्रशोधन प्रणालीका सबै चरणहरूमा गुणस्तर नियन्त्रण र मूल्य नियमन गर्न निम्न पक्षमा ध्यान दिन बाञ्छनीय हुन्छ ।

- अ. कृषि मूल्य नीति अन्तर्गत सरकारले खाद्यान्न खासगरी धान, गहुँ, उखु, कफी, जस्ता सीमित कृषि उपजको न्यूनतम समर्थन मूल्य घोषणा गरे तापनि यस नीतिहरूले केवल मापदण्ड मूल्यका रूपमा मात्र काम गरेकाले बजारमा तोकिएको मूल्य कृषकले प्राप्त गर्न नसक्ने अवस्थामा सरकारले अनिवार्य खरीद गर्ने नीतिगत व्यवस्था गर्ने ।
- आ. कृषि क्षेत्रको व्यावसायीकरण, यन्त्रीकरण तथा प्रविधि प्रसार, बजार मूल्य नियमन, मूल्य अभिवृद्धिका लागि प्रशोधन उद्योग स्थापना तथा संरक्षण र प्रतिस्पर्धी क्षमता वृद्धि, निर्यात प्रवर्धन र कृषि विमा र जोखिम व्यवस्थापन तथा कृषि कर्जाको ब्याजमा अनुदान आदिमा सार्वजनिक लगानी महत्वपूर्ण हुने भएकाले कृषि विरोधी पूर्वाग्रह (anti-agriculture bias) सम्बन्धी नीतिहरूको अन्त्य गर्न र कृषि क्षेत्र मार्फत आर्थिक विविधीकरणका लागि बृहत् आर्थिक नीतिहरूले कृषि क्षेत्रलाई प्राथमिकता दिनु आवश्यक छ ।
- इ. कृषकहरूलाई गुणस्तरीय पहिलो सेवा (first hand services) प्राप्त गर्ने अवस्था र कृषि उत्पादन सामग्रीको आपूर्तिमा सहज हुने वातावरण तयार गर्न निजी कृषि सेवा प्रदायकहरूको (एगोभेट/पाराभेट) क्षमता विकास र व्यवसाय प्रवर्धन गर्ने ।
- ई. प्रशोधित कृषि उपजको आन्तरिक मागका साथै निर्यात प्रवर्धन गर्न निजी क्षेत्रको सहकार्यमा भौगोलिक विशिष्टता अनुसार विशेष वाली तथा वस्तुको उत्पादन अभियान सञ्चालन गर्ने र उल्लिखित स्थानमा नै प्रशोधन उद्योगको स्थापना गरेर र कृषि व्यवसाय तथा उत्पादन प्रणालीको रूपान्तरण गर्ने ।
- उ. नेतृत्वदायी कम्पनीको ढाँचा अनुसार विशेष वाली तथा वस्तुको उत्पादन अभियान सञ्चालन गर्ने: नेपालमा चिया, दुग्ध सङ्कलन तथा प्रशोधन, कुखुरापालन, धान प्रशोधन आदि क्षेत्रमा निजी कम्पनी तथा सहकारीहरूको नेतृत्वमा कृषि उत्पादन र प्रशोधन गरेको अनुभव छ । यसले कृषि क्षेत्रको व्यावसायीकरण गर्न तथा साना कृषकहरू मूल्य शृङ्खलामा जोड्न सहयोग गरेको छ । नेतृत्वदायी कम्पनीले विविध भौगोलिक क्षेत्रका कृषकहरूलाई एकीकृत गरेर उच्च प्रविधिको उपयोगबाट व्यावसायीकरण गर्नुका साथै साना कृषकहरूलाई मूल्य शृङ्खलामा जोड्न मद्दत गर्दछ ।^{१५} यस सन्दर्भमा सरकारले करार तथा लीज खेती र सहकारीहरूलाई कम्पनी खोल्न सक्ने गरि कानुनी व्यवस्था गर्न उपयुक्त हुन्छ ।
- ऊ. निजी तथा वैदेशिक लगानीको प्रवर्धन: तुलनात्मक लाभ भएका र आयात प्रतिस्थापन गर्न सकिने कृषि वस्तुको निश्चित मूल्य शृङ्खलाको प्रवर्धन, वर्णशङ्कर बीउ तथा पशु नश्लको विकास, हरितगृह, जडीबुटी प्रशोधनजस्ता प्रविधि विकास तथा उत्पादनको क्षेत्रमा निजी तथा वैदेशिक लगानी प्रवर्धन गर्नु अत्यन्त आवश्यक देखिएको छ ।
- ऋ. डिजिटल प्रविधिको उपयोग: कृषि क्षेत्रमा डिजिटल प्रविधिको उपयोगले नेपालको कृषि क्षेत्रलाई आधुनिक र प्रतिस्पर्धी बनाउन योगदान दिन सक्छ । डिजिटल प्रविधिले मौसमसम्बन्धी सूचनाहरू

१५. भारतको जेटाफार्म (Zetta Farm) । <https://www.zettafarms.com/>

समयमै प्रदान गर्न र ई-मार्केटिङको माध्यमबाट किसानहरूको उत्पादनहरू बजारमा सरल र सहज रूपमा बिक्री गर्न; precision agriculture मार्फत माटोको परीक्षण, सिँचाई र मल व्यवस्थापन गर्न; तथा कृषकहरूलाई ई-शिक्षा तथा तालिमको माध्यमबाट आधुनिक कृषि प्रविधिहरूको प्रसारण गर्न सकिने भएकाले कृषि क्षेत्रको उत्पादन वृद्धि, बजार व्यवस्थापन तथा जोखिम न्यूनिकरण गर्न डिजिटल प्रविधिको उपयोग गर्न आवश्यक छ।

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अनुसूचीहरू

अनुसूची १: प्रतिव्यक्ति प्रतिदिन आवश्यक क्यालोरी

वर्ग	उमेर समूह	क्यालोरी आवश्यकता (प्रतिव्यक्ति प्रतिदिन)	जनसङ्ख्या	जनसङ्ख्या अनुपात	क्यालोरी भार
बालबालिका	१ वर्षमुनि	८२०	४,११,१५९	०.०१४	११.५६
	१-३ वर्ष	१,३६०	१४,९२,६१९	०.०५१	६९.६०४
	४-६ वर्ष	१,८३०	१६,६६,६१५	०.०५७	१०४.५८
	७-९ वर्ष	२,१९०	१६,३५,३१७	०.०५६	१२२.८
किशोर	१०-१२ वर्ष	२,६००	९,१५,२१५	०.०३१	८१.५९१
	१३-१५ वर्ष	२,९००	८,८६,४८९	०.०३	८८.१४९
	१६-१९ वर्ष	३,०७०	११,८८,७७३	०.०४१	१२५.१४
किशोरी	१०-१२ वर्ष	२,३५०	८,४५,३९०	०.०२९	६८.११९
	१३-१५ वर्ष	२,४९०	८,६९,८९९	०.०३	७४.२७
	१६-१९ वर्ष	२,३१०	११,७०,५०३	०.०४	९२.७१
वयस्क पुरुष	२० वर्षमाथि	३,०००	८५,२९,१४४	०.२९२	८७७.३५
वयस्क महिला	२० वर्षमाथि	२,२००	९५,५३,४५५	०.३२८	७२०.६६
कुल			२,९१,६४,५७८	१	२,४३७
खाद्यान्वाट हुने क्यालोरी आपूर्ति (८७.६ प्रतिशत)					२,१३४

अनुसूची २: क्यालोरी आपूर्ति अनुपातका लागि प्रयोग गरिएको तथ्याङ्क तथा सूत्र

बाली	बाली लगाइएको क्षेत्रफलमा आवश्यक पर्ने बीउको परिमाण (के.जी प्रतिहेक्टर) [क]	उत्पादनपश्चात् (प्रशोधनपूर्व) हुने क्षति तथा अन्य प्रयोजनमा हुने प्रयोग प्रतिशत [ख]	निचोड दर (उत्पादित वस्तुबाट निस्कने खाद्य पदार्थको प्रतिशत) [ग]	प्रशोधनपश्चात् हुने क्षति प्रतिशत [घ]	प्रति १०० ग्राम खाद्यान्नमा प्राप्त हुने क्यालोरीको मात्रा [ङ]
धान	५०	१२	६१.७५-७०	१	३४५

बाली	बाली लगाइएको क्षेत्रफलमा आवश्यक पर्ने बीउको परिमाण (के.जी प्रतिहेक्टर) [क]	उत्पादनपश्चात् (प्रशोधनपूर्व) हुने क्षति तथा अन्य प्रयोजनमा हुने प्रयोग प्रतिशत [ख]	निचोड दर (उत्पादित वस्तुबाट निस्कने खाद्य पदार्थको प्रतिशत) [ग]	प्रशोधनपश्चात् हुने क्षति प्रतिशत [घ]	प्रति १०० ग्राम खाद्यान्नमा प्राप्त हुने क्यालोरीको मात्रा [ङ]
मकै	२५	३५-६०	९७	१	३४२
गहुँ	११०	२०	९७	१	३४६
कोदो	१०	५०	९६	१	३३६
जौ	१००	५०-६०	५०	-	३०९
आलु	२०००	३०	१००	-	९७
मानौं, बाली लगाइएको क्षेत्रफल = [च]					
बालीको उत्पादन परिमाण = [छ]					
क्यालोरी आपूर्ति = $[\{छ - (च \times क)\} \times (१०० - ख)\% \times ग] \times (१०० - घ)\% \times ङ$					
मानौं, जनसङ्ख्या = स					
प्रतिव्यक्ति प्रतिदिन क्यालोरी आवश्यकता = य					
क्यालोरी आवश्यकता = स x य x ३६५					

स्रोत: DOA/ABPMDD (2005). Agricultural Marketing Information Bulletin (Special Issue -2005). Hariharbhawan, Lalitpur, His Majesty's Government of Nepal, Department of Agriculture (DOA), Agri-Business Promotion and Marketing Development Directorate.

अनुसूची ३: खाद्य आपूर्ति माग अनुपात १ भन्दा कम हुने जिल्लाको प्रदेशगत तथा भौगोलिक तहगत विवरण

विवरण	जम्मा जिल्ला सङ्ख्या	२००१	२००६	२०११	२०१६	जम्मा जिल्ला सङ्ख्या	२०२१
प्रदेशगत विवरण							
कोशी	१४	७	५	५	४	१४	२
मधेश	८	४	६	५	५	८	३
वागमती	१३	११	११	८	७	१३	७
गण्डकी	११	१०	५	२	५	११	३

विवरण	जम्मा जिल्ला सङ्ख्या	२००१	२००६	२०११	२०१६	जम्मा जिल्ला सङ्ख्या	२०२१
लुम्बिनी	११	८	९	७	७	१२	६
कर्णाली	९	९	९	८	८	१०	७
सुदूरपश्चिम	९	८	८	८	६	९	३
भौगोलिक तहगत विवरण							
हिमाली जिल्ला	२१	२०	१५	११	१३	२१	९
पहाडी जिल्ला	२२	२१	१८	१५	१३	२८	८
भित्री मधेश	२३	५	६	५	५	७	६
तराई	२४	८	११	९	८	१८	५
काठमाडौँ उपत्यका	२५	३	३	३	३	३	३
जम्मा	७५	५७	५३	४३	४२	७७	३१

अनुसूची ४. खाद्य आपूर्ति माग अनुपातको जिल्लागत विवरण

जिल्ला	प्रदेश	२००१	२०११	२०२१
अछाम	सुदूरपश्चिम प्रदेश	०.४२३	०.६३३	०.९५६
अर्घाखाँची	लुम्बिनी प्रदेश	०.७०१	०.८४८	१.२८०
बागलुङ	गण्डकी प्रदेश	०.७५५	१.०३४	१.०६२
बैतडी	सुदूरपश्चिम प्रदेश	०.३६१	०.६१६	१.०००
बझाङ	सुदूरपश्चिम प्रदेश	०.४६५	०.४६३	१.०००
बाजुरा	सुदूरपश्चिम प्रदेश	०.४२०	०.४५०	१.०००
बाँके	लुम्बिनी प्रदेश	०.६१२	०.९६२	१.०१३
बारा	मधेश प्रदेश	१.३७९	१.२६९	१.३६५
बर्दिया	लुम्बिनी प्रदेश	१.१२७	१.४१८	१.६०८
भक्तपुर	वाग्मती प्रदेश	०.५६७	०.३९८	०.३००
भोजपुर	कोशी प्रदेश	१.२५५	१.४०६	२.००६
चितवन	वाग्मती प्रदेश	०.९५३	०.८७९	०.७८०

जिल्ला	प्रदेश	२००१	२०११	२०२१
डडेल्धुरा	सुदूरपश्चिम प्रदेश	०.७३१	०.६४७	१.१८८
दैलेख	कर्णाली प्रदेश	०.५६७	०.८२१	१.१९४
दाङ	लुम्बिनी प्रदेश	१.०३१	०.९५३	०.९४४
दार्चुला	सुदूरपश्चिम प्रदेश	०.५४२	०.६४१	०.७०२
धादिङ	बागमती प्रदेश	०.७८४	०.७७२	०.९७४
धनकुटा	कोशी प्रदेश	१.०१२	१.२४४	१.३३१
धनुषा	मधेश प्रदेश	०.७५४	१.००३	१.०८९
दोलखा	बागमती प्रदेश	०.४५२	०.४८४	०.७७२
डोल्पा	कर्णाली प्रदेश	०.४०१	०.८९०	०.७०५
डोटी	सुदूरपश्चिम प्रदेश	०.५४१	०.७६२	०.९९१
गोरखा	गण्डकी प्रदेश	०.९३२	१.०६९	१.२२१
गुल्मी	लुम्बिनी प्रदेश	०.५९२	०.८११	१.०६७
हुम्ला	कर्णाली प्रदेश	०.२८०	०.२६२	०.४२३
इलाम	कोशी प्रदेश	०.८९६	१.४३४	१.६४३
जाजरकोट	कर्णाली प्रदेश	०.७४२	०.७११	१.०१५
भापा	कोशी प्रदेश	१.३१०	१.१९३	१.५७५
जुम्ला	कर्णाली प्रदेश	०.६५८	०.६३२	०.७३८
कैलाली	सुदूरपश्चिम प्रदेश	०.७९३	०.९९९	१.१०३
कालिकोट	कर्णाली प्रदेश	०.४१७	०.५९२	०.५२५
कञ्चनपुर	सुदूरपश्चिम प्रदेश	१.१५३	१.२८२	१.४२२
कपिलवस्तु	लुम्बिनी प्रदेश	०.८४३	१.५३०	१.३५४
कास्की	गण्डकी प्रदेश	०.७५२	०.७७७	०.५६९
काठमाडौँ	बागमती प्रदेश	०.२१३	०.१३४	०.१०३
काभ्रेपलाञ्चोक	बागमती प्रदेश	१.०६७	१.११५	१.३९५
खोटाङ	कोशी प्रदेश	०.९६५	१.६४२	२.१०१
ललितपुर	बागमती प्रदेश	०.४५१	०.३५४	०.३००
लमजुङ	गण्डकी प्रदेश	०.९६३	१.३६२	१.६४६

जिल्ला	प्रदेश	२००१	२०११	२०२१
महोत्तरी	मधेश प्रदेश	०.६६२	०.५८५	१.७०१
मकवानपुर	बागमती प्रदेश	०.६१२	०.६६०	०.८३१
मनाङ	गण्डकी प्रदेश	०.८४४	१.५६८	२.४९१
मोरङ	कोशी प्रदेश	१.१२७	०.९७७	१.१०५
मुगु	कर्णाली प्रदेश	०.४६३	०.७५३	०.५१३
मुस्ताङ	गण्डकी प्रदेश	०.६९८	०.६१६	०.३७९
म्याग्दी	गण्डकी प्रदेश	०.७९९	१.२८८	१.२०३
नवलपुर	लुम्बिनी प्रदेश	०.९०३	१.०४२	६.८९४
परासी				०.८००
नुवाकोट	बागमती प्रदेश	१.०३६	१.२८७	१.५७४
ओखलढुङ्गा	कोशी प्रदेश	०.८३३	०.९८४	१.२०२
पाल्पा	लुम्बिनी प्रदेश	०.७२१	०.८४१	०.९५१
पाँचथर	कोशी प्रदेश	०.८०६	०.९६७	१.१६७
पर्वत	गण्डकी प्रदेश	०.९६७	१.२१५	१.५४३
पर्सा	मधेश प्रदेश	१.२१९	१.११४	१.४४६
प्युठान	लुम्बिनी प्रदेश	०.६४५	०.७२६	०.९३४
रामेछाप	बागमती प्रदेश	०.८००	१.०४५	१.४२१
रसुवा	बागमती प्रदेश	०.८५९	१.१९७	१.३११
रौतहट	मधेश प्रदेश	०.७७५	०.६६३	०.७१२
रोल्पा	लुम्बिनी प्रदेश	०.५८१	०.६५३	०.८३४
रुकुम (पूर्व)	लुम्बिनी प्रदेश	०.८८०	१.१२०	२.१४३
रुकुम (पश्चिम)	कर्णाली प्रदेश			०.८६८
रूपन्देही	लुम्बिनी प्रदेश	१.०४६	१.२०७	०.९३७
सल्यान	कर्णाली प्रदेश	०.९६८	०.८८४	१.३८९
सङ्खुवासभा	कोशी प्रदेश	०.९६६	१.२१४	१.२४३
सप्तरी	मधेश प्रदेश	१.०२१	०.८१०	१.०३३
सर्लाही	मधेश प्रदेश	०.७४८	०.६५०	०.८९३

जिल्ला	प्रदेश	२००१	२०११	२०२१
सिन्धुली	बागमती प्रदेश	०.६७३	०.७४८	१.३०७
सिन्धुपाल्चोक	बागमती प्रदेश	०.९३५	१.०३१	१.२९३
सिरहा	मधेश प्रदेश	१.०३२	०.५४४	०.८६३
सोलुखुम्बु	कोशी प्रदेश	०.८६३	२.१६८	१.६६६
सुनसरी	कोशी प्रदेश	१.०८०	०.७९६	०.८२२
सुर्खेत	कर्णाली प्रदेश	०.७८४	१.०९६	०.९२९
स्याङ्जा	गण्डकी प्रदेश	१.१२६	१.६३१	१.७७१
तनहुँ	गण्डकी प्रदेश	०.७९३	१.०४७	०.९१५
ताप्लेजुङ	कोशी प्रदेश	१.०३५	१.४८५	१.५१६
तेह्रथुम	कोशी प्रदेश	१.१८९	१.३९१	२.०७०
उदयपुर	कोशी प्रदेश	०.६६३	०.७४७	०.९२६

CHAPTER 11

CLIMATE CHANGE AND CLIMATE FINANCING: PRIVATE SECTOR INITIATIVES

Prof. Dr. Sanjaya Acharya

Abstract

This study analyzes Nepal's climate change situation and financing practices through macroeconomic and private sector lenses. Utilizing secondary data from official sources, including government ministries, UN agencies, and the World Bank, it evaluates investment trends, policy frameworks, and regulatory adaptations. Findings reveal that Nepal is increasingly vulnerable to physical risks, such as erratic rainfall and rising temperatures, which threaten agricultural productivity and food security. Despite a growing climate budget reaching approximately 35% of the national annual budget, a substantial financing gap persists, with an estimated NPR 3,113.25 billion required for green sectors. While the private sector possesses high investment potential in hydropower and electric vehicles, barriers like high perceived risks and inadequate infrastructure hinder progress.

The study recommends establishing stable public-private partnership (PPP) frameworks, refining monetary policies to harmonize green investments, and enhancing agricultural insurance subsidies. Additionally, expanding electric vehicle infrastructure and securing concessional multilateral loans are vital steps. Bridging these resource gaps is essential for Nepal's transition to a low-carbon, climate-resilient economy that supports long-term sustainable development and conservation.

11.1 Introduction

The macroeconomic analysis of climate change stems from the interface of various parameters that include key opportunities for economic growth. It also concerns the main stresses and constraints, trends in the major developmental goals in the periodic plan, and current and future economic growth toward achieving the United Nations (UN) Sustainable Development Goals (SDGs), the Paris Agreement, and the Aichi Biodiversity Targets. Furthermore, such an analysis identifies opportunities and barriers for attracting private sector to transition to clean energy and addressing huge trade deficits resulting from the import of expensive fossil fuels.

Hence, introducing green labeling, certification, and standards for the private sector is also equally vital in this regard, considering the desired improvement in the existing financial expenditure capacity (from national to sub-national levels) and delivery of the desired incremental investments and spending needs for mainstreaming climate actions.

Two possible routes affect climate change when it comes to the macroeconomic outcomes: the physical risk and the transition risk. The former is the result of the changes in temperature, precipitation, seasonality and some unforeseen impacts that directly affect land (crop) and labour productivity. Seen from the Nepali context, the agriculture and food system still suffers from weak policy formulation, inadequate programme planning and poorly coordinated implementation between different levels of Government. Furthermore, poor institutional capacity and insufficient investment are leading to low productivity, production, and food insecurity (Bitzer et al., 2016). Harsh climatic conditions such as droughts, forest fires, hurricanes, and floods do have severe impacts too. These events affect three major macro variables: consumption, investment and trade.

The transition to a low-carbon economy, however, invites other risks, primarily from the adjustments to asset prices and technological changes (World Bank [WB], 2021). Countries are bound to face the negative impacts of domestic and cross-border mitigation policies that directly affect equity, labour markets and competitiveness both locally and globally. Moreover, the hike in global carbon prices will harm the export of fossil fuels and high-carbon activities (WB, 2021). To address these two potential impacts on the national economy, some initiatives deserve special attention, including the incorporation of climate considerations in the macroeconomic framework and projections of macro variables regarding climate change policies. Furthermore, in the fiscal aspect, the introduction of environmental taxes and their reforms are extremely important. The environmental tax reform and subsequent impact on public investment will create fiscal space for the government and help relax borrowing constraints.

At the macroeconomic level, the impact of climate change revolves around three key aspects: investment and economic growth, the fiscal structure of climate-related expenditures and the private sector initiatives in greening the national economy. Among various influencing factors, monetary policy plays a crucial role in shaping the investment climate.

The investment component should focus on opportunities to achieve triple dividends – climate mitigation, adaptation, and poverty reduction – by investing in green sectors such as forestry, nature-based tourism, organic agriculture, green infrastructure, e-mobility and urban resilience. The fiscal dimension pertains to climate-related fiscal policies, taxation, expenditures and the budget system. Similarly, the change dimension involves removing economic barriers and perverse incentives that hinder development transitions in the short, medium, and long term.

It also encompasses formulation of policy directives, investment patterns, and capacity development in taxation and public spending to support the country's green economy.

11.1.1 Objectives of the Study

This paper conducts a macroeconomic analysis of Nepal's climate change initiatives, focusing on investment opportunities, potential climate actions, the country's spending needs and financial capacity, and policy and regulatory adaptations. It also examines private-sector initiatives in addressing climate change before recommending strategies for more effective government and private-sector engagement in climate financing to tackle the country's climate challenges.

11.1.2 Methods of the Study

This chapter is based on secondary data obtained from various official and credible sources. Key data sources include ministries of the Government of Nepal, reports from the UN agencies and bilateral organizations, publications from the WB, and financial records from Nepal Rastra Bank (NRB). Additionally, the study reviews relevant national plans, policies and budgets from various fiscal years to analyze trends and policy directions.

The data collection process involved identifying, compiling, and reviewing policy documents, statistical reports, and financial records from these institutions. To ensure reliability and validity, priority was given to the most recent and official publications.

11.2 Climate Financing: The Macroeconomic Dimensions

Climate finance encompasses the funding mechanisms and financial tools dedicated to addressing climate change challenges. Although investing in climate solutions offers long-term benefits that far exceed initial expenses, developing countries continue to face a substantial shortfall in the resources needed to drive green transformation and strengthen climate resilience (United Nations Development Programme [UNDP], 2023). Climate finance refers to financial support provided at local, national, or international levels to help address climate change. It influences a wide range of efforts, from shaping government policies to implementing practical changes that directly improve people's lives. This funding can come from public, private, or other innovative sources (International Fund for Agricultural Development [IFAD], 2022).

Guided by the above definitions, this section discusses key investment areas, the country's climate financing potential, spending needs versus actual investments and policy adaptation initiatives, among other relevant aspects.

11.2.1 Key Areas of Investment

Addressing the adverse effects of climate change requires climate financing. The extraction and trade of coal and other fossil fuels require replacement from alternative sources. Financing these adaptation efforts requires massive resources. The WB has estimated approximately US\$4 trillion in investments per year in developing countries by 2030 in building infrastructure to meet these ends (WB, 2021). These investments should be for building climate-resilient infrastructure, creating new jobs, and making remarkable progress in developing low-carbon solutions for different industrial activities. These investments could be made possible by joint efforts of the private and public sectors. The private sector requires concessional climate finance to channel its investment.

In the Nepali context, the contribution of the cooperative sector is also noteworthy in this regard. In the country, over 30,000 cooperatives have millions of members involved in diverse sectors of the economy, including agricultural production, dairy, manufacturing, financial services, communication, energy, education, health, and consumer services. Cooperatives have mobilized more than Nepali Rupees (NPR) 40 billion as share and reserve capital, collected NPR 160 billion as savings, and provided loans worth NPR 1 hundred 35 billion and created jobs for hundreds of thousands of Nepali people (Khatiwada, 2014). Co-operatives have immensely contributed to sectors such as agriculture, dairy, and energy through climate change financing. The collaborative effort by three sectors of the Nepali economy – public, private, and cooperative - will be conducive to bridging the investment gap.

The role of multilateral development institutions like the World Bank Group (WBG), Asian Development Bank (ADB), and Green Climate Fund (GCF) - established within the framework of the United Nations Framework Convention on Climate Change (UNFCCC) - is crucial in this regard. These financial institutions can promote climate investment by providing concessional loans to the recipient countries and supporting domestic resource mobilization. The role of the International Finance Corporation (IFC) as a catalyst for mobilizing private capital is instrumental in this regard.

The Government can further focus and better promote the financial sector in greening the economy. The central bank of the country can play a vital role in harmonizing green investments primarily through national-level development and commercial banks, as well as other private financial institutions. The Government may establish a regulatory environment that provides incentives (not directives) for investment in certain sectors, private investors potentially become interested and perhaps develop their investment plans if they see a prospect of profit, then reach out to a bank to request a loan. The process runs from the bottom up, but if private investors don't decide to enter the sector, the investment does not happen. The investment decisions should be equipped with advisory engagement to enable a conducive environment, coupled with risk mitigation practices. This will pave the way for innovative and sizeable funding mechanisms. The Aichi Biodiversity Targets (ABTs) are insightful in this regard.

Nepal's commitment to ABTs required meeting two major economic goals and related to resource mobilization (Ministry of Forest and Environment [MoFE], 2018): a) establishment and operationalization of a National Biodiversity Trust Fund and, b) resource generation and mobilization plan meant to generate an estimated US\$ 1,019 million required for the implementation of the National Biodiversity Support Action Plan (NBSAP). Of the total, the Government of Nepal (GoN), Official Development Assistance (ODA), International Non-Governmental Organization (INGO), private sector and community-based user groups are to bear a certain percentage of the costs.

Regarding the progress towards these commitments, the national-level trust fund could not be established; however, different stakeholders pulled resources for a common biodiversity goal, albeit economic mainstreaming was insufficient. The GoN is yet to have a biodiversity budget code for budget allocation and implementation of NBSAP-related activities that are not reflected in the reporting system. Progress is visible in involving the private/corporate sector in the Payment of Ecosystem Services (PES) and exploring new sources. The Government budget allocation in the forestry sector in meeting these targets was NPR 35.82 billion.

The other partner organizations, such as Multi-Stakeholder Forestry Programme (MSFP), *Hariyo Ban*, Reducing Emissions from Deforestation and Forest Degradation (REDD+), and National Climate Change Support Programme (NCCSP), supported by contributing to biodiversity funding. Other ministries such as agriculture and livestock, environment, and tourism also allocated budgets to implement NBSAP-related activities. Although the Government is progressing

toward these initiatives, there is an undershooting of the targets and it is unlikely to be met within the project period (MoFE, 2018). It is worthwhile to harness Nepal’s rich non-timber forest product (NTFP) resources by enhancing investment in cluster-based small and micro-enterprises with minimum cost to the environment, especially with net gain in forest coverage and biodiversity.

11.2.2 Climate Investment Potential and the Green Taxonomy

Nepal has harnessed far below its potential of hydro-power generation in the country, despite its high potential. Traditional sources still contribute approximately three-quarters of the total energy consumption of the country. Although the situation has improved over the years and as of 2023, over 95 percent of the population has access to electricity (Ministry of Finance [MoF]), 2024), the inadequate and poor-quality electricity supply is also unreliable (ADB, 2020). Per capita electricity consumption has improved over the years; 63 kilowatt-hour (kWh) per annum in 2000 has reached 351 KWh in 2023 (MoF, 2024). Still, this is pitifully low in the world ranking; it is still one-tenth of the global average. Being a landlocked country, Nepal has the immense potential of using electricity for transportation as well.

Table 11.1: Growth Performance (in percentage per year) of Different Green Sectors Between the FYs 2011/12 and 2021/22

Sectors		Agriculture and Forestry	Electricity, Gas and Water	Transportation, Storage and Communications	Construction	Hotels and Restaurants
Target of 15 th Plan (FY 2019/20-2023/24)		5.4	30	10.8	11.7	6.1
Fiscal Years	2011/12	5.29	15.03	6.88	0.26	6.28
	2012/13	1.31	0.86	8.26	2.3	6.92
	2013/14	4.49	3.78	6.39	8.96	1.5

Sectors		Agriculture and Forestry	Electricity, Gas and Water	Transportation, Storage and Communications	Construction	Hotels and Restaurants
Fiscal Years	2014/15	1.2	0.65	5.9	3.07	5.41
	2015/16	-0.08	-8.61	0.17	0.12	-7.98
	2016/17	5.17	22.84	4.41	18.68	13.39
	2017/18	2.61	10.38	11.68	12.1	12.21
	2018/19	5.16	9.61	8.77	7.48	9.92
	2019/20	2.23	25.58	-13.37	-4.99	-36.97
	2020/21	2.64	7.74	6.12	5.56	11.2
	2021/22	2.24	27.69*	4.37	7.08	12.61

Source: Various issues of Economic Surveys, Ministry of Finance, <https://mof.gov.np/category/economic-survey/>

* Figure refers to the average of three components

11.2.3 Projected Sectoral Investments Including Green Sectors

The growth performance of the five major green sectors has all been volatile during the period and this volatility is more in tourism sectors, i.e., hotels and restaurants, followed by transportation/storage/communication and then in electricity/gas/water (Table 11.1). To address this problem, reorientation of investment is required so that it can smooth the volatility of growth in these green sectors of the economy. Although growth rates have all declined in the aftermath of the earthquake (FY 2015/16) and post-COVID-19 period (FY 2019/20 and 2020/21 onward), the reorientation of investments in these sectors – tourism, followed by electricity/gas, water and transportation/storage - is crucial to reviving the national economy.

The 15th Plan (2019/20-2023/24) had targeted NPR 9,229.29 billion of investment in the green sectors during the plan period. The projected investments in green sectors during the plan period were as shown in Table 11.2:

Table 11.2: Projected Sectoral Investments Including Green Sectors (values in NPR, billion)

SN	Sectors	Estimated ICOR*	Projected Investments and Fiscal Years					
			2019/20	2020/21	2021/22	2022/23	2023/24	Plan Period
1	Agriculture and forestry	3.3	127.01	142.49	167.99	181.13	191.05	809.68
2	Electricity, gas and water	17.0	285.45	326.97	365.74	423.00	430.48	1831.64
3	Transportation, storage and communications	11.5	229.10	291.34	367.92	377.73	457.40	1723.49
4	Construction	3.2	90.52	108.96	115.22	102.16	147.20	564.06
5	Hotels and restaurants	6.1	63.22	89.28	91.07	100.28	116.33	460.18
Total			795.3	959.04	1107.94	1184.3	1342.46	5389.05

* *Incremental Capital Output Ratio*

Source: National Planning Commission (2020)

Table 11.2 reveals the immense investment potential in electricity, gas, and water activities. By the end of the FY 2018/19, a total of 1,182 megawatts (MW) of hydropower was generated in Nepal – approximately 1.43 percent of its potential. Nepal Electricity Authority (NEA) produced 34 percent of the domestic consumption of electricity and the private investors produced 28 percent, whereas the share of the electricity imported from India was 38 percent (ADB, 2020). The private sector, therefore, has much space for investment. The increasing number of survey license holders for an additional 302 projects to nearly 16,000 MW power generation is encouraging; of them, 172 have already entered the construction phase (ADB, 2020).

Table 11.3 presents the output and investment gaps in five major sectors of the economy heavily affected by climate change. The actual and projected growth rates in different sectors are presented in the first two columns of the Table. The major gap is apparent in electricity/gas/water, followed by the tourism sector (hotel/restaurant) and other green sectors. The output and investment gaps were estimated with reference to the targets of the Fifteenth Plan. These gaps were expected to have been fulfilled along with the additional requirements of the Sixteenth Plan of the country.

Table 11.3: Sectoral GDP and Investment Growth Diagnostic for the Ongoing National Development Plan (growth rate in percentage, and investment in NPR, billion)

SN	Green Sectors	Agriculture and Forestry	Electricity, Gas and Water	Transportation, Storage and Communications	Construction	Hotels and Restaurants	Total
1	Average actual growth rate	3.22	10.71	5.09	5.93	2.54	
2	Target growth rate	5.4	30	10.8	11.7	6.1	
3	Projected output (15 th plan)	4,823.59	491.33	1,509.15	1,684.11	521.2	9,029.38
4	Projected output (trend)	4,546.56	261.59	1,287.67	1,415.15	338.86	7,899.83
5	Incremental Capital Output Ratio (ICOR)	3.3	17	11.5	3.2	6.1	
6	Shortfall of output (2020/21 –2023/24)	277.03	229.74	221.48	268.96	182.34	1,179.55
7	Average annual shortfall of output	92.34	76.58	73.83	89.65	60.78	393.18
8	Additional investment to meet the output gap	304.73	1301.86	849.01	286.89	370.76	3,113.25
9	Public investment	157.55	729.04	483.93	120.49	29.66	1,520.68
10	Private investment	107.88	546.78	322.62	160.66	333.68	1,471.62
11	Cooperative investment	39.01	26.04	42.45	5.74	7.42	120.65

Sources: i. Average actual growth refers to the average growth rate of the fiscal years between 2011/12 and 2020/21

ii. Target growth rate refers to that of the Fifteenth Plan (2019/20–2023/24)

iii. Sectoral ICOR values are from the Fifteenth Plan (2019/20–2023/24)

iv. Relative proportions of public, private, and cooperative investments are taken from the Fifteenth Plan (2019/20–2023/24)

Using the ICOR determined by the National Planning Commission (NPC) in the Fifteenth Plan, additional investment is required to fulfill the shortfall of the output remaining NPR 1,179.55 billion during the plan period. The average shortfall of the output per year during 2021/22-2023/24 was approximately NPR 393 billion. An additional investment of approximately NPR 3,113.25 billion was required to meet this gap. It is prudent to merge the proposed investment in the newly implemented Sixteenth Plan. The investment multiplier effect and depreciation of capital have not been considered in this estimation.

The additional private investment in these broader areas was estimated to be around NPR 1,472 billion by the FY 2023/24. Private firms make investments funded by bank loans. With reference to the total investments required NPR 3,113.25, this constituted 47.25 percent of the total investment.

Commercial banks, development banks and finance companies may play more effective roles in climate investments as they can issue up to 25 percent of their paid-up capital as the company's debenture (NRB, 2021). They can be channeled to climate change activities, particularly in transportation and hydropower, in the form of issuing green bonds. The final output can have green labeling with certification of environmental standards. Issuance of similar debentures in financing agriculture and energy activities has been operational for the past several years. This sort of scheme has dual benefits; first, it can be instrumental in meeting the resource gap for investing in green sectors, and second, it promotes people's participation in climate change activities.

Meeting this additional investment requires mobilization of not only public and private investments but also the concessional loans from multilateral financial institutions. As the World Bank Group is aligning the new operation on behalf of IFC and Multilateral Investment Guarantee Agency (MIGA), the sooner operationalization of their projects would help not only fulfill the gap of the Fifteenth Plan targets of the Government but also that of the initiatives of the Sixteenth Plan that is already in place. However, the mode of alignment of this investment cooperation among Multilateral Development Banks (MDBs) is very crucial to meet the target. Various approaches are under consideration now, including policy-based lending and investments in financial institutions and funds. After the roll-out of the alignment, sectoral guidance and training are essential to ensure the convergence with the climate commitment of these MDBs. This would also contribute to the World Bank's approach to the implementation of its commitment

to the Paris Agreement at the UN Climate Change Conference of the Parties (COP26) in November 2021 (World Bank, 2021).

Nepal needs to invest as much as 10 percent of its GDP in infrastructure, i.e., 13-18 billion, to bridge the investment gap in infrastructure. Basic urban infrastructure needs are about US\$2 billion annually. The potential availability of resources within the country in this regard is about US\$ 13.5 billion; therefore, the net shortfall of investment is US\$4.5 billion per year for SDGs implementation (NPC, 2018).

11.2.4 Overall Sectoral Investment

The business-as-usual (BAU) scenario showed the biggest share of the investments among the green economic sectors going in electricity/gas/water and transportation/storage/communication sectors (Table 11.2 and 11.3) - almost 66 percent of the green investment. As a common denominator in these two sectors, the promotion of the use of electric vehicles is the major policy prescription in this regard. The Second Nationally Determined Contribution (NDC) in conformity with the Paris Agreement on Climate Change (PACC) for 2021-2030 has set up targets for public investment in electric vehicles as follows (Government of Nepal [GoN], 2020):

- Sales of electric vehicles (e-vehicles) in 2025 will be 25 percent of all private passenger vehicle sales, including two-wheelers and 20 percent of all four-wheeler public passenger vehicle sales except electric rickshaws and electric tempos. Due to this e-vehicle sales target, fossil fuel energy demand for the transportation sector will decrease from approximately 40 million Gigajoules (GJ) in the BAU scenario in 2025 to 36 million GJ. This would be around a 9 percent decrease in fossil fuel dependency. This target will reduce emissions from a projected BAU of 2,988 Green gas (Gg) CO₂ equivalent (eq.) in 2025 to 2,734 Gg CO₂ eq., which is around an 8 percent decrease in emissions.
- By 2030, an increase in sales of e-vehicles has been targeted to cover 90 percent of all private passenger vehicle sales, including two-wheelers, and 60 percent of all four-wheeler public passenger vehicle sales. As a consequence, energy demand for fossil fuels will decrease from approximately 48 million GJ in the 2030 BAU scenario to 34.5 million GJ, which is around a 28 percent decrease in fossil fuel dependency. This target will reduce emissions from a projected BAU of 3,640 Gg CO₂ eq. in 2030 to 2,619 Gg CO₂ eq., which is around a 28 percent decrease in emissions.
- Electric rail network to support public commuting and mass transportation – a target of 200 km by 2030.

Nepal's targets for the promotion of electric vehicles, developing carbon-neutral touristic destinations, and urban settlement in the second NDCs are quite ambitious compared to the first NDCs. Because of the impact of the COVID-19 pandemic, Nepal is likely to undershoot the target. Furthermore, based on the trend of sectoral growth rates in the business-as-usual scenario, additional investments as estimated in Table 11.3 are required to meet the target of the second NDC.

Therefore, the country needs to enhance its operational efficiency and define standards for the implementation of transportation projects. Private sector involvement can provide an impetus for overcoming this hurdle. In the varied topography of Nepal, maintaining an all-weather road network and investment in this sector are highly required.

Hotel and restaurant sector activities are also associated with nature-based tourism. By 2025, the Government is to formulate and implement nature-based tourism plans in at least five main tourist destinations (GoN, 2020). Furthermore, by 2030, in conformity with the Paris Agreement, the GoN (2020) plans to ensure at least five tourist destinations as carbon neutral; consequently, supportive policy measures are to offset the carbon footprint of emissions resulting from tourism transport. No satisfactory progress has been made in this regard so far.

Also, as part of going green efforts, the urban settlement, a part of overall construction activities, plans to adopt national building codes and prepare Integrated Urban Development Plans (IUDPs) emphasizing low-carbon and climate-resilient urban settlements in all municipalities. The Government therefore had planned to revise the urban environment management guidelines to incorporate activities related to promoting low-carbon and climate-resilient urban settlements by 2025 (GoN, 2020).

11.2.5 Financial Policy and Regulatory Changes to Meet Climate Commitments

National Climate Change Policy (NCCP) 2019 has provisions on climate-induced disaster (risk) insurance in the agriculture and animal husbandry sector (8.1.I). This is expected to make more private investment in these activities.

Accordingly, the Deposit and Credit Guarantee Fund (DCGF) is in operation under the aegis of the Government to provide insurance for investment in micro and small enterprises, as well as in investment in livestock. Insurance is provided to the credits in six different sectors; two of them are directly related to green economic sectors - Agricultural Credit Insurance (ACI) and Livestock Credit Insurance (LCI). In the

case of the former, the fund collects one percent of principal and interest per year as a premium to insurance, of which the farmer pays only 25 percent and 75 percent is paid by the Government as a subsidy. In the case of the livestock credit, an annual six percent premium is required; the government contribution of 75 percent of it also applies.

Table 11.4: Number of Small Loan Holders Insured in the Deposit and Credit Guarantee Fund (DCGF) by FY 2022/23

SN	Loan Type	Number of Creditors	Insurance Amount (NPR, in million)
1	Micro-credit and credit to the extremely poor	15,66,164	19,070
2	Agricultural credit	10,560	9,142.4
3	Small and medium enterprise credit insurance	6,113	12,442.8
4	Concessional credit	84,687	58,150

Source: DCGF (2023)

Table 11.4 shows that the tendency to get insured for different farm activities is very minimal except in micro-credit and credit to the extremely poor. To boost investment in different farm activities, subsidy for insurance premiums for the initial few years is deemed necessary. The monetary policy should have a provision for it.

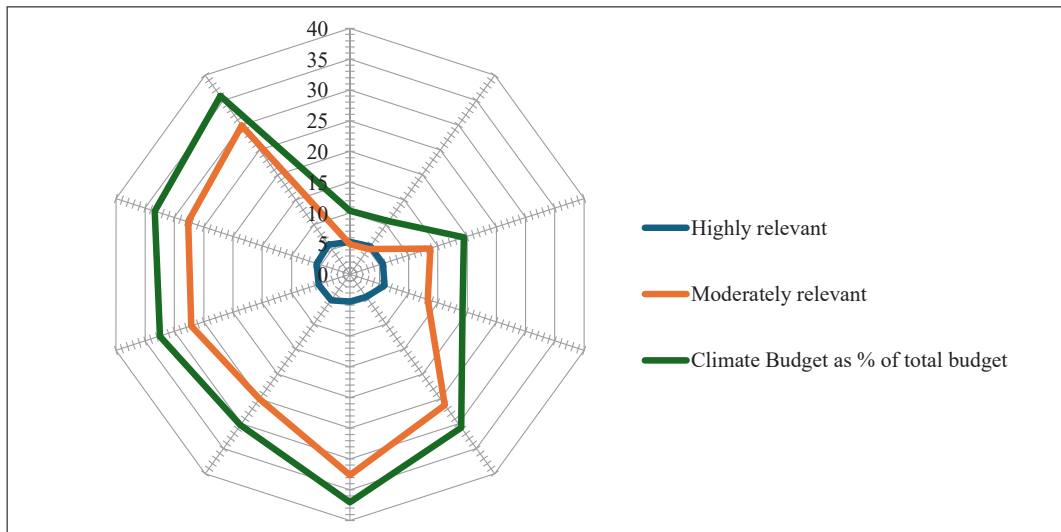
11.2.5.1 Fiscal Dimensions of Climate Change

The fiscal dimensions of climate change comprise issues of taxation and public expenditure in green economic activities. More specifically, climate-related fiscal policies, taxation, expenditure and budgets in Nepal give some insights into current public spending on climate adaptation and mitigation actions as well as those that identify perverse policies or grey sector investments that may contribute to maladaptation or increased GHG emission (Appendix 11.1).

Climate change expenditure associates expenditures on climate protection, mitigation of climate change, climate resilience, mitigation of climate-induced disasters, and sensitization/awareness of climate change. In Nepal, the overall climate change budget allocation of the Government has been broadly classified into highly relevant (if more than 60 percent of the budget is directly spent on activities related to climate change) and moderately relevant (if 20-60 percent of the allocated budget is related to climate change activities) categories. The total climate

change budget of the national Government has grown over the years, from approximately 10 percent to 35 percent of the national Government’s annual budget (Figure 11.1 and Appendix 11.2).

Figure 11.1: Climate Change-Related Budget Allocation by Fiscal Years



Source: Budget speeches of the respective FYs, Ministry of Finance

The GoN has been spending on climate change issues via several programmes. The MoFE has been implementing the Nepal Climate Change Support Programme (NCCSP) with financial support from the United Kingdom (UK) government and the European Union (EU) in 14 districts of the country. This project focuses on the preparation and implementation of local-level adaptation plans. Furthermore, the Global Environment Facility (GEF) has also implemented other projects such as the Community-based Flood Risk and Glacial Lake Outburst and Flood Risk Reduction Programme.

By budgetary mechanism, the NPC developed a climate change budget code in 2012 and this has been operationalized by the MoF from the FY 2013/14 through the annual budget speech. It has facilitated expenditure tracking of the climate change budget. The FY 2023/24 Budget Speech has used 50 different climate change budget codes (MoF, 2023). Similarly, in the context of taxation, revenue from the green sector – including both tax and non-tax revenues, as well as earnings from carbon trade – collectively contribute to a holistic picture of a carbon tax, even though the country does not explicitly collect them under that name. The traditional

tax types, such as vehicle tax, infrastructure tax, road maintenance tax, and others, have undergone provincial and local governments' jurisdiction in Nepal's federal public financial landscape. Similar is the case of royalties, fees, fines and forfeitures. The provision of carbon trade is a development intervention. The change in the structure of the revenue composition from these sources is unlikely to occur shortly.

11.2.5.2 Overall Implications on Tax Revenues

Nepal does not have an environmental pollution tax; however, it collects different taxes for environmental and climate change activities. As mentioned above, they include vehicle tax, infrastructure use tax, road maintenance and improvement tax and infrastructure tax. Revenues from these taxes accounted for 2.02 percent to 4.39 percent of the total tax revenue of the Government during the FYs 2010/11–2021/22. Likewise, their contribution to the total revenue of the Government has also swelled from 1.45 to 4.05 percent of the total revenue of the Government (Appendix Table 11.2.2).

Additionally, Nepal has many non-tax revenues collected from different green sectors that include royalties from forests, water resources, trekking, tourism services, mines, mountaineering, irrigation services, electricity consumption and pollution control fees, among others. The collection of revenues from these green sectors, however, has ranged between one to two percent of total Government revenue and 10 to 14 percent of total non-tax revenue for the last decade.

Among the South Asian countries, the tax-to-GDP ratio is the highest in Nepal. It is approximately one-fifth (19.1 percent) compared to other countries in the region, whereas Nepal has the lowest per capita income next to Afghanistan (Table 11.5).

Table 11.5: Tax-to-GDP Ratio and GDP Per Capita Among South Asian Countries

SN	Country	Tax GDP Ratio	Per Capita GDP (in US\$) (year 2022)
1	Afghanistan	9.9	355.8
2	Bangladesh	8.8	2688.3
3	Bhutan	16.0	3560.2
4	India	12.0	2410.9

SN	Country	Tax GDP Ratio	Per Capita GDP (in US\$) (year 2022)
5	Maldives	9.1	11780.8
6	Nepal	19.1	1336.5
7	Pakistan	7.5	1588.9
8	Sri Lanka	12.0	3354.4

Note: (i) Tax GDP ratio to different countries refers to different years after 2016

Source: World Bank (n.d.), (ii) Source for per capita GDP: World Bank Group (n.d.)

Under the circumstances, the country cannot bear the further burden of the tax GDP ratio and a new environmental or pollution tax does not seem feasible. The tax burden has particularly swelled after the federalization of the country. However, the country can merge different environmental and associated taxes into a common carbon tax or environmental tax. It can include taxes and duties on vehicles, the use of infrastructure, road construction, maintenance and improvement. These tax types constitute approximately 4 percent of total tax revenue and 3 percent of the overall revenue of the Government. A common carbon or environmental tax, once introduced, can simplify the tax administration as well as reduce the tax compliance cost.

It is worthwhile to consider whether the tax collection from green economic activities undergoes climate financing. National Climate Policy (Section 8.12) has the provision of climate finance management as follows: Climate change budget will be ensured in all sectoral plans at all levels and Climate Change Budget Code (CCBC) will be modified and institutionalized; appropriation of budget targeted to women, minorities, backward class, climate change-affected areas and vulnerable communities will be ensured, and mobilization of finance from the private sector will be encouraged through green bond, blended finance, result-based financing, carbon offset and corporate social responsibility.

The carbon trade deal is another potential revenue sector of Nepal for which the REDD+ programme has paved the way for carbon financing. The country is to receive US\$5 for every ton of carbon dioxide emissions reduced. This will make earnings of approximately US\$45 million with nine million tonnes of expected carbon dioxide emission reduction during 2018-2025 available for trade (Mandal, 2021). It was estimated that Nepal has 1.2 million tonnes of carbon dioxide emissions every year. Nepal's 6.61 million hectares of forest land accounts for approximately

45 percent land area of the country and has the potential to generate revenue from carbon trade through REDD activities. During 2018-2028, the expected level of reduction of carbon dioxide emissions is by 34 million tonnes through these interventions, especially in 13 Terai districts (GoN, 2021).

The Government's agreement with the World Bank's Forest Carbon Partnership Facility (FCPF) in early 2021 has opened a horizon for a global partnership of governments, business organizations, civil society, and indigenous group organizations for the reduction of carbon emissions and protection of forests. In addition to the carbon trade, Nepal could also have access to resources of approximately US\$45 million in implementing activities as per the REDD programme under the UN mechanism (Dahal & Baskota, 2009). Toward contributing to reducing carbon dioxide emissions, the country has successfully implemented the Community Forestry Programme (CFP). The innovative financing provision in the programme has addressed the problem of forest degradation and community actions across the country. This has made it possible to access the resources both by reducing emissions and enhancing carbon sequestration in the forest.

Also, the country has been receiving bilateral grants and other Official Development Assistance (ODA) financing support to fund local adaptation activities. For example, LAPA remains the most preferred investment source. Domestic finance is also feasible since Nepal's development banks and cooperatives and other financial institutions have been investing in agriculture and forestry-related activities. However, due to the huge funding gap, Nepal should mobilize all types of finance – grants, soft loans and domestic finance. The Community Forest Programme has become instrumental in reducing greenhouse gas emissions, also because of the wider participation of community people in the programme. Furthermore, agro-forestry and private forest development programmes and Nepal National REDD Strategy are also supportive in this regard (NCCP, 2019).

Although Nepal has not had comprehensive specific research works to study the impact of tax policy on GHG emissions, the global experience suggests that three possible avenues exist in designing tax policy that is supportive of reducing GHG emissions (Nordhaus et al., 2013):

- i) Excise duties should be raised on the industrial products that produce CO₂ and GHG in the process of manufacturing.
- ii) Customs duties should be raised on the intermediate products that are widely used in the manufacturing of outputs that significantly raise CO₂ and GHG.

- iii) Consumption tax, especially value-added tax, on the use of durables that use carbon-related products, should be made lower compared to the consumption tax on its new product. Take the case of purchasing a house; the newly erected house should have a higher service tax on its occupants compared to those who reside in old houses. Furthermore, this discourages brick, steel, cement and other industries as well to control CO₂ and GHG emissions.

Considering the above suggestions, it is important that Nepal further reform the tax policies to further attract private sector investment in alternative avenues for making them climate-smart, nature-friendly, and innovative in producing less CO₂ and lower GHG emissions.

11.2.5.3 Federal and Provincial Capacity

Nepal has been implementing federalism under three tiers of government - federal, provincial, and local – since the elections held in 2017. The local authority has the immense potential to spend a large chunk of development expenditure. The MoF (2017) has suggested that approximately 80 percent of the total climate budget be spent by the local government. Therefore, it has opened a big opportunity to make the local government expenditure climate-friendly to utilize the locally raised funds for adaptation. Furthermore, the local governments are often investing the royalty from green sector activities in regular infrastructure development works rather than in green sector activities such as rural electrification or watershed/forest conservation. The local governments in the federal structure need to utilize the local funds for adaptation programmes, MoF (2017, p. 17), by broadening the scope of raising climate funds, taxes and royalties through policy reforms. Since the major revenues of many local governments are from riverine quarries and hydropower concessions, they can be utilized to fund climate action at the local level. Such a policy change is also highlighted by the ADB (2020), which in its latest Country Integrated Diagnostic Report (CIDR) concludes that the recent policies and legislation related to the natural resources environmental governance are not only instrumental in updating standards, Acts, and regulations but also ‘harmonized the interventions among the three levels of government to make the development investments environment-friendly, climate-proof, and disaster-resilient’.

The promotion of carbon trade is enhancing the welfare of the communities where the REDD intervention is going on, i.e., to start with 13 districts of the Terai Arc Landscape¹ (TAL), west of the Bagmati river. People benefit from climate resilience

1. The Terai Arc Landscape (TAL) spans an extensive area of 24,710 square kilometers, encompassing six

through watershed protection, drought and flood mitigation. However, these initiatives are expected to be within the jurisdiction of the provincial government because the state initiative can benefit the poor more than the non-poor.

11.3 Private Sector Initiatives

This chapter discusses CSR investment models adopted by private sectors, commitments of corporates and the financial instruments adopted by the private sectors in brief.

11.3.1 Overview of Business, Regulatory and CSR Investment Models by the Private Sector

Promoting private sector initiatives for investment in climate change activities requires a supportive monetary policy. In the case of Nepal, there has been some support toward this end. For example, NRB has announced some initiatives to promote micro, small, and medium enterprises using clean energy to green the economy (NRB, 2024). To incentivize the private sector in investing in climate change activities, the proposed monetary measures should be streamlined in the following way:

- i) Tourism is the most affected sector by the COVID-19 pandemic. The hospitality industry can benefit from different monetary measures such as refinancing, priority sector loans, deprived sector loans, and rescheduling of the loan payment provisions.
- ii) Deprived sector loan accounts for approximately 7 percent of the overall credit of the banking institutions. Small-scale tourism activities and agro-processing industries need to have access to this facility.
- iii) The refinancing scheme has been decentralized; one commercial bank branch can advance five such loans, whereas one branch of the development bank has three such loans. Small-scale private sector investment in the village economy can benefit from this provision.

State-owned enterprises also require developing their investment model when it comes to fighting climate change issues. Especially, those entities with big fiscal coverage and transactions can significantly contribute under their investment models. For example, the state-owned Electricity Authority has the sole authority of

protected areas along with forests, farmland, and wetlands. More than six million people rely on these forests for essential resources such as food, fuel, and medicinal plants. See WWF (https://www.wwfnepal.org/our_working_areas/tal2/)

electricity generation, transmission, as well as distribution in the country. It is also the single off-taker of the generation from other parties, including the private sector.

The structure of NEA is vertically integrated, causing a significant fiscal burden to the Government on one hand and it has also caused constraints in mobilizing public as well as private investments in large-scale hydro projects. The ADB (2018) has pointed out two important and immediate improvements in NEA regarding its investment model: (a) proper planning, policy, and regulations, and (ii) adequate capacity and good governance leading to higher investment, sustaining the growth of the energy sector. By addressing these issues via necessary improvement in these aspects, the NEA can emerge as a lead entity in the level playing field and significantly contribute to climate change financing. Also, more effective functioning of the Electricity Regulatory Commission is crucial in this regard.

Despite these opportunities, there are some key challenges in Nepal's energy infrastructure sector. Most importantly, clear goals for the contribution of alternative energy to the energy mix are lacking. Data reveal that between 2010 and 2017, Nepal's electricity sector witnessed an average annual investment of US\$527 million; however, over 70 percent of it went to hydro-power generation.

With a view to engaging the private sector more, Nepal introduced mandatory Corporate Social Responsibility (CSR) for all companies and industrial establishments through the new Industrial Enterprise Act 2020. It made all for-profit companies and forms with more than NPR 150 million turnovers contribute one percent of their profit to CSR. Banks and financial institutions also need to contribute one percent of their profit to this fund. The endowment fund created is to be spent on child welfare, especially for education, health, and skill development of children in remote areas.

Once the Government introduced mandatory CSR, it made behavioural changes for the contributors. Some industrial firms and companies were contributing voluntarily to CSR. Examples include those of two state-owned cement factories that are contributing NPR 1.5 to 2 per sack sold for CSR. Along with mandatory CSR, firms and companies have both incentives and disincentives towards this approach. Likely, those close to the margin of NPR 150 million per year turnover may opt to control the expansion of their business and those who have barely crossed this threshold may also intend to fall below this limit to avoid legal obligations.

Likewise, business houses in Nepal that were already engaged in philanthropic activities were spending part of their profit on a voluntary CSR basis, but the

collection of funds from various business activities and spending them on development activities simply transfers resources from one sector to another. This may also cause some disincentive effects, with the likely effect of distorting voluntary CSR culture. On a voluntary CSR basis, both parties benefit, which may or may not materialize in mandatory CSR. The Government needs to ensure the protection of the interests of rightful owners (shareholders) in this regard.

Banking and financial institutions so far have limited corporate responsibilities in channeling their fund into climate change adaptation and mitigation activities in many of the International Development Association (IDA) member countries. A failure by banks to recognize the value of sustainability and prioritize it over short-term profits needs to be addressed through its incorporation in CSR. It requires sensitization of activities within financial institutions to convince banks and financial institutions of the importance of sustainable finance and the benefits of adopting sustainable finance approaches (IFC and SBN, 2019).

One of the objectives of formulating Corporate Social Responsibilities (CSR) is to control investment in some activities that have serious health and safety implications. In line with the objectives, NRB has developed a guideline on Environmental and Social Risk Management (ESRM) for banks and financial institutions, supportive of the protection of the environment and social risk management. This has set some standards that the corporate sector has to comply with for its investment in activities that have environmental and climate change concerns. The Environmental and Social Management System (ESMS) that banks and financial institutions must follow includes (NRB, 2018):

- i) Identify environmental and social risks associated with its borrowers' operations and understand the potential impact of lending to such borrowers on its portfolio,
- ii) Systematically assess and manage those environmental and social risks of the borrower's operation,
- iii) Implement the necessary steps within its risk management system and its proper documentation,
- iv) Monitor borrowers' compliance with national environmental and social regulations and international good practices and standards,
- v) Require borrowers to implement mitigation measures for identified unacceptable environmental and social risks and/or non-compliance with applicable standards,

- vi) Identify social and environmental business opportunities, and
- vii) Develop a good reputation among clients/investees, investors and other relevant parties in the financial market.

These are the basic elements of CSR that the banks and financial institutions need to follow. It is worthwhile to allocate CSR funds of banks and financial institutions to the climate change fund via ESRM guidelines.

11.3.2 Voluntary Pledges and Commitments of Corporations Towards Decarbonization

The NCCP 2019 states that the private sector will be encouraged and mobilized for the reduction of emissions in industry and transport, mainly in the air transport sector, through CSR. Transport vehicles that have exceeded a certain years of running period have to fulfil the mandatory CSR. Furthermore, Article 8.5 has stated various policy measures to get support from the corporate sector for commitments towards decarbonization as follows:

- i) Mitigation standards will be developed and implemented by identifying key points and causes of emissions in the industry and transport sector,
- ii) Energy-efficient technologies and the use of electrical energy will be promoted in industry, transport and physical infrastructure sectors,
- iii) Environment-friendly sites will be selected, and climate-friendly technologies will be used while developing industry, transport and physical infrastructure,
- iv) Measures to mitigate climate-induced risk will be followed while designing and constructing physical infrastructures, and
- v) Use of electric vehicles will be encouraged.

The contribution to decarbonization by the private sector can be mainly through three different routes: promotion of electric vehicles, substitution of fossil fuels, and reduction of the manufacturing activities that produce relatively more CO₂ and GHG emissions. More investment is required for charging stations to increase electric vehicles for the adoption of more ownership of them. Secondly, demand for electric vehicles needs to be scaled up, as customers so far are not very aware of their advantages. Furthermore, average vehicle prices are prohibitively high now, with expensive spare parts on top of the irregularity of electricity supply. Tax incentives to some extent, and an increased ratio of loan-to-value for electric vehicles are some incentives so far to promote electric vehicles; however, they are

not sufficient. In addition, financial ease in purchase and subsidies in operation are also deemed necessary in this regard.

Nepal has a significant presence of private investors in the public transport system. Incorporation of the interest of the private sector is, therefore, crucial in plans toward a formal, low-carbon public mass transportation system. The country should address the issues of gaps regarding major electric transport system investment for mass transportation, limited freight demand for viable long-distance rail investment, and the apparent gap in public-private partnership in these areas, along with the lack of political priority to resolve them.

The projection in 2017 had it that 18 percent of the total passenger demand could be fulfilled by electric cars and seven percent by electric metro in the city by 2025 (Water and Energy Commission Secretariat, 2017). The Electricity Demand Forecast Report (2015-2040) states that the GoN has created a fiscal environment in favour of electric vehicles for private transport entitled to have a customs duty of 10 percent (as compared to a customs duty of 80 percent applied to fossil fuel vehicles for private usage) and the exemption of VAT as compared to a VAT of 13 percent levied on fossil fuel vehicles for private usage (MoF, 2016). These policies reveal clear signals about the Government's plan to electrify and decarbonize Nepal's transport sector (ADB, 2020).

It is likely that moving to the federalized structure caused a key hurdle to advancing the energy transition in Nepal. The country should address the issues of coordination, accountability and transparency across three tiers of the government. Energy, being a cross-sectoral resource, requires synergy across the three tiers of government as well as private, bilateral/multilateral and non-governmental stakeholders.

11.3.3 Public-Private Partnership Models and Financial Instruments Mobilizing Private Capital

Several important barriers exist in the deployment of the public-private partnership (PPPs) in climate financing. They include uncertainty about the implementation of the institutional and financial channel established by climate negotiations, high perceived risks with climate projects, particularly in developing countries, and the limited availability of transparent public policies. Cultural differences between public and private financial institutions are also a concern. From a private sector point of view, PPPs are often perceived to be complex and offer limited profitability. These experiences stem from various case studies in different parts of the world (Gardiner et al., 2016).

Stable legal and regulatory frameworks are preconditions for governments to enter into PPPs that provide visibility and clarity to the private actors; this applies to climate financing as well. Public sector leadership is more apparent in PPPs of the climate change project; therefore, efficient and transparent public financial management and oversight are vital to support risk mitigation and secure private sector participation.

Improved communication and efforts between private and public stakeholders are important to implement a co-creation process from the early design stage. Finance capacity-building efforts combined with stakeholder engagement are additional critical factors to ensure ownership and the participation of local financial intermediaries in fulfilling the basic expectations of the end beneficiaries.

Green Growth Best Practice (GGBP) (2014) suggests three major thematic areas for public-private collaboration in green economic sectors: infrastructure in new growth areas, natural resource management, and private sector innovation investments. Global experience suggests the following measures for the success of PPP in climate change investments (GGBP, 2014, pp. 14-15):

- i) PPPs should play a role and support both in mitigation and adaptation activities.
- ii) Public authorities should develop enabling frameworks to support climate finance PPPs. The public sector must formulate a clear narrative around adaptation finance that makes business sense so that the private sector can engage and help fill the gap.
- iii) Design of a PPP through a process of co-creation and early involvement of private financial institutions,
- iv) The mobility of programme staff between public and private financial institutions can be used to improve mutual understanding and communication,
- v) Public financial institutions could support risk-taking initiatives to enlarge the scope of bankable projects, and
- vi) Robust stakeholder consultation processes should be established and implemented.
- vii) Systematic evaluation of implemented climate finance PPPs should be encouraged.

Nepal developed its first PPP approach in 1990. Legal provisions followed that. The initiatives the Government undertook are summarized as follows:

1990 - 2000	2001-2010	2011 Onwards
• 1992 – Hydropower Policy and Electricity Act, Foreign Investment and Technology Transfer Act • 1999 – BOT Policy on Road Sector	• 2001 – Hydropower Policy, Public Infrastructure Build Operate and Transfer Policy • 2003/04 – Private Investment in Infrastructure Build and Operate Ordinance • 2006 – Private Financing in Build and Operation of Infrastructure Act (BOOT Act) • 2006 – Private Investments in Infrastructure Act • 2007 – Financing in Build and Operation of Infrastructure Regulations	• 2011 – Investment Board Act • 2015 – PPP Policy • 2015 – Foreign Investment and One-Window Policy • 2017 – Electricity Regulatory Commission Act, Foreign Investment & Technology Transfer Act (Amended) • 2018 – Electricity Regulatory Commission Regulation

Source: National Planning Commission (2018)

Public-private partnership in Nepal's green economic activities is more prominent in the hydropower sector using the Build Own Operate and Transfer (BOOT) model. PPP models in roads and airports are almost absent in Nepal. The PPP approach in urban development (safe city) has just been initiated. In hydropower, the Chilime Hydroelectric Project (HEP) and the Upper Tamakoshi HEP developed initial PPP approaches. They have followed two approaches to PPP:

- i) Funds (equity and debt) generated through public utilities: unavailability of funds from the banking sector (capacity as well as loan tenure)
- ii) Funds generated through the general public, including local participation: Sense of ownership and facilitation in construction.

The invitation of private capital in climate financing is a new initiative for the Government. Attracting a significant volume of private capital is required to advance in adaptation and decarbonization strategies. Currently, the approach followed by the upper Tamakoshi looks feasible for PPP in greening other sectors as well.

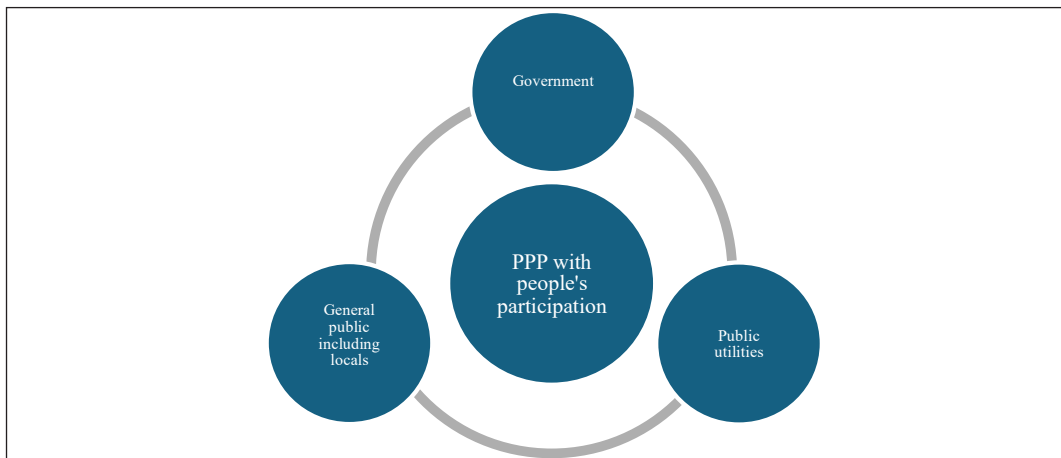
The Upper Tamakoshi Hydropower Project is the operational PPP model project. One of the promoters of the Project, NEA, has a Power Purchase Agreement (PPA) with the project. Debt and equity, in the ratio of 70:30, constitute the overall investment. Contributors to the debt are the Employees Provident Fund, Citizen

Investment Fund, Rastriya Beema Sansthan (National Insurance Company), Nepal Telecom, and the GoN. Likewise, equity composition is as follows:

- Promoter Share (51 percent): NEA (41 percent), Nepal Telecom (6 percent), Rastriya Beema Sansthan (2 percent), Citizen Investment Trust (2 percent)
- Public Share (49 percent): Employees of equity provider (24 percent), General Public (25 percent), including the local contribution of 15 percent.

Following this experience, below is the pragmatic PPP approach for Nepal while promoting investment in green sectors

Figure 11.2: PPP Components



Source: Author's creation

Section 8.5f of Nepal Climate Change Policy 2019 stipulates to encourage and mobilize private investment in the industry and transport sectors (mainly the air transport sector through CSR) for the reduction of emissions. The promotion of private sector investment by IFC and MIGA from the World Bank is noteworthy in this connection. The support of these two institutions is crucial in climate risk management, adaptation, and resilience. IFC is supposed to develop a new approach for the business development model conducive to expanding biodiversity finance, more specifically, through the development of a taxonomy of biodiversity-related investment activities. MIGA, on the other side, is expected to increase ecosystem services valuation in the climate risk screening framework (WB, 2021). The joint initiative is, therefore, instrumental to the protection of natural capital.

11.4 Conclusions and Recommendations

11.4.1 Conclusion

Viewing from the macroeconomic perspective, Nepal's efforts to mitigate climate change require substantial investment in renewable energy, climate-resilient infrastructure, and sustainable industries. While global institutions provide concessional financing, domestic resource mobilization remains critical. Collaboration between the public, private, and cooperative sectors can enhance climate financing, with cooperatives already playing a key role. However, broader financial mobilization and strategic investment mechanisms are needed to scale up green initiatives.

Despite commitments to biodiversity conservation, Nepal has struggled with resource mobilization, and key targets remain unmet. Strengthening financial institutions, promoting sustainable enterprises like non-timber forest products, and ensuring efficient investment in green sectors are crucial for balancing economic growth with environmental conservation. The private sector has significant investment potential, particularly in hydroelectricity, where Nepal has harnessed only a fraction of its capacity. Commercial and development banks can play a more effective role in facilitating climate investments, while multilateral financial institutions can provide concessional loans to bridge funding gaps.

The National Climate Change Policy 2019 envisions climate-induced disaster insurance in agriculture and animal husbandry, and the government has been financing climate-related programmes. However, Nepal lacks an explicit environmental pollution tax, relying instead on various environmental and climate-related taxes. Given the already high tax-to-GDP ratio, introducing new environmental taxes may not be feasible. Meanwhile, the country continues to receive bilateral grants and ODA for local adaptation efforts.

A significant opportunity exists to make local government expenditures more climate-friendly. Local governments can prioritize investing revenue from green sector activities – such as carbon trade royalties – into sustainable projects like rural electrification and watershed conservation, rather than traditional infrastructure. Strengthening policy implementation, improving operational efficiency, and enhancing private sector participation will be key to overcoming climate financing challenges and ensuring Nepal's sustainable development.

By private sector initiatives, promoting private sector investment in climate change activities requires a strong and supportive monetary policy. In Nepal, some measures

have been introduced to encourage private participation, but further policy refinement is needed to create an enabling investment environment. State-owned enterprises are felt to be highly required to develop robust investment models to address climate change, particularly those with significant fiscal coverage and high transaction volumes. Their proactive involvement can substantially contribute to national climate financing efforts.

Despite available opportunities, Nepal faces key challenges in its energy infrastructure sector. One major gap is the absence of clear targets for alternative energy contributions to the national energy mix. While the country has mandated CSR obligations for businesses and industrial establishments, banking and financial institutions still have limited engagement in channeling funds toward climate adaptation and mitigation projects. Strengthening the role of financial institutions in climate financing is essential for sustainable development.

Nepal has a considerable presence of private investors in the public transport sector. Therefore, integrating private sector interests into plans for a structured, low-carbon public mass transportation system is crucial. Encouraging private sector participation through financial incentives and regulatory clarity can facilitate this transition.

However, several barriers hinder the effective deployment of PPPs in climate financing. These include uncertainties regarding the institutional and financial mechanisms established through climate negotiations and the high perceived risks associated with climate projects, particularly in developing countries. Overcoming these challenges requires clearer policy direction, risk mitigation strategies, and stronger collaboration between the government, private sector, and financial institutions to mobilize sustainable climate investments effectively.

11.4.2 Recommendations

11.4.2.1 Strengthen Green Finance and Sustainable Investments

The Government should promote green financing by creating an enabling regulatory environment. The central bank should lead efforts to harmonize green investments through national development banks, commercial banks, and private financial institutions. State-owned enterprises should also develop investment models focused on climate change mitigation and adaptation. Furthermore, the government should sensitize financial institutions about the importance of sustainable finance and encourage the private sector's participation in climate-smart investments.

11.4.2.2 Maximize Hydropower Potential and Green Sector Growth

Nepal must capitalize on its vast hydropower potential and enhance investments in renewable energy, particularly hydroelectric power. The government should address barriers to investment and improve infrastructure for green energy projects. To stabilize green sector growth, targeted incentives and financing mechanisms should be introduced, reducing the volatility and ensuring long-term sustainable development.

11.4.2.3 Improve Agricultural Insurance and Rural Climate Resilience

To enhance climate resilience in agriculture, the government should make agricultural insurance schemes more attractive, particularly for women. Offering subsidies for insurance premiums in the initial years will boost farmer participation. Additionally, addressing the low uptake of insurance in the agricultural sector will contribute to greening the rural economy and raising the financial resilience of farmers.

11.4.2.4 Mobilize Domestic and International Financing for Climate Action

Nepal needs to bridge its climate financing gap by mobilizing domestic resources, including development banks and cooperative finance institutions. Furthermore, the government should seek grants, concessional loans, and other forms of financial support from multilateral institutions to fund adaptation and decarbonization strategies.

11.4.2.5 Develop a Stable Legal and Institutional Framework for Public-Private Partnerships

To attract private sector investments in climate financing, the government must establish a stable and clear legal and regulatory framework. The PPPs should be promoted through well-defined contracts and risk mitigation strategies to ensure long-term involvement from private investors in climate initiatives. Improved coordination and transparency across all levels of government will also enhance the success of these partnerships.

11.4.2.6 Expand Electric Vehicle Infrastructure and Subsidize Green Transportation

Nepal should invest in charging infrastructure for Electric Vehicles (EVs) and introduce subsidies for EV purchases and operational costs. This will encourage the

widespread adoption of EVs and help transition to a low-carbon transportation system, further contributing to the country's climate goals.

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Appendix

Appendix 11.1: Existing Tax Incentives in Nepal for Green Investments

Income Tax

Corporate Tax Rate: 25 percent

Tax Rates Adjusted as follows:

- Build, Own, Operate and Transfer Model (BOOT) projects; Construction of powerhouse, hydropower generation and transmission: 20 percent
- Income generated by entity from export: 20 percent
- For hydropower generation and transmission, entities listed on the stock exchange: 10 percent exemption in the normal tax rate.

Tax Holiday

- Licensed person or entity producing electricity through hydro, solar, wind, and bio-fuel, starting its commercial production, transmission, or distribution within April 12, 2024. 100 percent exemption for the first 10 years and 50 percent exemption for the next five years
- 10 percent exemption in the normal tax rate for industries engaged in hydro generation and transmission and listed on the stock exchange.

Disclosure Norms

- Income source disclosure is not required for investments made in hydro projects of national priority until the end of Chaitra 2075 BS.

Source: Income Tax Act 2002 with the latest amendment in 2023

Value Added Tax (VAT)

- 0 percent VAT facility based on a recommendation from AEPC for batteries produced and supplied by Nepali industries for use in solar energy-producing industries
- VAT exemption on the import of machinery, equipment, tools and spare parts, penstock pipes, or iron sheets used in hydropower projects and not produced in Nepal (based on the recommendation of the Alternative Energy Promotion Center or the Department of Electricity Development)
- VAT exemption for equipment and machines, tubular batteries, and solar lead batteries, required by biogas, solar, and wind energy industries (based on the recommendation from AEPC).

Source: VAT Act (1996) with the latest amendment in 2023

Customs Duty Concessions

- Duty on Generation plant having a capacity equal to or exceeding 10 kW: 1 percent
- Duty on generating parts imported by VAT-registered industries producing generators: 1 percent
- Duty on alternative energy-based industries: 1 percent
- Windmills and related parts imported by wind energy-based industries
- Solar panels, modules, tubular batteries solar pumps imported by solar industries.

- Bio-stoves imported by bio industries.
- Import of mill, machinery, equipment and spare parts thereof and chemicals to produce organic fuel.
- Appliances and equipment such as main gas valves, valves used in biogas, fittings, elbows, gas pipes, gas gauge, biogas (dung gas) lamps, gas taps (brass), gas stoves, and parts thereof, reduction elbows and rubber hose pipe necessary for dung gas, including biogas.

Forward of Losses Carry

- Construction of powerhouse, generation and transmission of electricity: 12 Years.

Depreciation provisions

Applicable Pool

Pool A: 5 percent

Pool B: 25 percent

Pool C: 20 percent

Pool D: 15 percent

- 33.3 percent accelerated depreciation for BOOT projects, construction of a powerhouse, hydropower generation and transmission
- Investment made during a year on replacement of old machinery after deduction of the accumulated depreciation till that year is allowed to be booked as an expense
- 50 percent depreciation shall be allowed in the year of purchase of equipment to produce energy for the business.

Source: Customs Duties (2007)

Appendix 11.2

Table 11.2.1: Climate Change Budget in Highly Relevant and Moderately Relevant Categories

Budget Details		Fiscal Year										
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/2022	2022/23	2023/24
Total national budget (in billion NPR)		517.24	618.10	819.46	1048.9	1278.99	1310.00	1532.97	1474.64	1647.57	1793.84	1751.31
Climate Budget	Highly relevant	Budget	27.74	34.98	46.36	61.85	57.73	79.84	79.09	94.02	105.85	104.39
		Percentage of the total budget	5.3	5.6	5.6	5.9	4.5	5.20	5.36	5.71	5.90	5.96
Climate Budget	Moderately relevant	Budget	25.73	31.36	112.98	139.76	335.62	429.00	399.74	455.67	503.64	523.59
		Percentage of the total budget	4.9	5.1	13.7	13.3	26.2	32.62	27.11	27.66	28.08	29.90
Total climate budget		53.47	66.34	159.34	201.61	393.35	487.00	483.87	478.83	549.69	609.49	628.98
Climate Budget as percentage of total budget		10.34	10.73	19.45	19.22	30.76	37.03	30.25	32.47	33.37	33.98	35.86

Source: Budget speeches of respective FYs, Ministry of Finance

Table 11.2.2: Tax on Infrastructure and Vehicles (values in ‘000’ upto 2015/16 and ‘00000’ from 2016/17 onward)

Tax on Infrastructure and Vehicles	Fiscal Years											
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Vehicle tax	3374072.0	3791369.0	4313945.0	4968677.0	6315416.0	7104760.0	88042.0	107606.0	1690.0	73.0	38.0	2.0
Taxes on the use of infrastructure	293600.0	1060210.0	1502280.0	1026535.0	1010052.0	986078.0	14042.0	17859.0	10805.0	4994.0	6383.0	8055.0
Road maintenance and improvement duty	NA	3076151.0	1510275.0	1731991.0	1983687.0	1573764.0	31716.0	38187.0	54290.0	75622.0	104962.0	113164.0
Road construction and maintenance duty	NA	1196606.0	1635619.0	2600391.0	3624186.0	3484838.0	84848.0	94021.0	113526.0	54044.0	72801.0	70697.0
Infrastructure tax	NA	NA	NA	NA	NA	1112060.0	92201.0	109185.0	120460.0	142000.0	224378.0	240566.0
Total	3667672.0	9124336.0	8962119.0	10327594.0	12933341.0	14261500.0	310849.0	366858.0	300771.0	276733.0	408562.0	432484.0
Total taxes	181254599.0	211722611.0	259214937.0	312439915.0	355955468.0	421096616.0	5538665.0	6401695.0	7371183.0	7000555.0	8701066.0	9843320.0
Total revenue of the Government	253244649.0	285184380.0	333172151.0	410863622.0	450022556.0	524782980.0	6125975.0	7267176.0	8396618.0	8413124.0	9358879.0	10663465.0
Percentage of total tax	2.02	4.31	3.46	3.31	3.63	3.39	5.61	5.73	4.08	3.95	4.70	4.39
Percentage of total revenue	1.45	3.20	2.69	2.51	2.87	2.72	5.07	5.05	3.58	3.29	4.37	4.06

Source: Economic Survey of various years, Ministry of Finance

CHAPTER 12

REFORMING NEPAL'S ELECTRICITY SECTOR FOR CROSS-BORDER ELECTRICITY TRADE

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Abstract

Nepal's electricity market requires reform and restructuring to allow non-discriminatory open access to the transmission and distribution system for multiple generators, sellers, buyers and traders, all within a regulated environment. While Nepal's immediate priority should be the productive consumption of power domestically, the rapid increase in generation capacity will lead to a surplus, necessitating cross-border electricity trade. Currently, the entire electricity market, from transmission to trading, is managed by a state-owned utility, although private sectors have been granted generation rights. Given Nepal's significant potential for cross-border clean power trade, especially with the surplus, and the growing importance of factors like the Sustainable Development Goals (SDGs), climate change and national energy security, policy research is crucial. This Chapter is an attempt toward this end. It focuses on enhancing the understanding of the politico-diplomatic and economic aspects vis-à-vis electricity generation and trade, its regulatory environment, market constraints, and the dynamics of cross-border green electricity trade between Nepal, India, and other potential partners, including Bangladesh and possibly to the feasible Gulf countries gradually.

12.1 Introduction

The pace of hydropower generation has increased in Nepal over the last decade. A simulation-based study conducted by some researchers at the Asian Development Bank (ADB) indicates that a 20 percent increase in economically viable hydropower capacity would increase the cumulative Gross Domestic Product (GDP) (Gunatilake et al., 2020). However, because of slow economic activities and a lack of industrialization, the electricity demand is not growing proportionately except during peak hours for domestic purposes (Shrestha, 2022a). Electricity consumption and generation mismatch are evident during the wet season, as Nepal has a surplus during that time. If current trends continue, the country may have a significant surplus of electricity by 2030, even during dry months (Water and Energy Commission Secretariat [WECS], 2017). This imbalance between generation and demand poses a question regarding how to use excess electricity to support national prosperity and energy security.

Concurrent surplus and deficit of electricity are not unique to Nepal. Internationally, Germany has experienced solar power surpluses, reflecting a broader issue of power supply-demand mismatches and resulting in grid instability and market distortions (Reynolds, 2025). Uganda presents a different scenario, where surplus electricity has been wasted primarily due to limited domestic electrification (Kakumba, 2021). Meanwhile, countries such as Germany, Switzerland, Austria, France, and Italy have faced simultaneous surplus and deficit conditions and have implemented various strategic measures to manage these challenges (Lienhard et al., 2023).

Given the current scenario of electricity production and the priority of the country, Nepal is going to meet domestic demand and have an electricity surplus, specifically during peak seasons. Hence, how to best utilize the surplus electricity is an issue that needs to be addressed currently. There are three options as to how surplus electricity can be utilized: increasing domestic consumption, cross-border electricity trade (CBET), and conversion into hydrogen (Bhandari & Subedi, 2023). National-level discourse is going on for all options, including exporting this surplus electricity by cross-border trading, with the assumption that it would be beneficial to Nepal (ADB, 2017; Alam, 2023; Upadhyaya & Pun, 2022). Although Nepal's access to India's real-time and day-ahead markets since 2021 is a significant step, longer-term bilateral agreements and more extensive reforms are needed to reap additional benefits (Shrestha, 2023b).

In spite of liberalization progress and the first generation of reforms in the energy sector, there are still large institutional and policy gaps. Due to its continued dominance in trade, transmission and generation, Nepal Electricity Authority (NEA) restricts competition and produces conflicts of interest (Foster & Rana, 2019). Although Electricity Regulation Commission (ERC) founded in 2017 has made progress on consumer protection and tariff reforms, it has not yet finished developing frameworks for open access, wheeling charges, or competitive wholesale markets. High generation costs, governance inefficiencies and transmission bottlenecks remain major challenges (NEA, 2022; Ogino et al., 2019). Hence, to harness potential benefits, Nepal needs a new generation of legislative and institutional reforms, and needs to come up with new policy instruments and build physical infrastructure for the sustained growth of the energy sector.

Coordinated CBET frameworks can improve energy security, optimize resources and establish stable markets, as evidenced by international experiences like the Greater Mekong Subregion (GMS), the Southern African Power Pool (SAPP) and India-Bhutan bilateral cooperation (Lama, 2023; Lienhard et al., 2023). Since India

continues to be the main entry point for regional electricity trade, it is especially important for Nepal that laws and technical standards be also in line with India's regulatory framework (IRADe-SARI, 2022). To operationalize CBET while preserving domestic energy security, political will, effective trade diplomacy and institutional capacity are all equally important (Paudyal, 2013).

In light of the given context, the main objectives of the chapter are as follows:

- i) To analyze the context of Nepal's need for cross-border electricity trade (CBET),
- ii) To investigate the existing policy, legal, and institutional frameworks that influence CBET in Nepal,
- iii) To evaluate the infrastructure needed to improve cross-border power exchange,
- iv) To offer policy recommendations that will improve Nepal's position in the regional electricity market.

The Chapter follows a mixed-method approach, including a desk review of literature and the use of secondary data from various government agencies. Literature reviewed includes policy documents, bilateral and multilateral treaty documents, journal articles, white papers published by Nepal Electricity Authority and various government agencies, publications and research reports of various bilateral and multilateral development agencies, among others. To put Nepal's stance in perspective, the Chapter also uses case studies of regional and bilateral power-trade practices. Some of the primary insights into real-world issues and new opportunities are also based on the author's experience from holding official positions at various government and non-government agencies.

12.1.1 Hydropower and Solar Energy Generation Potential and Future Demand in Nepal

Generation potential: Nepal has a significant number of rivers and rivulets flowing from the Himalayas and high hills, which provide enormous hydropower potential for generating clean electricity. The annual run-off from the country is 222 billion m^3/s and the annual mean stream flow from snow-fed major river systems alone is 4,930 m^3/s (UNEP, 2001). Based on the water resources availability, considering a 45 percent exceedance probability, Nepal's technical potential for run-of-river hydropower has been estimated to be 83-90 gigawatts (Alam et al., 2017).

Findings also state that the optimal discharge would be 29-227 percent higher than that under the discharge regulation (Bhattarai & Shrestha, 2023). If an exceedance is considered at a different percentage, the potential could be different (Jha, 2010). Usually, all the technically potential water resources will not be developed due to technical, economic and environmental constraints. Considering 45 percent exceedance and all other factors, a conservative estimate done by many researchers for a run-of-river economically and technically viable power is about 42 GW (Pokharel, 2001).

Nepal has up to 47,628 MW potential for solar energy (Neupane et al., 2022) and the national average solar insolation of Nepal is found to be 4.66 kWh/m²/day (Adhikari et al., 2013). It is estimated that the average Global Solar Radiation (GSR) ranges from 3.6 to 6.2 kWh/m²/day, with over 300 bright sunny days per year, and the whole country has 6.8 h/day of bright sunshine, with an average solar intensity of 4.7 kWh/day (Poudyal et al., 2013). The mountain and hilly regions have higher photovoltaic energy yield potential because of high elevation and low air temperature and are the best regions to develop solar photovoltaic systems in Nepal (The World Bank, 2017).

Energy-mix scenario: There is still a lack of comprehensive research on Nepal's overall hydropower and green energy potential, as well as on the country's energy mix and the available capacity of different generating systems (such as solar, wind, imports, run-of-river, peaking run-of-river, storage, and pumped-storage plants). The extent to which additional capacity needs to be installed to meet future energy mix targets has also not been adequately studied. Also, the optimum exceedance percentage for hydropower to generate maximum electricity in Nepal is still under discussion. Depending upon whether it is either 25 or 45 or 65 percent, the total energy generation will be different, as highlighted by Bhattarai et al (2023). Some studies have shown different estimations of the total installed capacity of the country, for example, 200,000 MW and 53,836 MW at 40 percent dependable flows (Sharma & Awal, 2013). The Ministry of Energy, Water Resources and Irrigation (MoEWRI) has issued guidelines making provision in the pre-feasibility study of run-of-river hydropower projects that there must be an analysis of possible energy generation at 25 percent to 65 percent exceedance (MoEWRI, 2018).

Energy demand forecasts: By taking 2015 as a base year, forecasts of energy demand have been made for the case of Nepal. Different scenarios have been projected at 4.5 percent and 7.2 percent GDP growth. As per these scenarios, by

2030, Nepal needs around 9,000 MW to 11,000 MW installed capacity of power plants to fulfil the electrical energy demand (WECS, 2017). The economic growth of Nepal has not been achieved as forecasted in 2017 by WECS; it has rather been facing the problem of a low rate of economic growth with a high rate of inflation (Upadhyaya & Pun, 2022). However, the generation of hydropower-based electricity is growing well (Table 12.1). This suggests that Nepal is on track to achieve a significant surplus of electricity by 2030, provided the current pace of generation is sustained.

Table 12.1: Total Installed Capacity and Power Required at Various GDP Percentage Scenarios

SN	Year	GDP@4.5%		GDP@7.2%		GDP@9.2%		GDP@7.2% with Green Policy		GDP@9.2% with Green Policy	
		MW	TWh	MW	TWh	MW	TWh	MW	TWh	MW	TWh
1	2025	5,787	13	6,617	14.8	7,366	16.5	9,987	22.4	10,803	24.2
2	2030	8,937	20	1,111	24.9	13,296	29.8	15,731	35.3	18,371	41.2
3	2035	13,242	29.7	18,124	40.7	23,588	52.9	23,039	51.7	29,231	65.6
4	2040	19,151	43	29,427	66	42,228	94.8	36,489	81.9	51,330	115.2

Source: Water and Energy Commission Secretariat, 2017

Going surplus is highly likely: Nepal anticipates significant growth in hydro and renewable electricity generation capacity (Table 12.1 and Table 12.2). As of April 2023, the total installed capacity exceeded 2,696 MW. In addition, projects with generation licenses under construction accounted for over 8,818 MW, while projects with survey licenses amounted to more than 13,611 MW, and applications for licenses total around 1,296 MW. Altogether, projects at various stages of construction and operation represent more than 11,514 MW (Department of Electricity, 2023).

If the pace of generation continues and the government continues to facilitate the private sectors with coherent policies and power evacuation plans, more than 15,000 MW could be generated by 2030. WECS (2017) estimated that, under a business-as-usual scenario with a GDP growth rate of 4.5 percent, the total installed electricity capacity required would be approximately 3,884 MW by 2020 and around 8,937

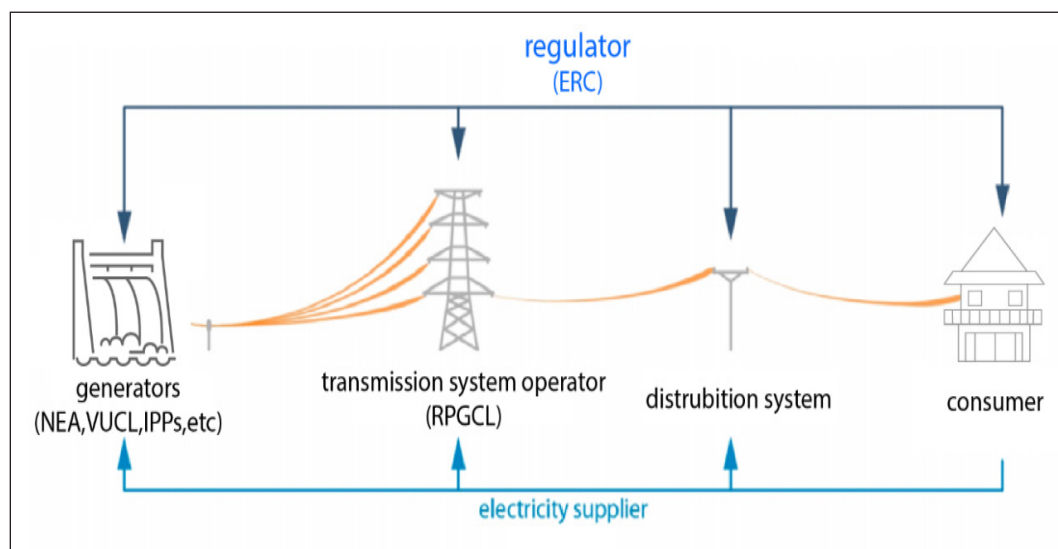
MW by 2030. However, Bhandari and Subedi (2023), considering the projects in the pipeline, estimated that the installed capacity would reach around 10 GW by the end of this decade. That will be almost double the actual electricity demand in Nepal at the current economic growth rate. Meanwhile, NEA, using a linear forecast of 10 percent annual growth, has projected that the peak load will reach 6.85 GW by 2030 (Vrock and Company, 2021). Due to relatively low level of economic activity, even in 2023, with an installed capacity of around 2,696 MW, Nepal already experiences surplus electricity during the wet season (Department of Electricity, 2023).

12.1.1.1 Electricity Generation Trends

Although the private sector plays a significant role in Nepal's power sector, it remains largely controlled by the government entity - Nepal Electricity Authority (NEA) - except for power generation. The Authority has a long history of solely executing transmission, distribution and trading functions.

Nepal, with the introduction of the Electricity Act 1992, started to liberalize its generation component with the wave of liberalization and privatization of entities, including of power sector. Many policy documents introduced since then have focused on implementing the power sector reform model gradually by enacting and implementing new regulations, reconstructing existing institutions and creating fair competition among stakeholders (Foster & Rana, 2019). One of the underlying principles in these reforms is to embrace private sector participation in the public-private partnership (PPP) model. In principle, a competitive power market cannot be ensured unless non-discriminatory access to transmission, distribution, as well as trading facilities is provided to competing parties through the legislative process and by developing coherent policy instruments.

The ERC was established in 2017 by the ERC Act as a part of broader system liberalization. The NEA, a power sector entity owned by the state, started to get restructured after the Rastriya Prasaran Grid Company (RPGC) was established. However, other frameworks for non-discriminatory open access in multiple phases of the electricity system of Nepal (Figure 12.1), including rational power wheeling pricing mechanisms and operating guidelines, among others, have not been developed yet.

Figure 12.1: Electricity System of Nepal

Source: Drawn by the author

In May 1911, the Nepali capital city Kathmandu got electricity for the first time, which was available only to the ruling class. Gradually, the urban areas of Nepal were electrified partly by local generation and partly by importing electricity from India. Following the adoption of a liberalization policy that allowed the generation of electricity to the private sector, the Nepali hydropower sector upgraded its generation capacity significantly, and the private sector's generation contribution is almost 2/3 of total generation lately (Table 12.2).

Table 12.2: Nepal's Hydropower and Other Forms of Electricity Generation Status as of July 2024

SN	Particular	No. of Plants	Capacity (MW)
1	Generation		
1.1	Individual power producers (including solar-81.94 MW)	161+16 = 177	1,996.72
1.2	NEA incl. solar 25 MW	-	1,154.47
1.3	Bagasse (Independent Power Producers - IPPs)	2	6.00
<i>Sub-total</i>			<i>3,157.19</i>

SN	Particular	No. of Plants	Capacity (MW)
2	Financial closure completed for construction		
2.1	Hydro (NEA subsidiary)	9	627.5
2.2	Hydro (IPPs)	122	3,226.524
2.3	Solar (IPPs)	6	51.7
<i>Sub-total</i>		<i>137</i>	<i>3,905.724</i>
3	Different stages of development (no financial closure)		
3.1	Hydro (including nine of NEA)	128	3,827.899
3.2	Solar	8	71.5
<i>Sub-total</i>		<i>136</i>	<i>3,899.399</i>
4	Applied for a survey licence		
4.1	Hydro less than 1 MW	26	19.683
4.2	Hydro more than 1 MW	86	3,100.104
4.3	Solar	20	397
<i>Sub-total</i>		<i>132</i>	<i>3,516.787</i>

Source: Compiled by the author based on the Department of Electricity Development (DoED) Website, NEA Annual Reports; IPPs and the MoEWRI data, including NEA's subsidiaries

Data provided in Table 12.2 reveals that the private sector currently contributes the largest share of Nepal's electricity generation. This is evident from the significant number of operational plants managed by IPPs, who also lead in renewable energy generation, particularly solar. Building on this foundation, a significant number of hydropower projects have secured financial closure and are ready for construction or are already under construction, with the majority driven by IPPs and some by NEA subsidiaries. At the same time, many projects are still in the early development stages and have not yet secured financial closure, highlighting both the potential for future growth and the challenges in mobilizing investment. Despite this, there is a strong interest in initiating new power projects, particularly in large-scale hydropower, as reflected in the high number of survey license applications, suggesting continued momentum in expanding Nepal's energy sector.

12.2 Liberalization Efforts and Legal, Administrative and Institutional Reforms in the Electricity Sector in Nepal

12.2.1 Existing Policies Dealing with the Electricity Sector

Nepal's electricity generation, transmission, distribution, and trade businesses are guided by different legislations. Nepal Electricity Authority Act 1984, Hydropower Development Policy 1992, Water Resources Act 1992, Electricity Act 1992, Water Resources Regulation 1993, Electricity Regulation 1993, Hydropower Development Policy 2001, Water Resources Strategy 2002 and National Water Plan 2005 are some of the major policy documents promoting electricity generation, transmission and distribution in Nepal. The Electricity Act 1992 and Hydropower Development Policy 2001 helped to have a major policy shift for fostering competition by encouraging community/cooperative institutions, local governments and the private sector to participate in the generation, transmission and distribution sectors. The Constitution of Nepal also has provisions to ensure a reliable, affordable and easily available energy for the fulfillment of the basic needs of citizens, by generating and developing renewable energy.

After policy reforms in the 1990s, private sectors are heavily involved in generation. As generation accelerates, electricity market is becoming more vibrant, with the private sector seeking to expand its role in distribution and trade. The Electricity Act 1992 has provisions to provide licenses to generate, transmit, distribute and trade. The objective of the Hydropower Development Policy 2001 is to develop hydropower as an exportable commodity and adopt a policy to unbundle public sector utilities to create fair competition. Despite these provisions in policies and laws, the private sectors are mainly confined to generation only.

As the private sector is now generating almost 2/3 of electricity in Nepal (Table 12.2) and exploring business opportunities in the trade of electricity, this has compelled the Government to reform policies to incorporate the private sector in trade in a regulated market. In the process of reforming electricity market, the Electricity Regulation Commission Act 2017 was promulgated with the prime objective of regulating and maintaining a balance between demand and supply of electricity by making generation, transmission, distribution and trade of electricity simplified, regular, systematic and transparent. ERC's task is to regulate electricity tariff, to protect the rights and interests of the electricity consumers and to make electricity service reliable, available to all, qualitative and secure. ERC Act also gives mandate to promote fair competition by encouraging community/cooperative

institutions, local governments and the private sector to participate in the generation, transmission, distribution and trade sector, taking electricity as a tradable commodity. For the fulfillment of this objective, the ERC is also mandated to develop and execute grid and distribution codes, set standards, determine tariffs and regulations for electricity purchase and sale, develop criteria and implement/establish the wholesale power market of electricity. It is mandated to ensure open access in the electricity system, determine wheeling charges and formulate a minimum-cost extension work plan. In addition, competition among private sector actors is to be promoted in the regulated electricity market, both domestically and internationally, through the issuance of appropriate policies, guidelines and regulations. The other mandates of the Commission include prescribing the obligations, investigating the operation of the electric system and monitoring its implementation.

There are also important agreements regarding cross-border electricity trades (CBET). The South Asian Association for Regional Cooperation (SAARC) member states signed the SAARC Framework Agreement for Energy Cooperation (Electricity) in November 2014, enabling the CBET to voluntarily be subject to the laws, rules and regulations of the respective member states. It has realized the importance of the benefits of cross-border electricity exchanges and trades, leading to optimal utilization of regional electricity generating resources, enhanced grid security, and electricity trade arising from diversity in peak demand and seasonal variations. For cross-border trade, countries must enable non-discriminatory access to the respective transmission grids as per the applicable laws, rules, regulations and applicable inter-governmental bilateral trade agreements. There are also bilateral agreements regarding CBET. Nepal has been exchanging power with India based on bilateral agreements. Since 18th April 2021, the country has been given access to the day-ahead market in the Indian Energy Exchange after getting approval from the designated authority, per the CBET Procedure. On 31st July 2023, India's Power Ministry again granted any Indian power trader, on behalf of any entity of Nepal, access to its real-time power market after obtaining approval from the designated authority, up to the specified quantum (megawatt) and duration (P. Shrestha, 2023c).

Critically viewed, Nepal has made commendable progress in expanding electricity generation and access, primarily through the rapid development of hydropower projects. NEA has been instrumental in connecting a significant volume of new capacity to the national grid, with contributions from both public and private sectors. However, the broader implementation of electricity policies – especially those

aimed at liberalizing the energy sector – remains incomplete. The legal and institutional framework still does not adequately support full private sector involvement in the electricity trade. Efforts to modernize the legal framework, including proposed amendments and new bills, have faced delays and procedural setbacks. Consequently, despite strong momentum in generation capacity, policy implementation falls short of promoting a fully competitive and inclusive electricity market.

Private sector involvement in Nepal's electricity sector is largely confined to power generation, with limited participation in transmission and trade due to outdated laws and unclear regulations. Efforts to open the market through legal reforms have been slow and inconsistent. The absence of clear guidelines on open access and wheeling charges continues to hinder broader private sector engagement and competition.

Nepal's ERC has made important progress in areas such as tariff reform, consumer protection and establishing regulatory frameworks. It introduced tariff reductions to make electricity more affordable and issued key directives to guide utility performance and consumer rights. However, the ERC's overall performance has been constrained by institutional challenges, including limited staffing and resources. Delays in finalizing critical regulations - especially those related to open access and wheeling charges - have hindered the promotion of competition and private sector participation. While foundational work has been done, the ERC's ability to fully regulate and modernize the electricity sector remains a work in progress.

The stimulus to reform the electricity sector of Nepal has different factors. In most of the developed nations, it is because of the promotion and integration of renewable energy, energy efficiency, price reduction and optimized resource utilization. Whereas, in Nepal, it is mainly to attract investment for more generation, reduce generation costs through competition to benefit consumers and sell surplus electricity across the border. As Cramton (2017) states, the common political response to restructuring was to guarantee that consumers would benefit. Nepal's objective of reforming the sector is also to enhance quality access, the efficiency of the electricity system, economic benefits from more investment and generate revenue from the export of surplus electricity so that trade imbalance can be addressed. From the experiences¹, it has been shown that while trading in

1. In Germany, for example, many companies including Uniper that were involved in energy trade were bankrupt and bailed out by the state.

competitive markets, strong regulations to avoid monopoly, national energy security, adequate institutional governance, strong payment discipline and technical coordination must be ensured (Boltan, 2021).

12.2.2 Institutions Dealing with Electricity

There are many public institutions involved in the promotion of the electricity sector in Nepal. The Ministry of Energy, Water Resources and Irrigation (MoEWRI), Water Energy Commission Secretariat (WECS), ERC, Nepal Electricity Authority (NEA) and its subsidiaries, Vidhyut Utpadan Company Limited (VUCL), Rastriya Prasaran Grid Company Limited (RPGC), provincial governments, local governments and Alternative Energy Promotion Center (AEPC) are the main government institutions involved in this sector apart from individual power producers (IPPs). Table 12.3 details their current responsibilities and possible roles in CBET.

Table 12.3: Government and Government-Owned Institutions Dealing with the Electricity Business/Market in Nepal

SN	Institutions	Current Roles and Responsibilities	Prospective Roles in OA and CBET
1	Ministry of Energy and Water Resources (MoEWRI)	Overall policy and legislation and facilitation	Legislation and bilateral negotiations
2	Water and Energy Commission Secretariat (WECS)	Planning, resource mapping	Research planning, monitoring and forecasting
3	Electricity Regulatory Commission (ERC)	Regulatory body	Policy, guidelines and create competitive markets
4	Nepal Electricity Authority (NEA) and subsidiary companies	Generation, transmission, distribution and trade	NEA, with its subsidiaries, can continue generation, distribution and trading except for transmission
5	Power Transmission Company Nepal Limited	NEA subsidiary, developing high high-voltage transmission interconnection system between Nepal and India	The Dhalkebar - Muzaffarpur (Nepal portion) was implemented by Power Transmission Company Nepal Limited and can be merged into RPGC

SN	Institutions	Current Roles and Responsibilities	Prospective Roles in OA and CBET
6	Vidhyut Utpadan Company Ltd. (VUCL)	Generation by mobilizing resources	Public entity for the generation
7	Hydroelectricity Investment and Development Company Ltd	Mobilize funds for generation, transmission and distribution of hydro projects	Investment support to bigger projects
8	Rastriya Prasaran Grid Company	Grid planning and ownership	As a transmission system operator (TSO)
9	Province Government	Generation and distribution	Facilitate in generation and work as a prosumer
10	Local Government	Generation and distribution	Facilitate in generation and work as a prosumer
11	Alternative Energy Promotion Center	Promote small-scale renewable energy	Support local governments in distributed generation

Source: Compiled by the author

These institutions have conflicting issues and their conflicts have surfaced over the years. Specifically, conflicts among the MoEWRI, NEA and the ERC have intensified in recent years. These disputes encompass a range of issues, including tariff determinations, non-compliance with regulatory directives, intentional delays in inter-agency cooperation, grid access and licensing for independent power producers, complexities in policy execution, and disagreements over roles in power purchase decisions and subsidies.

At the core of these disputes are issues of regulatory authority, financial accountability and governance autonomy. These conflicts have broader implications for Nepal's energy sector, particularly as the country pursues reforms aimed at liberalization and increased private sector participation. The discord among key institutions hampers the implementation of policies designed to enhance efficiency, transparency, and consumer trust.

To move forward, Nepal must delineate the authorities of each institution, reinforce regulatory compliance, and foster collaborative governance among stakeholders. Addressing these challenges is crucial for ensuring a stable, transparent, and efficient power sector capable of meeting the country's growing energy demands and supporting its economic development goals.

12.2.3 Issues in Hydropower Generation and Transmission

There have always been issues when it comes to hydropower development, as highlighted by studies (Sharma & Awal, 2013; Schulz & Saklani, 2021). However, one of the most pressing issues is the cost of generation. Nepali hydropower generation cost is steadily increasing because of poor governance, higher supply chain costs and increased vulnerability due to the impact of climate change (Ogino et al., 2019). The generation cost of Nepal's electricity sector needs to be competitive if we are to promote export, as it must compete with the electricity generated in India in the open market (NEA, 2022). The average hydropower generation cost for a large project in Nepal is US\$2 million for 1 MW, which is much higher than the international average cost (H. Shrestha, 2023). The state utility NEA purchases generated power at a fixed rate from independent power producers, whose unit costs of generation tend to be high, although they sign long-term power purchase agreements (PPAs) with NEA. The lack of adequate numbers of transmission lines for power evacuation, as well as for cross-border electricity trade, is also an important hurdle. Insufficient transmission infrastructures lead to power evacuation risks for hydropower projects under construction (Adhikari et al., 2013). In addition to the generation side, the transmission and distribution systems are also problematic in Nepal because of poor maintenance and high average system loss, thereby increasing the cost (NEA, 2022).

The cost of hydroelectricity generation is driven by a complex interplay of poor governance, supply chain issues and climate change vulnerabilities. Weak governance contributes to bureaucratic delays² in project approvals and financing, leading to extended construction timelines and higher interest expenses. Concurrently, supply chain disruptions - stemming from inefficient procurement processes and logistical challenges - further delay project completion and escalate labor and operational costs.

Extreme weather events in Nepal have disrupted hydroelectric projects by damaging infrastructure and access routes. For example, during severe monsoon seasons, flash floods damage dam spillways and key components of hydropower facilities,

2. For example see the report by the World Bank on the Kabela-A Hydro Electric Project via this link - <https://documents1.worldbank.org/curated/en/617431632962085491/pdf/Nepal-Kabeli-A-Hydro-Electric-Project.pdf>; also see the news under the title 'Delay in construction of 'Chilime Hub' results in wastage of electricity generated by Rasuwagadhi Hydropower Project' via this link - <https://myrepublica.nagariknetwork.com/news/rasuwigadhi-hydropower-project-delay-in-chilime-hub-construction-causes-billions-in-financial-loss>; and the news titled 'Construction delay hits Khani Khola hydropower project due to incomplete transmission line' via the link - <https://myrepublica.nagariknetwork.com/news/construction-delay-hits-khani-khola-hydropower-project-due-to-incomplete-transmission-line>

forcing costly repairs and reinforcement measures. Additionally, heavy rains trigger landslides and block the roads leading to powerhouses, delaying maintenance and prolonging project timelines (Poudel, 2013). Reports have highlighted instances where floods not only impaired dam functionality but also compromised the transportation routes essential for timely equipment delivery and project supervision (Kadel et al., 2024). These events compound existing challenges related to governance and supply chain inefficiencies, further driving up the overall cost and complexity of hydroelectric power generation and contributing to creating a cycle of inefficiencies, ultimately driving up the overall cost of hydroelectric power generation.

While hydropower generation in Nepal is accelerating, its export remains uneconomic unless the current high generation costs and market inefficiencies between Nepal and India are addressed. Improved governance, institutional reforms, and regulatory changes could dramatically enhance the economics of green electricity trade. Ogoni et al. (2019) argue that many of the reforms proposed by stakeholders have not been implemented in Nepal, thereby stifling market efficiency. Similarly, McBenett et al. (2019) in the National Renewable Energy Laboratory report show that Nepal's increasing hydropower exports – primarily run-of-river projects with limited storage – have little impact on India's ambitious wind and solar integration plans. As India scales up its wind and solar capacity, Nepal's hydropower exports could lose market potential unless institutional barriers to trade are removed through coordinated operations and legislative reforms.

Although McBenett et al. (2019) warn that India's expanding wind and solar capacity may reduce demand for Nepal's electricity exports, its hydropower can still play a crucial role by serving as a provider of dispatchable power to balance India's variable renewable energy supply. By positioning itself as a balancing resource, Nepal can leverage its ability to adjust output in real time, thereby contributing to grid stability and complementing the intermittent nature of wind and solar. However, high generation costs remain a significant challenge, driven by inefficiencies such as bureaucratic delays in project financing, cumbersome procurement processes and prolonged construction timelines exacerbated by supply chain disruptions. Moreover, transmission bottlenecks reflect delays in expediting new infrastructure development and in finalizing or implementing existing agreements essential for ensuring smooth electricity exports. Prioritizing projects that overcome these bottlenecks – such as those aimed at enhancing cross-border transmission capacity – will be critical. With targeted reforms and investments

addressing these issues, Nepal can strategically position its hydropower as a vital balancing power source in regional energy markets, rather than merely competing with India's solar and wind expansions.

12.3 Cross-Border Electricity Trade

12.3.1 Need for Cross-Border Electricity Trade

A significant consumption growth internally and exploring the export markets to avoid massive spillages that could have a huge financial burden is important when it comes to CBET. As electricity must be consumed as soon as it is generated, trading it requires specialized markets. In Nepal, many hydropower projects are run-of-river, which poses significant risks in managing surplus energy when it is not immediately consumed.

Possible options to address surplus electricity: An alarming challenge coming up in the Nepali electricity market, for the time being, is to manage surplus generation. Due to the small size of the power system and economy, electricity demand in Nepal may not immediately increase to the level to consume all the electricity produced within the country. If domestic consumption does not increase, which is a very likely scenario, the financial health of the state-owned entity, i.e., NEA, will be very vulnerable (ICRA Nepal, 2022) too. The three options to cope with the increasing generation and the surplus, as discussed by Bhandari et al. (2023), are: (i) increasing domestic electricity consumption, (ii) cross-border export of surplus electricity, and (iii) conversion of electricity into hydrogen via electrolysis. However, conversion into hydrogen also requires lots of policies, infrastructure and adaptation of new technologies to become commercially viable.³ Despite several promotional policies⁴, the use of EVs has not increased as targeted, which could be the case for hydrogen as well, even if it becomes commercially viable in the future. Therefore, concerns about hydropower curtailment are growing and Nepali authorities have been striving hard to export surplus hydropower to India (Shrestha, 2023). According to Aryal & Dhakal (2022), without effective CBET, approximately 99.4 TWh of hydropower will be curtailed, resulting in a financial loss of NPR 500 billion. From a greenhouse gas (GHG) reduction perspective, the region – especially India – will

3. Analysis of levelized cost of hydrogen (LCOH) under different scenarios resulted values ranging from 3.8 Euro/kg to 4.5 Euro/kg.

4. Increasing the share of the electric vehicle up to 20 percent by 2020 as targeted by Environment-Friendly Vehicle and Transport Policy, 2014; and conversion of 20 percent of vehicles in Nepal to clean vehicles by the next five years as a target set by Road, Rail and Transport Development for Prosperous Nepal – Five Year Strategic Plan (2073-2078).

miss the opportunity to avoid 81.5 million tons of CO₂ equivalent emissions by 2030. This would represent a significant loss both economically and environmentally.

Indian market as an option to trade surplus electricity: NEA has already signed power exchange agreements with the NTPC Vidyut Vyapar Nigam Limited (NVVN)⁵ to trade power through the Indian power exchange markets. Nepal is the first country in South Asia to enter electricity trading in India through the Indian power exchange. However, the volume of surplus energy that can be traded by Nepal depends upon the bilateral agreement and the surplus energy that will be available. The surplus electricity trade with India provides the Government of Nepal, the only option to motivate investors further in the hydropower sector and provide an opportunity to increase return on investments through export sales while also giving Nepal's neighboring states in India access to low-cost hydropower (IRAD/e, 2017). For effective CBET, including coherent policies and diplomatic relations, the timely construction of planned cross-border transmission lines is essential (Aryal & Dhakal, 2022) because construction delays are becoming a normal phenomenon in Nepal.

A cross-border connection between two countries can increase the reliability of the connected systems and allow countries to use regional shared capacity to guarantee a reliable supply of electricity and better financial returns. Considering this reality, many countries in the world have considered developing international trade of electricity within their region. This action stems from the difference in the peak consumption times (Eghlimi et al., 2022). In Europe, 19 countries are integrated and that has made national electricity markets benefit from the ability to trade electricity across borders because they better balance differences between consumption and generation. It is important to note that peak demand periods of the year differ in Nepal and India owing to their locations in different climatic zones and also due to customers' (domestic as well as industrial) consumption characteristics. So, to avoid the negative consequences of the surplus situation and exploit the available market, developing the CBET model is one of the best options when there is a surplus in Nepal.

As discussed earlier, the cost of electricity generation is increasing due to several factors. One significant reason is the take-or-pay provision, which guarantees a market for Independent Power Producers (IPPs). While this arrangement reduces risks for IPPs, it also limits competition. In contrast, an open and competitive

5. National Thermal Power Corporation (NTPC), is an Indian central Public Sector Undertaking (PSU) under the ownership of the Ministry of Power and the Government of India.

market-based cross-border electricity trade would expand wholesale competition, ultimately driving down production costs and delivering electricity to consumers at more affordable prices.

Nepal and India have been strengthening bilateral cooperation in the power sector through high-level visits (Poudel, 2023). The joint development of electricity development projects in Nepal and cross-border transmission facilities is given high priority. However, based on a long-term power trade agreement, both sides must coordinate in the operation of national grids, provide appropriate access to electricity markets in both countries for power trade and institutional cooperation and sharing of operational information and technology and ensure the small country's energy security are some of the factors that mutually benefit both countries. However, the policy of CBET must also consider the energy security and governance aspects of Nepal.

12.3.2 Policies on Cross-Border Electricity Trade

Policies: The Electricity Act 1992 has a provision to allow licensees to export electricity generated from their system and import electricity to distribute. However, the provision was not used by the private party taking licenses. The Hydropower Policy 2001 set objectives to develop hydropower as an exportable commodity and adopted policies to encourage the export of electricity. Rastriya Prasaran Grid Company was established in July 2015 as a government entity responsible for transmitting and evacuating power. It has prepared a transmission infrastructure master plan to wheel 40 GW of power by the year 2040. It has also set objectives to facilitate the electricity market to transmit power and plans to acquire all high voltage (400kV and 220 kV) Transmission Assets of NEA.

As per the ERC Act 2017, the ERC has the authority to grant consent to the licensee for the purchase and sale of the generated electricity. Currently, on behalf of the Government, NEA has been trading electricity with Indian entities through G2G agreements, bilateral long-term agreements and power exchange committees and recently through the trading platform India Power Exchange (IPX). In the case of cross-border power trading, NEA has been trading power directly through the state distribution companies of Bihar, UP and Uttarakhand States of India under the power exchange committee mechanism through interconnection points between India and Nepal with 33 kV to 400 kV transmission lines.

Nepal has been exchanging power (import and export) with India based on bilateral agreements and the Indian power exchange. The rate and quantum of power flow

from Nepal to India and vice versa are determined by the power exchange committee of India when there is a bilateral agreement. On 18 April 2021, Nepal started trading in the Indian Energy Exchange after getting approval from the Designated Authority of India, per the CBET procedure. Based on data compiled by IRADe-SARI (2022) between April to July 2021, power imported through the Indian Power Exchange on a day-ahead basis was 20 percent cheaper than that imported through a long-term PPA. It indicates that a competitive market-based mechanism helps reduce the cost of electricity for the customer/consumer.

India-Nepal Joint Vision Statement on Power Sector Cooperation, dated 2 April 2022, has also highlighted the need for cooperation in the power sector. The development of cross-border transmission infrastructure, bi-directional power trade with appropriate access to electricity markets in both countries based on mutual benefits, market demand and applicable domestic regulations of each country and coordinated operation of the national grids were among the vision statements. In addition to this, Nepal and India finalized an Agreement for Long-Term Power Trade wherein it was agreed to increase the volume of power export from Nepal to India to 10,000 MW within a timeframe of ten years.⁶ The decision of the Government of India to facilitate the first trilateral power transaction from Nepal to Bangladesh, through the Indian grid, with an export of up to 40 MW of power. Hence, Nepal and India are committed towards greater sub-regional cooperation in the energy sector. However, to operationalize these visions, all necessary measures to encourage mutually beneficial investments have to be ensured by legislative frameworks. Lobbying initiatives have also been taken by the private sectors of both countries, including Bangladesh, to have an appropriate legislative environment.

Current gaps: Currently, NEA owns almost the entire transmission network except the ones built by RPGC and the power is being transmitted from the single buyer NEA to the consumer using most of its transmission line. There are some cases where the distribution of electricity is also carried out by IPPs. In the absence of the wheeling policy and open access regulations, neither the industrial nor bulk consumers nor the private players for cross-border electricity trade are in a position to purchase power from the generators.

The ERC Act 2017 takes ERC as a regulator; however, clearly defined policy guidelines with efficient institutional and operational frameworks have not been developed and the transmission service operator is yet to be determined. Also,

6. Press release of the Embassy of India in Kathmandu, https://www.indembkathmandu.gov.in/news_letter_detail/?id=351

implementation of trading, wheeling charge, and development of wholesale market mentioned in the Acts and Policies are not implemented except for trading done by the Government entity, NEA.

Although Nepal is pushing heavily to have CBET with India and beyond,⁷ the Nepali private sector is yet to be engaged in cross-border electricity trade. The private sector of Nepal is interested in being engaged in this market. There are already five private companies registered for internal trade as well as for CBET. And, they await policies, frameworks, regulations, guidelines and institutional arrangements so that they can compete in the electricity market. The World Bank, ADB and other bilateral aid agencies recommended a series of sector reform plans to Nepal, but the government has not carried out major reforms, including the NEA restructuring plan, because of the lack of consensus within the Nepali coalition governments (Ogino et al., 2019).

Future course: Before going for a competitive electricity market that involves all stakeholders, Nepal must introduce a new electricity Act and the ERC must complete its roles and responsibilities to develop a transparent, non-discriminatory, efficient and competitive electricity market for internal trade and CBET. The new Electricity Act should ensure the unbundling of generation, transmission, distribution and trading functions of electricity, which have been the role of the NEA till now. However, after getting a license and signing a power purchase agreement (PPA) with NEA, IPPs are being promoted to generate electricity. The new Electricity Act provides the basis for grid and market operations and allows willing parties to take a license for CBET.

To have better opportunities and a working environment for the private sector, at least in the internal wholesale electricity trade, the ERC must fulfill its mandate as regulator and develop all required frameworks as the initial attempts. Apart from regular tasks to provide necessary advice and suggestions related to policy reform to the Government of Nepal to make the generation, transmission, distribution, or trade of electricity reliable and effective, ERC must complete few tasks as mentioned in the ERC Act 2017, i.e. preparing grid code and procedures for operation and safety standards of national electricity system; determine and define the responsibilities of operator of electricity system; determine purchase-sale rate and procedure of sale and purchase of electricity between a distribution licensee and

7. The Prime Minister of Nepal welcomed the decision of India to facilitate the first trilateral power transaction from Nepal to Bangladesh, through Indian grid with an export of 40 MW of power (Embassy of Nepal, New Delhi, 2023).

generation licensee; and trade licensee. ERC must also grant consent to the licensees to enter into a power purchase agreement for generated electricity; determine wheeling charge after making provision of open access in the electricity system, determine the process for the establishment, operation and purchase-sale of the wholesale market of electricity and develop a conducive environment for electricity trade.

Also, since Nepal's electricity market, except for generation, is controlled by state-owned utilities, appropriate reform is required considering factors like energy security, governance and capacity of institutions, among others. If Nepal implements an open access policy and provides unrestricted access to the electricity transmission and distribution system, then it will encourage competition in the electricity sector. It could create a cost-competitive market for CBET, too.

In the electricity market in India, the transmission charges, scheduling, metering, accounting, deviation settlement, secure grid operations involving the Indian Grid and any other related operational mechanism are governed under the applicable Regulations of the Government of India (IRADe-SARI, 2022). The Indian CBET regulation allows any electricity trading licensee of India to trade in the Indian Power Exchanges on behalf of any Participating Entity of a neighboring country after obtaining necessary approval from the designated authority. Apart from this, India has certain conditionalities that power generated from certain types of plant ownership only is easily accepted (Shrestha, 2022b). Also considering this reality, Nepal should facilitate decisions at the political level. The agreement reached between the GoN and the Government of India on 21 October 2014 allows government and private sector enterprises to participate in CBET.⁸ However, in line with the bilateral agreement, not all legislative and institutional frameworks for free market-based CBET are devised and developed in Nepal and no Nepali licensee can participate in the Indian Electricity Exchange.

To separate different functions of the electricity market in Nepal, the GoN has established RPGC with shareholding from the GoN and NEA, with the mandate of a TSO. The merger process of RPGC, the NEA Transmission Directorate, and other relevant institutions into a separate transmission company - functioning as a TSO as envisioned in the proposed Electricity Bill (2023) - should be completed soon after the new Bill comes into effect. Once established, the regulatory authority can then introduce policies to facilitate open access for cross-border green electricity trade,

8. Agreement between the Government of Nepal and the Government of India on electric power trade, cross-border transmission interconnection and grid connectivity held 21 October 2014.

supported by appropriate institutional arrangements, operational frameworks, and guidelines.

12.3.3 Institutional and Regulatory Framework

Nepal has a few important institutions dedicated to electricity promotion. For effective and efficient as well as transparent CEBT, the preparedness of the institutional framework is required. In the past, the NEA was solely taking the lead role from generation to distribution and trade. However, after the Electricity Act 1992 was promulgated, the private sector is also generating electricity and supplying it to NEA, which is the sole buyer of electricity generated by licensees. As the private sector is becoming vibrant, the government realized the need to have an independent regulator and ERC was introduced in 2017. The ERC, as an independent regulator, is responsible for overseeing the electricity market, ensuring fair competition and enforcing compliance with market rules. The government has also established a transmission company- RPGC and a generation company, which are headed by the Ministry of Energy, Water Resources and Irrigation. Nepal Power Trading Company Limited, which was established to carry out power trading within and outside the country by NEA as its subsidiary, can trade electricity as it is a public company legally.

An exclusively established legal and policy setup, a well-defined regulatory body and TSO, and an operational framework to execute the trading business, as in other competitive open electricity markets, are not in place. Also, there needs to be certain institutional reforms in Nepal. First, the functional unbundling of the electricity sector should move ahead gradually. For this: a) generation can be done by private sectors and a government-owned company and by NEA subsidiary companies based on competitive bidding. NEA, with its subsidiary and the VUCL, can also be involved in the storage and strategically important projects, but commercially less attractive to the private sectors; b) for transmission and distribution functions, the transmission directorate of NEA and the function of RPGC could be brought together to function as a separate TSO, which will oversee open access and transmission infrastructure. The NEA Corporate Development plan has mentioned the road map for the unbundling of these functions. TSO will also advise and do the planning of transmission networks and enhance competition through the development of nationwide networks and market rules; c) The ERC should have the authority to grant and manage open access licenses, resolve disputes and monitor market performance. To generate a competitive internal energy market, the ERC should be strengthened as a regulator through the development of policy instruments,

guidelines, and other measures, and by ensuring that regulations are fairly implemented and enforced. Second, after having all well-prepared market set-ups, it is necessary to develop a coordinating mechanism or bilateral electricity trade dealing mechanism that will with permission from the GoN deal on behalf of all stakeholders (including the private sector) with cross-border cooperation and facilitation for CBET.

The WECS, another important institution, should be given the responsibility of examining electricity supply, demand and market. It will also conduct research and studies to optimize the use of national resources for electricity generation by identifying the optimum capacity and locations of the projects. WECS, based on national experiences, can also forward appropriate legislative proposals to the ministry.

These institutional mechanisms should work in synchrony to promote open access, fair competition and efficient operation of the electricity market, taking energy security and good governance into account. They should be able to provide a framework for market participants to access and utilize the transmission infrastructure, ensuring equitable and non-discriminatory market participation while maintaining grid reliability and stability.

12.3.4 Transmission Infrastructure for Cross-Border Electricity Trade

Through bilateral agreements, the Power Exchange Committee (PEC) mechanism and the Indian Energy Exchanges Day-Ahead Market (DAM) and Real-Time Market (RTM), Nepal and India engaged in power trading in the FY 2080-81. NTPC Vidyut Vyapar Nigam (NVVN) was the approved nodal agency for these international transactions. Three transmission systems (Tanakpur, Muzaffarpur and Bihar) were focused on power procurement on the import side. With a combined installed capacity of 690 MW, sixteen hydropower facilities supplied electricity to India for export via the Dhalkebar-Muzaffarpur and Mahendranagar-Tanakpur transmission lines (NEA, 2024).

The Load Dispatch Center (LDC) at NEA manages day-ahead market (DAM) and real-time market (RTM) bids, as well as Indian Energy Exchange (IEX) - DAM bids. They do so by balancing supply and demand, optimizing generation resources, managing reservoirs and strategically buying and selling electricity. Among other tasks, this included selling electricity at high-demand periods and purchasing during off-peak low periods in order to fill reservoirs (NEA, 2024).

In the FY 2023/24, NEA's hydropower generation slightly declined to 2,911 GWh from 2,930 GWh, while purchases from IPPs and subsidiaries rose sharply to 6,564 GWh and 2,597 GWh. Imports from India also increased modestly by 3.38 percent to 1,895 GWh in the FY 2023/24. The value was 1,833 GWh in the FY 2022/23 (NEA, 2024).

In spite of these efforts, inadequate infrastructure remains a significant barrier to Nepal's overall development goals. This is also true for power transmission lines. Delay in developing transmission lines can jeopardize power generation investments and have a detrimental effect on the nation's economy. Therefore, the country has developed a transmission system development plan, which has estimated about US\$6 billion in investment to realize the plan by 2040. There will be eight major 400 kV cross-border transmission lines - six with India and two with China (Rastriya Prasaran Grid Company Limited, 2018). As per the transmission system development plan, another transmission line is being constructed and the foundation stone was laid for the New Butwal (Nepal) - Gorakhpur (India) 400 kV cross-border transmission line in June 2023 by the Prime Ministers of both Nepal and India.

In this regard, a portion of the line is being constructed by the Millennium Challenge Account Nepal Development Board (MCA-Nepal) and the GoN in accordance with the Transmission System Development Plan of Nepal. In order to facilitate Nepal's regional electricity trade with India, the Millennium Challenge Corporation (MCC) Nepal Compact centers on an electricity transmission project that will build roughly 300-315 KM of 400 kV double-circuit lines and three new substations (MCC, 2025; MCA Nepal, n.d.). The compact, which was signed in 2017 and went into effect on August 30, 2023, provides US\$500 million in MCC funding along with an additional US\$197 million from the Nepali government (MCC, 2025). The project aims to improve grid reliability, attract hydropower investment and expand cross-border electricity exchange. One of the current priorities is to complete the 18-kilometer Nepal segment of the Butwal-Gorakhpur line to fulfill bilateral trade commitments (MCA Nepal, 2024). Major construction contracts for 180 KM of high-voltage lines were awarded in August 2025, which signals progress on the implementation side (Shrestha, 2025).

The Chilime-Kerung transmission line is a proposed cross-border power link between China and Nepal, prioritized under the 2012 bilateral Memorandum of Understanding on electricity cooperation. It would link Kerung in Tibet with Nepal's Chilime substation in Rasuwa via a 400 kV double-circuit AC line and is seen as Nepal's strategic gateway for power trade with China, diversifying export markets

beyond India. Although there are construction challenges in the high-altitude Himalayan terrain, technical studies confirm the line's viability due to its relatively short distance of about 30 km. Nevertheless, pursuing the project requires clear cost-sharing agreements, grid synchronization or HVDC solutions and sufficient power trade volumes to be economically viable (Rashtriya Prasaran Grid Company Limited, 2018). The Chilime-Kerung cross-border transmission line is one of the ten projects under China China-cooperation framework linked to China's Belt and Road Initiative (BRI).⁹

Furthermore, Nepal must harmonize its grid technicality as well as physical connectivity with the Indian market conditions for connectivity. This is the minimum technical requirement to establish a real power exchange where electricity can be traded across borders (Rakhmah & Li, 2016; Agostini et al., 2019). Many CBET-related regulatory institutions and policy reforms are required in Nepal for bilateral/multilateral agreements for an efficient and effective CBET. Some of the requirements are discussed below.

12.3.5 Operational Framework

The rules and regulations developed by regulators and legislations have to be operationalized so that the electricity market can function as envisioned. For smooth operations, the procedures and mechanisms must be elaborated. Generation timelines, grid operations, market clearing, balancing mechanisms, transaction capacity allocation, monitoring mechanisms, data management, power wheeling pricing mechanisms, and congestion management, among others, are important aspects of operational frameworks.

Similarly, for transparent operation of the system, a mechanism should be established to safeguard market integrity through performance monitoring, rule compliance, proportionate penalties and impartial dispute resolution. Protocols and systems for efficient information and data exchange among market participants, regulators and transmission system operators must be developed. These contribute to relevant market data, load forecasts, generation capacity availability and congestion information, thereby enabling effective market operations and decision-making. Good governance is essential for the markets to see steady improvement (Crampton, 2017). Good governance is essential in making sure the market design evolves in

9. Also referred to as Jilong-Rasuwadhi-Chilime 220 KV Cross-Border Power Transmission Line. See <https://mofo.gov.np/content/641/framework-for-belt-and-road-cooperation-between/>
<https://kathmandupost.com/national/2024/12/05/nepal-and-china-sign-framework-for-bri-cooperation-in-beijing>

desirable ways and reform promotes transparency, accountability and prevents corruption (Nepal & Jamasb, 2015).

In the process of reforming Nepal's electricity market and developing operational frameworks, it is critical to look into the financial sustainability of operations. However, equal attention should be paid to ensure that the market serves all poor and remote consumers as well. While liberalizing or making the electricity market competitive by involving the private sector, the Government cannot give up its social and political responsibility to provide affordable and sustainable electricity to all, as per the Sustainable Development Goals adopted also by Nepal.

12.3.6 System Harmonization

To harmonize Nepal's electricity grid with that of India, Nepal must align its grid codes, frequency standards and protection systems in coordination with the relevant Indian authorities. Also, Nepal's limited capacity for automatic generation, reactive power compensation, voltage regulation and control could be a problem when it comes to technical issues under CBET. These weaknesses can lead to instability during power exchanges. Additionally, Nepal's grid lacks real-time monitoring and dynamic stability assessment tools required for synchronized operations with a large grid like that of India. Also, Nepal's current scheduling, dispatch and settlement procedures may not be fully compatible with those of India's electricity regulatory bodies.

To address these issues and ensure institutional links with the Indian grid operators, Nepal should update or develop the required systems. Establishing joint operating procedures, simulation-based testing and a clear regulatory framework for CBET will be essential for safe and stable grid synchronization.

12.3.7 Political Commitment and Capable Trade Diplomacy

Foreign investment in hydroelectricity generation and power trade initiatives always creates political discourses in Nepal- both pro and contra (Tandan, 2021). Legislative initiatives to reform policies, regulations and institutions to make the electricity sector efficient always create challenges.

Physical connections alone are not sufficient for a unified electricity market unless all stakeholders can trade electricity under common rules, taking into account the political economy, energy security and regulatory capacity of participating countries. Therefore, the GoN needs infrastructure, institutions and electricity trade regulations

that define the modalities of the electricity trade between countries. However, these being the operationalizing aspects, bilateral or multilateral political agreements on CBET become one of the prerequisites for the trade. Given the geographical proximity and economic considerations, a competitive, free and fair CBET is unlikely until both participating countries liberalize their electricity markets, similar to that of the European model.

When it comes to Nepal's CBET, India is the key market so far, and with India's permission, Nepal can have access to the electricity market beyond India, i.e., Bangladesh or other Gulf countries, gradually. This is relevant as clause 3 of the Indian guidelines for import/export (cross-border) of electricity 2018 categorically mentions that the import/export of electricity between India and the neighboring country(ies) might be allowed through mutual agreements between Indian entity(ies) and the entity(ies) of the neighboring country(ies) under the overall framework of an agreement signed between India and the neighboring country(ies) consistent with the provisions of the prevailing laws in the respective country(ies).

Electricity trade - whether through bilateral agreements, competitive bidding, the Indian Energy Exchange (IEX), mutual arrangements between entities, or through cross-border trade under tripartite agreements - must take place within the overarching framework of bilateral agreements. Therefore, for Nepal to access the Indian electricity market and beyond, strategic diplomacy at the political level is essential, which Nepal has been actively pursuing (MoEWRI, 2014; Pandey, 2023; Shrestha, 2023e).

In a historic trilateral agreement with India, Nepal has started exporting commercial electricity to Bangladesh for the first time. A tripartite power sales agreement was signed in October 2024 between Nepal, India and Bangladesh, allowing the export of 40 MW of electricity from Nepal to Bangladesh through India's transmission infrastructure. This move expands Nepal's energy market reach beyond its long-standing trade with India to a third country (Reuters, 2025). When Nepal sent its first power export in November 2024, the agreement went into effect. Regular exports started on June 15, 2025, after Bangladesh opened a letter of credit ("Nepal resumes", 2025). During the five-month monsoon season, when Nepal supplies electricity via the 400 kV Dhalkebar-Muzaffarpur-Bheramara transmission corridor, these exports are expected to be carried out at a negotiated tariff of 6.4 US cents per unit ("Nepal starts", 2025).

Beyond developed nations, bilateral electricity trading also occurs in many developing regions, including countries in South America and Southeast Asia

(Rakhmah & Li, 2016). In such arrangements, buyers and sellers agree to exchange a specified amount of electricity at a predetermined time, price, and set of conditions. However, this approach may not fully optimize the value of electricity for either party when compared to a competitive, open electricity market.

If Nepal liberalizes the electricity market with a non-discriminatory open access policy and licenses the private sector for domestic trade and CBET, it will allow the private sector to explore the opportunity for B2B electricity exchange with India and beyond on agreed terms and conditions bilaterally. However, considering various factors that are specific to Nepal's geopolitical and economic situations, Nepal can have different options for CBET to optimize its revenue, but this can happen only after bilateral agreements. Therefore, for CBET, Nepal needs strong trade diplomacy from the government and the private sector.

Nepal has also been exploring the possibilities of trading electricity with China under the Nepal-China cooperation for the construction of the Ratmate-Rasuwadhi-Kerung 400 kV transmission line, for which the feasibility study has been completed (NEA, 2022). Nepal's transmission master plan has proposed two cross-border lines with China (Shrestha, 2023a). So far, CBET with China is still political rhetoric because of economic viability, geographical distance and other issues. The prospect of CBET with China depends on the financial viability of the electricity trade. The win-win situation could be created by bilateral agreements only, like receiving grants from China to build transmission lines, among others.

Considering the political economy, policy environment and technical as well as infrastructure capacity of Nepal, there can be many options as to how Nepal regulates its electricity sector both in terms of the internal market and CBET for surplus electricity. Based on the long experiences of other reformed markets (Belyaev, 2011; Foster & Rana, 2019; Bolton, 2021), Nepal can adopt the optimum path that could suit its geopolitical, energy security, institutional capacity and governance environments. However, there are minimum reforms that Nepal needs to do regarding CBET, like open access, creating an internal wholesale market and improving regulation, among others.

12.4 Process of Reforming the Electricity Market in Nepal

Some studies (Nepal & Jamsab, 2015; Foster & Rana, 2019) have revealed considerable complexities in implementing market-driven electricity sector reforms, notwithstanding the theoretical arguments in favor of transitioning to the market

over the past decades. Among others, the lack of capacity (i.e., the ability to perform functions, solve problems and set and achieve objectives) to govern the institutions, many reforms in developing countries have not been meeting the policy objectives. Nepal & Jamasb (2015) emphasize that smaller and less-developed economies such as Nepal must undertake cautious restructuring of the sector at first, as effective regulation is a complex and difficult task even in developed economies. They propose that when the sector grows larger and stronger in the longer run, then only vertical separation and privatization become options. An effective regulatory body can facilitate private participation in the sector and act as a mechanism to shield the sector from political instability, thus strengthening incentives for investments in generation by setting fair terms for entry and access.

Regulation and governance are important factors in electricity market reforms. A regulatory law and quality governance are significantly associated with the level of generation capacity and consumption. With experience, the performance of regulatory bodies increases. As discussed in section 2 (liberalization efforts and legal, administrative and institutional reforms in the electricity sector in Nepal), reforms in Nepal's electricity sector were started in the 1990s and in the 30 years since the initial reforms, the private sector has been established as a vibrant actor only in electricity generation and not in transmission and distribution. That is why the reform needs to be a gradual process and must ensure capable regulators and good governance in all relevant institutions of the sector, so that the private sector can expand its service in other dimensions beyond production.

The following discussions propose different options as to how Nepal can initiate and expedite its reform in the electricity sector and gradually achieve the objective of a competitive electricity market with ensured energy security and better-off consumers.

Option I: Gradual Introduction of Market Competition in a Hybrid Model

Since the 1990s, Nepal has liberalized the generation component of energy markets with a government entity as the sole buyer of generated electricity. Although the move is a step to promote a secure market for IPPs, this process alone does not encourage competition among generators to optimize generation costs. As Nepal is striving to export surplus electricity, the generated electricity cost must be competitive in the Indian market. There are several factors for making the domestic market more competitive, but this is possible through regulatory policy reforms geared toward internal competition among generators that increase efficiency and

optimize the cost of generation and distribution. Nepal's power sector can begin its reform on a 'hybrid model', i.e., private sector and government utility go in parallel, competing with each other until the market is not mature. In the beginning, ERC, as a regulator with the help of the Government, can create such an environment.

Under this option, the price offered by IPPs must be determined based on the bidding rate. Similarly, the license awarding process is also competitive in packages. NEA's subsidiary should also join in competitive bidding, except in a few strategic projects where the government has special priority.

Similarly, dedicated export projects must also be rewarded with competitive bidding. RPGC, together with NEA's transmission department, will be converted into and designated as a powerful TSO. As ERC has been established already, the next step would be empowering RPGC as a powerful independent entity looking after planning, constructing and operating transmission and distribution lines effectively and efficiently. This will pave the way for open access and gradually involve the private sector in trade. After ERC develops the required regulations, and guidelines and designs a wholesale electricity market suitable for small markets of the Nepali context, the private sectors would be allowed to participate in the wholesale market to serve bulk consumers. This will help develop a partially competitive environment, which will create a compulsion to improve efficiency and reduce the cost of generation, transmission and distribution.

NEA can be given a sole role to export energy, as it is doing now, until the Nepali electricity market starts functioning with transparency and at a certain level of maturity in governance. In the interest of Nepal and reducing vulnerability to political instability, the long-term electricity trade agreement with neighbors is more suitable. It will provide uniform revenue to the GoN.

Once Nepal is coupled with the large electricity market of India, then slight changes in the price of electricity, the volume of electricity trade and uncertainty of export or import will have less impact on the Indian power market, but Nepal's vulnerability will be huge.¹⁰ So, Nepal must look for longer-term and stable revenue scenarios as far as possible after having a long-term electricity trade agreement. Only with a longer-term electricity trade agreement, the investment in Nepal is encouraged (Shrestha, 2023e). To initiate open access policies and promote private sector participation in domestic electricity trade, the 10 percent free reserve energy arising

10. With its southern neighbor delaying approval, Nepal has started witnessing spillage of power particularly at night when domestic power demands slumps (Shrestha, 2023d).

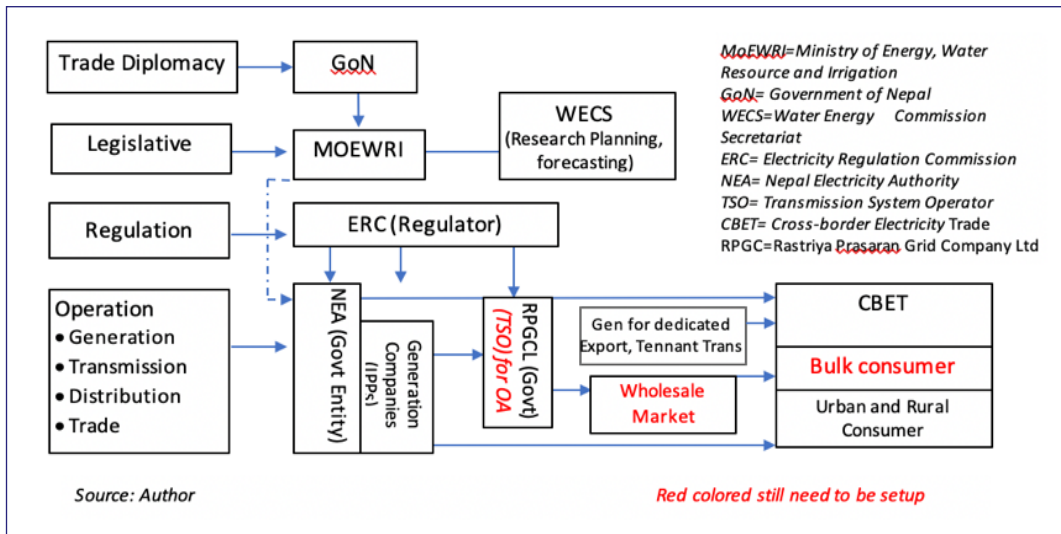
from PPA conditionalities may be allocated for trading by private entities with bulk consumers. In addition to that, the excess power generated by private sector projects but not committed to NEA could be traded in the domestic market with open access provision.

To avoid a single-buyer situation, the private sector could also be allowed to purchase from IPPs after signing PPAs if they can manage to find consumers on their own. Such a modality should be designed by ERC to minimize the risks for generators, buyers and consumers. However, in countries like Nepal, private sector participation in distribution to general consumers should be considered only when enabling conditions are met and market size grows gradually, and the regulating authority can maintain the governance aspects at an acceptable level. Without addressing the issue of weak governance, energy security and financial fragility of NEA, restructuring alone does not bring the expected results. Moreover, restructuring a sector that suffers from weak governance and financial fragility may only exacerbate the challenges of technical coordination and financial payment along the supply chain (Foster & Rana, 2019).

Under option I, the private sector can participate in the wholesale market and sell electricity to bulk consumers like industrial areas, big commercial places, or housing clusters. However, how it will be affected by the government's fiscal policy of promoting the manufacturing and production sector by subsidizing electricity and addressing non-payment issues needs to be considered. The ERC must come up with clarity on these issues while designing the market. NEA and IPPs will also have responsibility for rural and urban electrification for retail consumers as well.

Why Nepal can begin with option I is because of the preconditions that are still not available for large-scale market competition in Nepal. Although ERC has been established, it is still not a capable regulator. The transmission network is still insufficient despite a well-designed master plan being in place. Governance indexes of institutions, which are major factors in the smooth functioning of a competitive electricity market, are not at an acceptable standard. More importantly, the level of political stability as well as political interference is still far below a certain minimum standard ("Nepal: Political", n.d). So, in this stage, moving towards a fully liberalized market is not advisable because many studies, including Foster & Rana (2019), have shown that premature liberalization will not bring the expected results. As they concluded, power sector reforms were more likely to gain traction if they were consistent with the country's political system and ideology and led by champions enjoying broad stakeholder support.

Figure 12.2: Proposed Institutional Set for CBET (Option I)



However, Nepal cannot wait to continue to take the burden of many inefficient public institutions, including in the electricity sector. To bring competition, the reform process must explore suitable modalities for engaging the private sector also in distribution and trade. Under option I, Nepal can initiate the policy to issue part of NEA's shares to the private sector and the public, as it has already issued its subsidiary's shares to the public. Similarly, as a part of reform, NEA can be brought under a credit rating, which it has already started, so that it can be made a trustworthy organization (ICRA Nepal, 2022). More elaborate institutional arrangement and their functions are illustrated in Figure 12.2.

Option II: Expanding Private Sector Participation in Cross-Border Electricity Trade

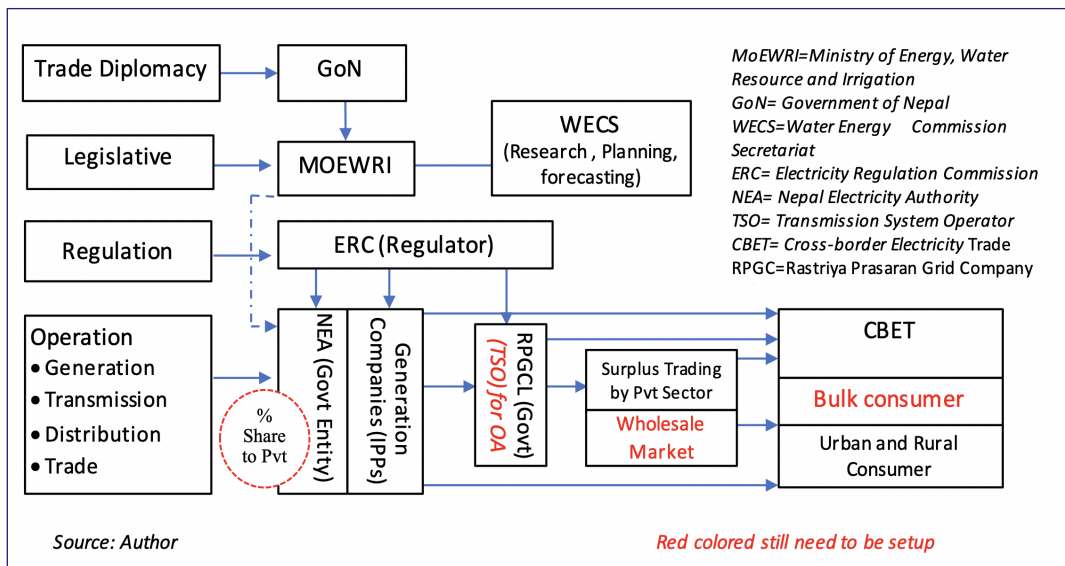
Nepal can gradually move to option II once there is a huge surplus of electricity, and ERC becomes capable of steering the sector with all required policy instruments and regulations in place. Similarly, once RPGC is designated as TSO and guidelines, procedures and standards are in place, Nepal can allow the Nepali private sector to trade surplus electricity beyond the border. To move into this stage, a more empowered ERC is needed and must be capable of performing its responsibilities to create a competitive electricity market and open access. In addition to that, the GoN must move ahead to merge RPGC and other similar organizations, avoiding

duplication in small markets because of capacity, governance and regulation difficulties. Nepal shall promote one TSO only.

Reforming the Nepali electricity market to move ahead in this direction can pave the way for the private sector to trade surplus electricity. NEA's subsidiary for electricity trade – the Nepal Power Trading Company Limited will have to compete with the private partners by enhancing its efficiency. It will help increase the effectiveness of the sector. The combination of stronger commercial incentives, competitive pressures, and regulatory oversight was expected to improve the efficiency and cost recovery of power utilities (Foster & Rana, 2019). In this option, NEA, as well as the private sectors (alone or with joint venture or those with FDI, can also be allowed to trade dedicated generation for CBET as per bilateral agreements. They don't have to go through TSO. Apart from domestic wholesale trade and CBET, NEA and IPPs will also have responsibility for rural and urban electrification for retail consumers as well.

Importantly, this option may face barriers related to India's regulatory mechanisms and asymmetry or incompatibility with Nepal's CBET frameworks. Therefore, these issues must be addressed through system harmonization.

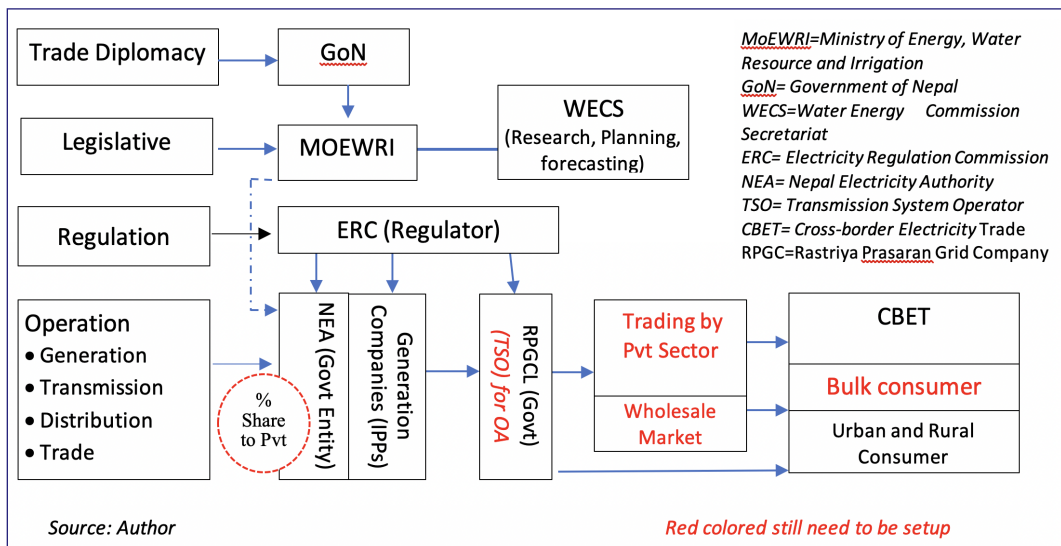
Figure 12.3: Proposed Institutional Set for CBET (Option II)



Option III: Fully Competitive Electricity Market

Option III is a fully functional and competitive electricity market. In the case of Nepal, it can empower the government entity NEA for generation, distribution and trade, and simultaneously allow the private sector to do these functions in a competitive market. Government entities can also fulfill social responsibilities as per government fiscal policies and programmes. It can also promote decentralized electricity generation, small schemes as envisaged by the National Planning Commission (2018). With appropriate incentive structures and policy instruments to support government initiatives to distribute in non-profitable areas, NEA can continue to implement. In other activities, NEA can equally compete with private entities. Private parties, together with NEA, will be allowed to trade electricity in domestic and international markets. The RPGC will fully operate as an independent transmission system operator. This will be an ideal case, however, in the case of Nepal regarding CBET, as it must try to secure long-term bilateral or multilateral agreements with neighboring countries for electricity trading, as discussed above. Private sectors will also be allowed to have B2B arrangements to trade electricity in competitive markets.

Figure 12.4: Proposed Institutional Set for CBET (Option III)



12.5 Challenges in Cross-Border Electricity Trade

Selling electricity beyond the border is not an easy task as Nepal has already seen many ups and downs in the past towards this end. Apart from long-distance physical connections, CBET requires intercoupling of two electricity markets in many aspects. The political economy of trading countries and their external diplomacy may not always function like an open market and face many seen and unseen challenges in CBET (Chatzivasileiadis & Ernst, 2017; Sherine, 2023; Singh et al., 2015).

Currently, India is the only country that imports electricity from Nepal, and Indian policy is crucial to Nepal's electricity exports. India's national and strategic interests, along with its guidelines, serve as the foundation for its electricity policy and guidelines. The Guidelines for Import/Export (cross-border) of Electricity-2018 state that no electricity may be imported or exported without the Indian government's consent. The Indian government has the authority to review all of these approvals whenever it sees fit. The approval process is sometimes too long and the surplus electricity that Nepal produces will face risks of spillage (Shrestha, 2023d). Despite its potential benefits, cross-border electricity trade also faces several challenges. There are significant infrastructure costs associated with connecting grids between countries. It will be a big risk for a small country like Nepal to enter such markets with huge investment in cross-border connections unless and until the long-term electricity market is ensured. If exporting and importing countries have unavoidable problems, then the huge investment in cross-border transmission is not utilized and scarce resources will be misallocated.

As some academic literature show, political risks exist in cross-border electricity trade. (Do & Burke, 2023). Political stability, strong political will and policy continuity are crucial for achieving higher levels of cooperation for CBET, considering the lengthy approval process. Historical animosity or lack of trust has often frustrated the process of Nepal-India cooperation in many sectors, including CBET cooperation. While there are encouraging signs, political rhetoric for electricity cooperation has not consistently translated into the political will and action for cooperation in South Asia (Poudyal, 2013). However, recently, some pragmatic scenarios have been observed after Nepal's PM visit in June 2023, as the Indian Prime Minister announced to import 10 thousand MW in 10 years and allowed Nepal to sell 40 MW to Bangladesh through India.

In a competitive market, if the electricity price varies significantly, then the electricity can be sold in a cross-border market, denying access to rural areas of Nepal. Costs and benefits are also spread differently within societies undergoing energy transformations. It is, therefore, important to keep fairness and allocation in mind (Puka & Szulecki, 2014). There is also a potential concern with the electricity trade as it is a threat to energy security (Agostini et al., 2019) because Indian energy can become cheaper because of good governance, and low cost of construction materials and technology. In this scenario, Nepal cannot sell its electricity, despite huge investments in generation and CBET infrastructure. Nepal must ensure that its generated electricity is first consumed internally by developing a strategy to boost consumption in the productive sector, then only export-making provisions to have sustained revenue to avoid political backlash inside the country. Hence, it is crucial to understand that power export and domestic power consumption cannot be separated. The bottom line in the pursuit of these two objectives for domestic energy security (Ogino et al., 2019) and CBET is to have a long-term bilateral agreement between the two countries. Another potential concern with electricity trade is the threat to energy security for the poor small country, thereby creating political vulnerability. The political narrative that large-scale development of water resources will generate significant economic benefits is risky; if CBET doesn't bring real benefits, it can generate political instability and vulnerability internally and in bilateral relationships. There is also the risk that one country may use its control over transmission lines or pricing mechanisms to manipulate the market in its favor at the expense of other participants.

12.6 Conclusion

Nepal possesses substantial hydropower potential, but its development is constrained by technical and economic challenges. Future energy demands are expected to be met by expanding electricity generation, primarily through hydropower. However, questions remain regarding the optimal mix of energy sources and strategies for water resource utilization. Solar energy also has significant potential, though its role in the energy mix is still not fully studied and explored. With effective planning, Nepal could become a regional 'green battery' for South Asia.

Electricity was produced for the first time in Kathmandu in 1911 for the ruling class, with urban electrification gradually expanding through local generation and imports from India. After privatization initiatives started in 1990, Nepal's hydropower sector grew substantially, with private producers now generating about two-thirds of the country's electricity. As of July 2024, Nepal's installed capacity is

3,157 MW, with further projects in development. By 2030, if GDP grows at 7.2 percent and fossil fuel use is partially replaced, the country may require over 11,000 MW of installed capacity, although economic challenges could reduce this need.

Nepal's electricity sector operates under various policies and laws, with significant contributions from the private sector since reforms began in the 1990s. The Electricity Regulation Commission (ERC) Act 2017 regulates the sector, including tariff setting and market competition.

Cross-border electricity trade (CBET) with India is a key aspect due to the limited domestic demand for surplus electricity. Although Nepal exports power to India, the slow approval process risks wasting surplus electricity. High infrastructure costs and political instability further complicate this trade, and competition from cheaper Indian energy threatens Nepal's energy security.

Several public institutions, such as the Ministry of Energy, Water Resources and Irrigation (MoEWRI), the Water Energy Commission Secretariat (WECS), and the Nepal Electricity Authority (NEA), are involved in the sector. These entities, along with independent power producers (IPPs), play essential roles in generation, transmission, and CBET. However, challenges such as high generation costs, governance issues, and transmission limitations hinder hydropower development.

The Hydropower Policy 2001 promotes electricity exports, but the Electricity Act 1992's provisions for export/import have not been effectively utilized by private licensees. To address these issues, Nepal needs gradual and context-specific reforms. Initially, open access to all generators for domestic trade should be implemented, followed by private sector involvement in CBET through long-term bilateral agreements and via a fully competitive market model. However, ensuring internal energy security while promoting CBET requires careful management to avoid premature liberalization. The reform process should focus on removing bottlenecks and empowering regulatory bodies rather than merely restructuring institutions.

Despite ongoing legislative reforms and discussions about open access and CBET, several challenges remain. Political will and effective trade diplomacy are crucial for expanding Nepal's electricity market. Since 1992, significant progress has been made, but further efforts are needed to effectively trade surplus electricity beyond Nepal's borders and strengthen both economic and energy security.

When reforming the electricity sector and promoting CBET, Nepal must consider its unique political, economic, and geopolitical context. A gradual, outcome-driven

approach is essential, shaped by context and informed by international experiences. The focus should be on harnessing resources for national prosperity and improving livelihoods while ensuring energy security and political stability.

12.7 Recommendations

Based on the analysis and conclusion above following recommendations are made.

I. Strengthening legal and regulatory frameworks

- 1) Enactment of a new Electricity Act that clearly unbundles generation, transmission, distribution, and trade is needed.
- 2) The new Electricity Act needs to include provisions for Cross-border Electricity Trade (CBET) and non-discriminatory open access, along with provisions for accompanying Ministry of Energy, Water Resources and Irrigation (MoEWRI) bylaws and regulations to develop clear guidelines for competitive bidding, tariff-setting, and dispute resolution by Electricity Regulatory Commission (ERC).

II. Enhancing the institutional framework for liberalization

- 1) The Electricity Regulatory Commission (ERC) needs to be given the authority to issue safety codes, grid standards, CBET directives, and dispute-resolution procedures, and it needs to be ensured that these are in line with Indian regulatory frameworks.
- 2) To give all players equal access, a Transmission System Operator (TSO) needs to be created as a neutral, public organization (originally Rashtriya Prasaran Grid Co. Ltd (RPGC)) by combining the Load Dispatch Center (LDC) and other NEA functions.
- 3) Institutional roles of NEA, MoEWRI and WECS need to be clearly defined. NEA should concentrate on generation, distribution, and trade (apart from TSO); MoEWRI and WECS should continue their planning, policy, and research responsibilities.
- 4) Licensing responsibilities need to be unbundled to allow for multi-level participation, allowing local governments to license up to 3 MW, provinces 3-20 MW, and the federal government for larger projects.
- 5) To address market asymmetries and approval delays with India and regional partners, the institutional framework of the Ministry of Foreign Affairs needs to be strengthened for better trade diplomacy and negotiations.

III. Boosting productivity by lowering generation expenses

- 1) To lower the cost of hydropower, open contracting and competitive procurement need to be promoted.
- 2) An energy mix including a variety of renewable energy sources, such as solar and storage-based hydropower, to supplement run-of-river plants needs to be encouraged.
- 3) Transmission and distribution system efficiency, maintenance and loss reduction need to be enhanced.

IV. Expediting completion of transmission and distribution infrastructure

- 1) Cross-border connections with India and other countries need to be given top priority while making sure technical standards are followed.
 - a. Completion of cross-border 400 kV transmission lines (such as Dhalkebar-Muzaffarpur and Butwal-Gorakhpur) needs to be given top priority.
- 2) Open access basic wheeling charge mechanisms need to be implemented.
- 3) To reduce spills and incorporate new hydropower projects, investment in domestic evacuation networks is recommended.

V. Facilitating cross-border trade agreements

- 1) To guarantee revenue stability, long-term bilateral and multilateral power trade agreements with Bangladesh and India need to be secured.
- 2) Trilateral agreements between Nepal, India, and Bangladesh need to be pursued based on economic viability, and the possibility of CBET with China needs to be explored.
- 3) For easier integration, Nepal's technical standards and grid codes need to be matched with those of India.

VI. Designing a gradual reform pathway for CBET

- 1) Adopting a hybrid competition model initially and then gradually moving toward a fully competitive market is suggested. Initially, open access to all generators for domestic trade should be implemented, followed by private sector involvement in CBET through long-term bilateral agreements and via a fully competitive market model.

VII. Encouraging private sector participation

- 1) Private investment needs to be encouraged in the solar and hydropower sectors to diversify the energy mix.
- 2) Direct electricity trading in wholesale and international markets by Independent Power Producers (IPPs) needs to be permitted.
- 3) Banks, Independent Power Producers (IPPs), Investment Board Nepal (IBN), Nepal Infrastructure Bank Limited (NIFRA) and Electricity Regulatory Commission (ERC) need to be involved in creating the best trade and investment policies.
- 4) Public-private partnerships (PPPs) need to be encouraged in trade infrastructure, grid expansion and storage projects.

VIII. Customer protection

- 1) Universal service commitments need to be assured to domestic consumers for dependable, reasonably priced access (in line with Sustainable Development Goals (SDGs) before exports.
- 2) Affordability needs to be maintained for low-income households while liberalizing the market.
- 3) Consumer awareness campaigns, service standards, and grievance redressal procedures need to be put in place.
- 4) Export agreements and pricing need to be used to protect the domestic supply from adverse CBET effects.

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CHAPTER 13

ECONOMIC DIPLOMACY IN THE CHANGING GEOPOLITICAL CONTEXT

Madhu Raman Acharya

Abstract

This chapter examines the external drivers shaping Nepal's economy and the broader environment influencing the country's economic diplomacy. It explores how geopolitical shifts, regional economic dynamics, global market trends, development cooperation frameworks, and emerging international partnerships affect Nepal's economic opportunities and constraints. Particular attention is given to identifying ways through which transformative sectors can be strategically leveraged to enhance national economic outcomes through effective diplomatic engagement.

The study is based on secondary data drawn from policy documents, government reports, international publications, and academic literature. It is complemented by focus group discussions and consultations with selected interlocutors to generate contextual insights and validate key findings. A descriptive method of analysis is employed to systematically interpret the issues around Nepal's economic diplomacy.

The chapter concludes that significant scope exists for broadening Nepal's economic choices and development pathways through a more strategic and proactive approach to economic diplomacy. It emphasizes the need for the government to strengthen external economic relations through coherent policies, expanded bilateral, regional, and multilateral negotiations, and enhanced institutional capacities. The study also highlights the importance of nation branding, targeted investment in economic diplomacy, and the formulation of time-bound strategies and action plans.

13.1 INTRODUCTION

13.1.1 Background of the Study

Although commercial diplomacy and aid diplomacy have long been established, economic diplomacy has gained prominence since the 1990s (Sainju, 2021). Aimed at promoting a country's economic growth, economic diplomacy broadly tends to increase trade and promote investment and collaboration via bilateral and multilateral agreements and understandings (Shrestha, 2021). Commercial diplomacy is merely a subset of economic diplomacy and concerned with trade and commerce. Also, aid diplomacy is concerned more with foreign aid and humanitarian assistance that add to economic development. Since the 1990s, economic diplomacy has gained

prominence due to globalisation, growing economic interdependence and the adoption of liberal economic policies worldwide.

Economic diplomacy is concerned with maintaining external relations to achieve economic interests. It involves using diplomatic institutions, instruments, skills and power to fulfill national economic interests (Okano-Heijmans, 2011). Four elements are involved in economic diplomacy: economic salesmanship, economic networking and advocacy, image building, and regulatory management (Rana, 2018, as cited in Bergeijk et al., 2018). In a sectoral sense, it includes trade, investment, tourism promotion and aid mobilization. Broadly, however, economic diplomacy envisages such strategies as regional economic integration, negotiations for free trade agreements, and external concessional and commercial loans from multilateral financial institutions, among others.

Nepal initiated economic diplomacy under the first-generation economic reforms in the 1990s, focusing on the promotion of export trade, foreign direct investment (FDI), tourism, foreign employment, and foreign aid. The 1996 High-Level Task Force Report emphasized aligning diplomacy with economic interests. The Three-Year Interim Plan (2010/11-2012/13) first introduced economic diplomacy as a policy provision. Since 2009, the government has allocated budgets for this purpose, and subsequent annual policies and programmes have increasingly prioritized it. Hence, economic diplomacy has been considered over time an important driver of Nepal's economic transformation and a vehicle for bringing in resources required for a high-growth trajectory.

The economic diplomacy initiatives taken up by the Government of Nepal (GoN) have yielded results as the country has experienced boosts in remittances, tourism and foreign aid since the initiatives. However, export promotion and FDI remain dismal as it is blamed on to adverse and unstable political climate, unfavorable policies and other factors affecting business. Nepal still needs to mobilize external sources of income, including revenue from export trade, FDI, income from tourism, development aid and remittance to boost economic growth and to fulfil its aspirations for socio-economic development and prosperity.

In its budget speech for the fiscal year (FY) 2023/24, the Government pledged to initiate new economic reforms for the structural transformation of the country's economy. These planned reform measures are aimed at increasing the competitiveness and efficiency of the economy, boosting FDI by leveraging the developments in the

Fourth Industrial Revolution,¹ promoting the application of information and communication technologies (ICTs) and digitalization, innovation, and a green economy (Ministry of Finance, 2023). The GoN, in its budget for the FY 2081/82, reiterated the launching of 'new generation economic reforms',² constituting a high-level panel for commencing the same (Ministry of Finance, 2024).

13.1.2 Objectives of the Study

In the context discussed above, this study aims to analyse policies, programmes, and activities under Nepal's economic diplomacy and recommend measures for a 'new-generation economic diplomacy' that may come together with second-generation economic reforms, considering the dynamic external environment and geopolitical trends. In particular, the objectives of the study are:

- a) To analyse the external drivers of Nepal's economy and their role in the new generation of economic reforms,
- b) To evaluate the external environment affecting Nepal's economic diplomacy, including the global and geopolitical context,
- c) To examine how Nepal can leverage next-generation economic diplomacy to promote transformative sectors, advance key policy initiatives, and communicate its economic reforms to international partners,
- d) To suggest recommendations and measures for a transformative approach to new-generation economic diplomacy to support economic reforms.

13.1.3 Methods of the Study

This study employs a qualitative approach, primarily based on a review and analysis of secondary data sourced from the GoN, bilateral and multilateral development agencies, including the World Bank and the United Nations, as well as relevant academic and policy literature. To supplement the desk review, a focused group discussion was convened at the Policy Research Institute (PRI) involving focal

1. Rapid development of cyber-physical systems propelled by emerging technology breakthroughs in fields such as artificial intelligence, robotics, the Internet of Things, autonomous vehicles, 3-D printing, nanotechnology, biotechnology, materials science, energy storage, and quantum computing. For more details see the discussion via the link - <https://www.weforum.org/stories/2016/01/the-fourth-industrial-revolution-what-it-means-and-how-to-respond/>
2. It refers to the expected policy changes that build upon the first-generation financial sector reforms initiated in 1985, which focused on liberalization and encouraging private investment to foster competition. These new-generation reforms aim to deepen, modernize, and strengthen the financial system by addressing emerging challenges, enhancing regulatory frameworks, improving governance, and promoting innovation and financial inclusion.

points from various ministries, government boards, non-governmental organizations, and private sector stakeholders. This discussion provided insights into existing programmes, challenges, and potential future directions for economic diplomacy.

The views and information gathered from the group discussion were analyzed using descriptive methods to identify common themes, concerns, and recommendations. In addition, a few key interlocutors were contacted individually to further elaborate on critical issues, clarify institutional perspectives, and provide contextual depth. Their inputs were incorporated into the analysis to triangulate findings and enrich the study's conclusions.

13.2 The Changing Global and Regional Contexts Affecting Economies

Conducting economic diplomacy by Nepal without considering the contemporary trends in international relations and diplomacy, the external environment, and the geopolitical context may no longer be meaningful. There exist other current global challenges that Nepal needs to consider towards this end. Major current economic challenges include rising geopolitical tensions, economic slowdown, surging financial stresses, trade fragmentation, and the damages and risks associated with climate change (Gill & Kose, 2024). The international environment is marked by great power rivalry and strategic competition, including in economic sectors, which has direct implications for Nepal's economic diplomacy. Also, the world is yet to fully recover from the economic impact of the COVID-19 pandemic. Some of the contexts that have recently affected the world economies are discussed briefly below:

13.2.1 Global Economic Trends

Broadly, globalization and liberal economic principles have been attacked over time. Economic diplomacy, which gained popularity worldwide in the wake of globalization and growing economic interdependence, has been undergoing significant changes in its rationale and relevance due to the backlash against globalization and liberal economic values such as the free movement of goods, capital, and services. The international trade scenario is plagued by rising protectionism and the ability of the WTO to resolve trade disputes and trade-restricting measures and launch a new round of trade negotiations.

The world is witnessing several global crises affecting the overall economic environment and is still grappling with the effects of the economic slowdown

experienced during the COVID-19 pandemic. The Russia-Ukraine War has resulted in the rise of fuel prices and food grains and the disruption of the global supply chain (Arndt et al., 2023). The climate crisis has required a transition from fossil fuels to clean energy, therefore requiring a massive investment in climate finance. The world is believed to be in a situation of “permacrisis,” in which multiple crises of war, pandemics, food insecurity, and energy crunch continue without a sight of exit from them in the short run (University of Cambridge, 2023).

While economic activities have slowed down in many parts of the world, some economies have witnessed signs of resilience to rise from such crises. The global economic growth has been projected to be 2.4 percent in 2024, the weakest in the last three decades (World Bank, 2024).

Nepal’s economy has remained relatively non-integrated and insulated from some external crises. However, the effects of the global food and energy crisis and the breakdown of the supply chain have had visible impacts on its economy. Also, Nepal’s economy is vulnerable to unpredictability as it can be easily impacted by the downturn of remittance inflow and tourist visits, both of which are sensitive to external shocks like pandemics and economic crises anywhere (Joshi et al., 2021).

13.2.2 Regional Economic Landscape

The regional disparity continues in growth prospects and income inequalities. Many countries are under debt stress, with several countries identified under severe debt crises. There is a slowdown in the global flow of investment. Developed countries have been investing more in technology-intensive digital and energy infrastructure, while developing countries have experienced capital flight and reduced FDI (UN, 2023). The recent development and wide application of artificial intelligence are feared to take up low-skilled jobs from the labour market globally (Koski & Husso, 2018).

Globalization and market-driven policies have often contributed to a skewed regional economy. Nepal’s two immediate neighbours have become rising economic powers, with China and India becoming the second and fifth largest economies of the world, respectively. With a projected growth of 5.9 percent in 2024 (World Bank, 2023), South Asia is growing faster than other regions, thanks to robust growth in India. However, economic growth is uneven in the lower-income countries in the region, as the region is still recovering from the effects of the COVID-19 pandemic. South Asia remains one of the least integrated regions of the world and regional cooperation remains dismal, as the South Asian

Association for Regional Cooperation (SAARC) remains stalled, owing to geopolitical tensions and regional rivalry between India and Pakistan. There is a huge income disparity among and within nations in the region. South Asia also has the largest share of multidimensionally poor people. The regional economies face risks and uncertainties such as climate change, disasters, breakdown of supply chains, and shifts in labour market conditions (OPHI & UNDP, 2024).

In the global south, there have emerged new economic players. With the rise of China, India, and other developing countries as a countervailing force against the developed countries, the erstwhile rules of the game in international economic scenarios and the global economy are changing rapidly. China and India have been broadening their outreach in countries in the neighbourhood and regions such as Africa, expanding their aid, trade, and investment engagements. Together with other developing countries, they have proposed alternative financial institutions such as the New Development Bank (NDB) under the BRICS, and the Asian Infrastructure Investment Bank (AIIB), which are now collectively called the Multilateral Development Banks (MDBs) of the Global South. The BRICS countries are mulling out a separate currency in which they can trade, replacing the US dollar. China has also come up with several global initiatives, some of them with economic objectives, such as the Global Development Initiative (GDI) and the Belt and Road Initiative (BRI). India recently hosted the G20 summit, which admitted the African Union as its member. India is also promoting itself as a leader of the Global South and floating several initiatives, including its “Neighbourhood First” and “Act East” policies. Such initiatives offer huge opportunities and some challenges to Nepal in the sense that they can bring economic benefits while dragging us into geopolitical competition.

13.2.3 Geopolitical Rivalries and Their Economic Impacts

Geopolitical tensions are on the rise globally, eroding business confidence and subduing economic activities, including foreign investment (UNCTAD, 2024). The delay in implementing the projects under the BRI scheme in Nepal also owes to the geopolitical context, as Nepal’s neighbour India is opposed to the extension of the Chinese initiative in South Asia. Geopolitical competition between India and China in South Asia, especially to expand their sphere of influence, has been there for a long time. Recently, the two countries have engaged in fierce competition to expand their influence through aid, trade, investment, and bilateral engagement in South Asian countries, including Nepal (Donnellon-May, 2023). However, India and China are also working together in the UN, World Trade Organization (WTO),

BRICS, Asia Infrastructure Investment Bank (AIIB), G20, G7, the Shanghai Cooperation Organization (SCO) and many other global platforms. They have similar interests in development, climate change and the issues at the UN. Their bilateral trade has reached US\$136.2 billion in 2023 (Haidar, 2023). While their geopolitical competition may drag Nepal to take sides and unwittingly engage the country in their contests, there are ample opportunities for enhancing economic benefits from their healthy competition, especially if Nepal can bring increased investment, aid, and tourists from both countries.

The US-China rivalry has become a characteristic phenomenon of the contemporary global political and economic sphere. The US-China rivalry has entered the scene with the 'trade war' and fierce competition in the advanced technology sector. The US-China Trade War slowed the global economic output by 0.8 percent (Chadha, 2020). The U.S.-led strategy of 'delinking', 'decoupling', or 'de-risking' with the Chinese economy can also influence the global economic landscape. The U.S. Indo-Pacific Strategy (IPS) seeks to counter China's rise (The Department of Defense, 2019). Although Nepal has not subscribed to the Strategy, the US Government has mentioned Nepal in the 'Indo-Pacific Region' (Department of State, 2019). Nepal faced intense competition and an uncanny exchange of accusations between the United States and China during the ratification of the US Millennium Challenge Corporation (MCC) pact. Managing the big power tussles and their diplomatic overtures has become a significant engagement for Nepal in recent years, demonstrated by the increase in the frequency of visits from Beijing and Washington, DC in recent times.

13.2.4 Technological Shifts and Economic Diplomacy

Technology and artificial intelligence have offered the world transformative opportunities to integrate us into the world economy through competitive advantages, innovation, connectivity, open-source technology, and skilling our workforce accordingly. Technologically, the world is believed to be in the Fourth Industrial Revolution (4IR), as the first, second and third came from the mechanical, electrical, and digital revolutions, respectively. The 4IR is believed to be driven by the growth of digital technology, artificial intelligence (AI), robotics, machine learning, the Internet of Things (IoT), automation, nanotechnology, biotechnology, and crypto technology, among others (World Economic Forum, 2016). The 4IR poses challenges besides presenting opportunities. The world has yet to develop regulations regarding the use of AI for the benefit of humankind without letting it become disruptive. The

UN General Assembly resolution (2024) on AI offers some principles, but it is far from a regulatory framework for AI globally.

13.2.5 Multilateralism and the Future of Global Governance

Global governance has fragmented and multilateralism has broken. The existing system of global governance, which consists of global institutions, such as the United Nations and the Bretton Woods Institutions, formed after World War II, has been unable to resolve many global governance challenges. The institutions lack consensus and face polarization, thus becoming unable to produce effective responses to wars, conflicts, and crises that afflict the world today. The countries of the Global South are frustrated by such paralysis and are floating alternative global governance structures. The world is becoming multi-polar and regional and emerging powers in every region are becoming more and more assertive, making global governance fragmented and multilateralism ineffective. Regional economic blocs are also in crisis, demonstrated by the UK's exit from the EU and the paralysis of SAARC in South Asia. Global multilateral diplomacy remains deadlocked due to global power rivalry and polarization at the UN Security Council.

Also, international relations and diplomacy have shifted. International relations today continue to be guided by realism, which revolves around power relations among states and geopolitics based on the competition of states for the promotion of their national interests. States pursue their national interests based on their material power, often leading to conflict, rivalry, and competition, rather than international cooperation and consensus (Colglazier, 2021). States have focused more on their national interests than on promoting 'global commons' and 'global public good'. The principles of idealism and liberalism, which focus on the merit of peace, democracy, human rights, free market economy and free movement of goods, capital, and services, have come under attack. Even neo-liberalism, which sought to employ liberal political and economic principles, has faced criticisms. Today, post-modernism dominates international relations. It operates without a coherent unifying theory, reflecting an ungovernable world characterized by a network of ideas and actors. This results in loose international behavior driven by multiple narratives and diverse actors, including non-state actors, without an overarching ideology. Similarly, new shifts are seen in diplomacy with the rising influence of soft power, public diplomacy, social media, and personal diplomacy. While there is a shift towards economic digital diplomacy, diplomacy has become multidimensional and multi-track exercises with the rising influence of non-state actors, mainly multinational corporations, and civil society.

13.3 Evolution of Economic Diplomacy

13.3.1 Forms and Implementational Variations

Conventionally, trade occupied the central stage when it came to relationships among nations. Foreign trade has always served as a building block of political economy and the relations between countries. It was believed that countries would have complementarities in their products and services, which they could enhance through trade. Conventional wisdom allowed countries to engage in trade based on their comparative advantages. Accordingly, diplomats were involved in promoting trade and negotiating trade agreements, giving rise to 'trade and commercial diplomacy', which remains a principal objective of economic diplomacy.

Over the decades, however, there have been efforts to separate economic diplomacy from traditional commercial diplomacy. Rana (2016) identified economic diplomacy as a separate set of economic policies, making it distinct from promotional activities and commercial diplomacy. In that sense, economic diplomacy is about policy intervention, harmonization, coordination, and collaboration with international economic actors to promote national economic interests. As countries opened their economies to foreign businesses desiring to bring the capital, technology, and skills required for their industrial development, it gave rise to the recognition of FDI as an important instrument of economic growth. Diplomatic institutions played a vital role in communicating with foreign investors and linking them with the authorities back home to facilitate FDI.

Apart from their sizes and types of economy and the policies they adopted vis-à-vis engaging with foreign countries, countries' access to trade routes and transits was a factor in international trade. For landlocked countries, access to and from the sea became crucial in enhancing their trading capabilities. That required them to lobby for freedom of transit and rights of the landlocked countries, which have now found space in the WTO agreements and the UN Law of the Sea. Transit thus became an important element of economic diplomacy for landlocked countries. The landlocked developing countries (LLDCs) want a favourable policy environment for their transit and transport, something provided in the compacts related to LLDCs through the Vienna Programme of Action (2014), adopted at the UN. In this sense, transit and transport cooperation has become a part of their international development agenda.

For many countries, foreign aid became an important element in their national development, as they did not have enough resources to meet their development

finance needs. Aid-giving countries expanded their 'aid diplomacy' to support the cash-strapped developing countries. They further engaged in 'development diplomacy' to broaden their international development agenda through the execution of internationally agreed development goals, such as the Millennium Development Goals (MDGs) and Sustainable Development Goals (SDGs), among others.

With time, the methods of implementing economic diplomacy became more diverse. Attracting tourists using diplomatic means has become a part of economic diplomacy. Many countries use their diplomatic missions to promote tourism back home. A recent addition is the practice of conference diplomacy, in which countries promote international conferences to promote their domestic tourism and international image abroad. Also, countries have diaspora communities, which have created a niche sector for promoting their economic interest. Engaging the communities to promote economic interests has been an important element in economic diplomacy. Often known as 'diaspora diplomacy', it involves utilizing the resources, contacts, and skills of diaspora communities to promote trade, tourism, and investment interests. A recent addition to economic diplomacy is the multi-faceted negotiation and engagement in climate diplomacy, which includes climate finance and various agreements under the United Nations Framework Convention on Climate Change (UNFCCC).

13.3.2 Nepal's Economic Diplomacy: From Inception to Institutionalization

Although the term 'economic diplomacy' gained prominence as a concept in the 1990s, Nepal has long been using its diplomatic channels to promote its national economic interests. In the 'traditional phase' of economic diplomacy, Nepal enjoyed the entrepot trade significance, as it used to serve as a trade route to Tibet through the trans-Himalayan passes connecting South Asia with China.

Nepal had a closed economy, so it did not allow too many outsiders into the country for trade. King Ratna Malla of the then Kantipur State had allowed Muslim bead sellers to settle and do business in the Kathmandu Valley. Nepal's unifier king Prithvi Narayan Shah discouraged foreign merchants from entering the country for fear of their extraction of resources and wealth from here, whereas he allowed the Gosain Hindus and Kashmiris to operate in commerce in the country. In the post-unification early years, Nepal had a strategic interest in controlling the trans-Himalayan trading routes. Nepal went to war with Tibet (1792 and 1856) primarily to protect its trade interests in Lhasa, including the protection of Nepali business

there and the continuation of the circulation of Nepali coins in Tibet (Whelpton, 2012).

Nepal was open to outside aid and tourists in the 1950s. It signed treaties of commerce with India and China. In the 1960s, it started to import third-country goods through a licensing system, which was dismantled in the 1980s. The country engaged in structural reform programmes with the assistance of the World Bank Group in the decade (World Bank, 1987). In the 1990s, Nepal started liberalizing its economy, pledging to attract foreign investment.

In the 'formative phase' since the 1990s, Nepal launched 'economic diplomacy' for promoting exports, tourism, FDI, foreign employment, and aid. The move was part of the first generation of economic reforms and was based on the recommendations of a high-level task force. Constituted in 1996 under the leadership of Uddhav Dev Bhatta, the former foreign secretary, the task force submitted its report outlining recommendations on economic diplomacy. The report suggested that the Ministry of Foreign Affairs (MoFA) integrate political and economic diplomacy. It also recommended that diplomatic missions abroad conduct promotional activities on trade, investment, tourism, foreign employment, and economic cooperation. Accordingly, the Government established an Economic Relations Coordination Division in the MoFA, appointed Economic Counsellors in some missions, and asked its diplomatic missions to conduct promotional programmes for boosting export trade, attracting FDI, and promoting foreign employment and tourism in coordination with the private sector and promotional agencies. Since then, the Government has included economic diplomacy as an integral part of its foreign policy.

In 1998, the Government established Nepal Tourism Board by drawing representation and resources from the Government and the private sector. In 2002, the Institute of Foreign Affairs constituted a Policy Study Group on economic diplomacy, which suggested integrating the resources and programmes of the Government and the private sector for promotional activities.

In 2006, another high-level panel led by Murari Raj Sharma and others submitted a report containing recommendations on economic diplomacy. The panel suggested introducing Terms of Reference to Nepali ambassadors, introducing targets and activities on economic diplomacy, establishing economic cells and deploying economic staff in Nepal's diplomatic missions abroad. In the year, the Government integrated trade-related promotional organizations like the Trade Promotion Centre,

Export Promotion Board, and Carpet and Wool Development Board to establish Trade and Export Promotion Centre (TEPC). A report from the Association of the Former Career Ambassadors of Nepal (AFCAN, 2009) also made several recommendations on economic diplomacy.

In 2011, a parliamentary committee related to foreign affairs put together several recommendations on foreign policy, including that for strengthening economic diplomacy (IRHRC, 2011). A policy brief by the Non-Resident Nepali Association (NRNA, 2011) also made some recommendations outlining the roles the Association can play in supporting economic diplomacy. The same year, the Government established the Investment Board Nepal (IBN) with the view to attracting FDI. Yet another report, commissioned by the MoFA, titled 'Investing in Diplomacy', including recommendations for improving economic diplomacy, highlighted the importance of investing in Nepal's diplomatic capability in economically significant countries (Acharya, 2015). In 2018, another high-level panel on foreign policy also submitted a report outlining several recommendations for broadening economic diplomacy. Acharya (2019) also deals with several aspects of economic diplomacy in his book 'Nepal Worldview'. A chapter on economic diplomacy in a compilation of several articles on Nepal's foreign policy also contains several recommendations regarding economic diplomacy (Acharya, 2021).

With the gradual increase of Nepali migrant workers in many destination countries in the 2000s, the Government opened new missions and appointed Labour Attaches in major labour-receiving countries. Nepal joined the WTO as a member in 2004, making its trade consistent with the multilateral trading regime.

The MoFA has been using 'development diplomacy' in place of its erstwhile economic diplomacy in the context of its graduation from the LDCs and the implementation of the Internationally Agreed Development Goals (IADGs), including the SDGs, and various global compacts and funding access to address climate change. Accordingly, the Ministry has upgraded its division concerned with diplomacy to Policy Planning, Development Diplomacy and Overseas Nepali Affairs Division, which includes a section on economic diplomacy. The Division has introduced the Directives on Economic Diplomacy, 2071 (2014), including guidelines and working procedures for executing programmes related to economic diplomacy to be conducted by the Ministry and diplomatic missions abroad. The Directives state the objectives and sectors of economic diplomacy apart from the conventional sectors of export and tourism promotion, FDI, foreign employment and foreign aid. The Directives included technology transfer, climate change,

public diplomacy and the interests of landlocked and least developed countries in the expanded sectors of economic diplomacy. It also pledged to introduce country-wise and sector-wise strategies on economic diplomacy and to task the missions to plan and execute economic diplomacy-related programmes in partnership with the local private sector and Nepali diaspora organizations. It also asked each Ministry to designate focal points on economic diplomacy and established monitoring and review committees for executing the programmes. Also, the Directives pledged to establish a resource centre at the Ministry to help design and execute the economic diplomacy-related programmes and to serve as a one-window service on economic diplomacy.

In 2017, Nepal hosted its Investment Summit, when several foreign investors made commitments to bring in FDI to Nepal, although the same was not forthcoming. Starting in 2020, the Government's economic diplomacy activities were affected by the COVID-19 pandemic. However, the Ministry and its missions abroad continued to hold online and virtual meetings and webinars focusing on export and tourism promotion and FDI. In the post-COVID period, too, the Government hosted summits and meetings, inviting foreign investors and stakeholders to inform them of the favourable policy environment for FDI in Nepal. In 2022, the private sector-led Confederation of Nepalese Industries (CNI) hosted an Infrastructure Summit, in which the Government made several policy commitments and urged foreign investors to invest in Nepal's infrastructure sector. The Government hosted a Power Summit in 2023, inviting foreign investors to invest in clean energy in Nepal's hydropower. Nepal hosted another Investment Summit in 2024. However, the overall impact of such summits has been dismal, given the low volume of FDI.

The Constitution of Nepal outlines several economic objectives and policies, including those making Nepal's economy self-reliant, independent and socialism-oriented. Under the economic, industrial, and commerce-related policies, it stipulates identifying the sectors with comparative advantages and promoting exports and diversification of goods and services. It also endorses the policy of attracting foreign capital and technology for the country's economic development, and taking foreign aid based on national priority and needs. It pledges to utilize the skills and capital of NRNs in Nepal's economic development, focusing their investment in productive sectors.

Nepal's Foreign Policy 2077 includes 'economic diplomacy' among the objectives and priorities of foreign policy. The policy seeks to contribute to the economic

development and prosperity of the country through economic diplomacy, including mobilizing development cooperation, foreign investment, export trade, and tourism promotion. The Government's policy on economic diplomacy includes policies to (Ministry of Foreign Affairs, 2021):

- a) Pursue economic diplomacy as an integral part of the overall diplomacy,
- b) Mobilize diplomatic missions and honorary consuls for economic diplomacy,
- c) Introduce country-specific and sector-specific strategies,
- d) Promote bilateral and multilateral relations for national economic interests,
- e) Negotiate free trade agreements and cross-border economic zones,
- f) Mobilize foreign aid according to national priorities and interests, and to fulfill the goals of sustainable development and national development plans,
- g) Access various funds for concessional loans and grants,
- h) Attract foreign investment for Nepal's economic development.

The Foreign Policy 2077 recognizes the economic challenges and opportunities that Nepal faces in the changing regional and international circumstances, and pledges to pursue national interests through coordination, cooperation, and support with the global community. It also commits to work with countries with similar interests on the special needs of landlocked and LDCs on trade and development issues, to pursue a climate change agenda for the interests of mountain countries, and to access funds available for climate finance, especially for adaptation. The Policy also includes separate policies on export, investment, tourism promotion, and foreign employment.

The Government also allocates budgets to conduct programmes and activities on economic diplomacy. However, the budget for the purpose allocated through the MoFA every FY is very nominal (Table 13.1).

Table 13.1: Budget Allocated and Spent for Economic Diplomacy Through the Ministry of Foreign Affairs and its Missions (NPR, in crore)

SN	Fiscal Year	Allocated	Spent
1	2016/17	5.99	4.77
2	2017/18	N A	8.30
3	2018/19	13.21	12.96

SN	Fiscal Year	Allocated	Spent
4	2019/20	18.05	10.42
5	2020/21	7.48	1.60
6	2021/22	N A	4.18

Source: Annual reports of the Auditor General for the fiscal years

NA = Not available

The Nepal Trade Integration Strategy (2023-2028) calls for a clear economic diplomacy strategy and restructuring institutions to enhance their effectiveness. It emphasizes that Nepali missions abroad should prioritize promoting economic and commercial interests, integrating trade, investment, and broader economic goals into their routine functions. The strategy advocates for deploying capable officials with adequate budgets and transparent appointment processes for honorary consuls. It also stresses engaging the Nepali diaspora in export promotion and foreign investment efforts (MoICS, 2023).

The GoN has committed to implementing sectoral and country-wise targets and to evaluating the effectiveness of economic diplomacy-related programmes and activities. Budget allocation and spending on economic diplomacy have fluctuated and become unpredictable in recent years. Funding for the activities in economic diplomacy also comes from promotional agencies like the Nepal Tourism Board, the TEPC, IBN, and the Foreign Employment Board, among others.

Under its economic diplomacy initiatives, the Government has been participating in trade fairs, hosting investment summits and tourism promotion activities, among others. The TEPC, established in 2006, collects and provides trade-related information and supports export promotion activities. It operates with a small budget, most of which is subsidies. In FY 2023/24, the TEPC had a total budget of NPR 205 million, of which only NPR 23 million was available for capital expenditure and execution of its programmes (Trade and Export Promotion Centre [TEPC], 2023).

The IBN organizes investment promotion programmes, inviting potential investors and foreign investors. Only a small share of the IBN's budget is available for promotional activities. Nepal Tourism Board regularly participates in international tourism fairs and meets to promote Nepal's tourism. However, they complain about the lack of dedicated staff to promote tourism in Nepali missions.

13.4 Sectoral Analysis

Nepal receives external sources of income equivalent to around a quarter of its Gross Domestic Product (GDP). These sources include export earnings, FDI inflows, remittances, revenue from tourism and development aid (Table 13.2). Each of these sources has the potential to increase. Some of them, such as export earnings and FDI, can increase manifold provided Nepal can pursue a more proactive economic diplomacy. Apart from the five original sectors discussed in Part III of this study, the Government should engage in economic diplomacy in a few other sectors, including digital diplomacy, diaspora diplomacy, climate diplomacy, transit diplomacy and development diplomacy. As innovation in digital technology and artificial intelligence rapidly advances, especially in neighboring tech-driven countries, it is important for Nepal to decide its approach to strategic engagement through digital diplomacy, which involves fostering cooperative relations, managing technology-related conflicts, holding malicious cyber actors accountable, and strengthening national cybersecurity systems. Also, as a country that stands on the frontlines of climate crises and vulnerabilities, what negotiating strategies it adopts are important.

Table 13.2: Income From External Sources (NPR, in 10 million)

SN	Fiscal Year	Exports	Remittance	FDI
1	2022/23	15,714.07	1,22,055.95	N A
2	2021/22	20,003.1	1,00,730.69	1,856.03
3	2020/21	14,112.41	96,105.46	1,951.27
4	2019/20	9,770.9	87,502.7	1,947.78
5	2018/19	9,710.95	87,927.13	1,306.48
6	2017/18	8,135.98	75,505.86	1,750.46
7	2016/17	7,304.91	69,545.24	1,350.39
8	2015/16	7,011.71	66,506.43	592.09
9	2014/15	8,531.91	61,727.88	438.26
10	2013/14	9,199.14	54,329.41	319.46

Source: Macroeconomic Dashboard, Ministry of Finance

Even in conventional diplomacy related to trade and commerce, FDI, labour migration, tourism and economic aid, the Government should adopt a transformative approach in the new-generation economic diplomacy. The sector-wise transformative

efforts on conventional sector-wise economic diplomacy would include the following:

13.4.1 Export Trade

Nepal has a structural challenge in its economy as it has a large trade deficit, and the bulk of trade is with just a few countries. Data by the World Bank (n.d) reveals that two-thirds of its trade is with India. While its imports have been increasing year after year, the export sector has remained stagnant. The share of our trade in GDP was 49 percent in 2022. The export-to-GDP ratio was 13 percent in 2000 but came down to 3.5 percent in 2022. In recent years, carpets, synthetic yarn, palm oil, soybean oil, large cardamom, *pashmina*, and ready-made garments have been the major export products (Table 13.3). However, palm oil exports plummeted after the revenue adjustment in India (Dahal, 2020). Our export sector witnessed some growth in the FYs 2019/20 - 2020/21, thanks to the export of palm oil and soyabean oil, both taking advantage of revenue differentials with India and without sufficient backward linkage at home. The surge did not include the products identified for exports under the Nepal Trade Integration Strategy 2016. Nepal, however, has an untapped export potential, estimated at US\$9.2 billion (World Bank, 2021).

Table 13.3: Export of Major Commodities Between 2017 and 2023 (NPR, in million)

SN	Commodities	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
1	Major items	16,397.7	16,469.4	13,159.3	15,693.6	20,818.6	24,051.9
1.1	Handicraft	89.2	146.4	115.3	205.0	382.9	463.4
1.2	Herbs	295.9	593.1	583.4	371.8	657.4	742.9
1.3	Nepali paper	312.8	281.7	312.8	417.2	561.8	683.8
1.4	Niger seed	0.0	0.0	0.0	10.2	0.1	0.0
1.5	<i>Pashmina</i>	2,124.4	1,754.3	1,662.4	2,367.9	2,697.0	3,078.3
1.6	Pulses	896.3	1,274.1	949.0	567.7	569.5	491.7
1.7	Ready-made garments	4,368.1	3,911.4	2,611.1	3,318.9	4,618.9	5,444.0
1.8	Leather goods	295.4	285.4	137.6	176.4	287.5	330.9
1.9	Silverware and jewelry	349.9	510.2	386.0	762.4	1,157.2	643.6
1.10	Tanned skin	440.0	244.4	99.5	64.6	135.1	377.7
1.11	Tea	363.8	304.0	284.6	411.0	421.5	492.2

SN	Commodities	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
1.12	Woollen carpet	6,861.9	7,164.4	6,017.7	7,020.6	9,330.0	11,303.5
2	Others	15,804.6	15,798.5	13,249.8	18,042.3	28,128.3	24,636.6

Source: Nepal Rastra Bank, Database on Nepali Economy

Policy framework: The Government is reviewing its Trade Policy 2015, which has not reduced the mounting trade deficit and harmonized with other policies. The Government should introduce a new trade policy in sync with the second-generation economic reforms, mainly towards the outward-oriented economic policies and to boost the port and FDI sectors. Foreign Policy, 2077 pledges to mobilize economic diplomacy to promote exports, focussing on high-value and low-weight products and services, negotiate and sign more bilateral trade agreements, make use of trade concessions like quotas and tariff reductions like Duty-Free Quota-Free facilities and the Generalized System of Preferences (GSP) available to the LDCs, take part in trade fairs and facilitate business to business exchanges, coordinate with international financial institutions for obtaining aid for trade and pursue reduction of tariff and non-tariff barriers to the export of Nepali goods and services.

The Government has introduced the third iteration of the NTIS, 2023, which has identified economic diplomacy as one of the major themes for export growth. The NTIS 2016 witnessed the dismal performance of the export sector during the intervening period. The Trade Integration Strategy 2023 aims to increase the ratio of exports of goods and services to GDP from 6.3 percent in FY 2021/22 to 20 percent in FY 2027/28. The previous two iterations of the NTIS, 2010 and 2016, did not yield any export growth (Poudel, 2023). The NTIS 2023 has identified 23 exportable goods and services with comparative advantages for Nepal, pledging to bring the export figure to NPR 2 trillion in the next five years and earmarking an ambitious budget of NPR 463 million to implement the Strategy. It includes electricity, jute, lentils, coffee, fruits, vegetables, handmade paper, iron and steel, cement, ready-made garments, jewellery, spring water, honey, fragrant oil, rosin and turpentine, among others, in addition to the items identified in the NTS 2016 such as agricultural produces (ginger, tea), manufacturing produces (textiles and yarn, footwear, leather goods, *pashmina*, carpets) and services (IT, business process outsourcing, tourism, among others). While the expansion of the list from the earlier 12 to 32 makes it comprehensive, it can also dilute efforts to focus on the driving sectors with a high comparative and competitive edge for Nepal.

Export target: Nepal's exports have hovered below one billion dollars. The Government aims to increase the ratio of trade to GDP from 43.81 percent in 2021 to 55 percent in 2026, when the country graduates from the LDCs (NTIS, 2023). The NTIS expects to increase the share of exporting goods and services from 6.3 percent in the base FY 2021/22 to 20 percent in 2026. Nepal should aim to reach the export target of US\$5 billion by 2026 when the country graduates from the LDCs, and set goals higher for US\$10 billion by 2030 when the country expects to be a middle-income country. It should be allocated country-wise and sector-wise to launch promotional activities and to monitor and evaluate progress.

Regional and global supply and value chain: Nowadays, no industry or business can produce complete products or services. They must engage in parts of products and services at home and abroad. They should enter the regional and global supply and value chain. The COVID-19 pandemic and the Russia-Ukraine War have started to affect the Nepali economy in terms of rising prices of fuel and other imports, devaluation of the dollar, and the breakdown of the supply chain in trade and logistics. Hence, it requires prudent management of the supply chain and logistics, including using ICT, smart logistics, and GPS systems, among others.

Utilization of trade concessions: Because of being an LDC, Nepal enjoys several concessions in regional and multilateral trading platforms, such as the Duty-Free Quota Free (DFCF) facility for 97 percent of LDC products under the WTO rules, SAFTA concessions, and the Everything But Arms (EBA) of the European Union. So far, Nepal has not been able to make effective use of such concessions. Upon graduating from the LDCs, Nepal will lose many such trade concessions. Its products and services will face stiff competition in the world market. Considering this reality, Nepal will have to make its economic ecosystem competitive through investment in skills, entrepreneurship, research and development, innovation, adaptation to new technology and better protection of intellectual property. It should open tracks of bilateral negotiations for conducive market access to select trading partner countries to ensure market access to those countries after the loss of concessions on its graduation from the LDCs. The Government should push for favourable conditions under the multilateral, regional and bilateral trade agreements, including the rules of origin, the value addition requirement, and market access, among others, through a coalition of like-minded groups of countries.

Export diversification: Nepal's export trade is limited to a few countries, commodities and services. Its top five export destination countries include India, the USA, Germany, Türkiye, and the United Kingdom. Nepal should explore other

trade destinations. It should also seek to diversify its export commodities and services, as identified by NTIS 2023. Bangladesh, for example, focuses on exporting ready-made garments and pharmaceuticals. Nepal can focus on clean energy, agro-products, and IT services.

Import substitution: Despite the favourable climatic conditions and geographical diversity that allow the country to produce such products, Nepal imports primary agricultural products, including food grains, vegetables, fruits, and milk products. The Government should promote export-oriented and import-substituting agro-industry and agricultural products. For example, the long-awaited chemical fertilizer factory in Nepal would substitute the import of fertilizers and end the long delay and shortage during the seasons.

Non-tariff barriers: The slow growth of Nepal's exports is owed to the abundance of non-tariff barriers (NTBs) in its exportable goods and services. Such NTBs include sanitary and phytosanitary (SPS) measures, technical trade barriers (TBT), and anti-dumping measures, among others (Sainju, 2021). Nepal's exports face NTBs like testing, certification, quarantine, and regulatory restrictions in destination countries. The Government should negotiate with the respective countries to remove such NTBs and ease the trade restrictions that Nepal's export products have been facing.

Export-generating small and medium-sized enterprises and start-ups: Most of Nepal's emerging exporters, like the ICT sector, are either start-ups or small and medium-sized enterprises (SMEs). The strategic plan of the Trade and Export Promotion Centre has identified the capacity development and reduction of trade impediments to Small and Medium Enterprises (SMEs) as a pillar of its export promotion strategy (TEPC, 2023). The Government should create an ecosystem for the export competitiveness of the SMEs. Besides, it encourages Nepali start-ups and SMEs to enter global and regional supply and value chains.

ICT, e-commerce, and digitalization: Nepal should catch up with ICT, e-commerce, and digitalization in international trade. It should also strive to use the benefits of the Fourth Industrial Revolution by integrating the developments in Artificial Intelligence, robotics, automation, the Internet of Things, Machine Learning, just-in-time delivery, crypto and nanotechnology, and biotechnology, among others, to promote its industrial and export base.

Carbon-neutral and organic certification: Nepal should repackage its products and services with attractive slogans and branding. That may include declaring that

our products use clean and green practices and putting a carbon-neutral label. Nepal can also label our exportable agro-products with organic certification, ensuring the standards are strictly maintained. The country may also label products with geographical indications.

Intellectual property rights regime: Nepal Trade Integration Strategy, 2023 suggests protecting intellectual property rights in trade including the protection of copyright, patents, trademarks, industrial design and secrecy, packaging, and traditional knowledge through entering the Madrid System for the International Registration of Marks agreement and its protocol, entering the Patent Cooperation Treaty and enacting the proposed intellectual property protection law (NTIS, 2023). Such recommendations should be given serious consideration. This will be necessary to prevent the misuse of intellectual property regarding Nepali exportables.

13.4.2 Foreign Direct Investment

Despite several legal, institutional, and policy-related reforms to attract FDI, the performance of the FDI sector in Nepal has remained dismal (Table 13.4). Nepal's Foreign Investment Policy 2015 provides for the Special Economic Zones, Investment Board, and One-Stop Service Centre, and recognizes the niche of the NRN sector. It addresses labour relation issues, provides for the mobilization of debt instruments in foreign currencies, and incorporates transfer within the ambit of FDI. It offers incentives to prospective foreign investors in terms of exemptions, access to credit, and land acquisition and protects them from nationalization. The Foreign Investment and Transfer of Technology Act, 2019 (FITTA), the Public-Private Partnership and Investment Act, 2019 and the Industrial Enterprises Act, 2020 also provide several incentives for foreign investors.

Table 13.4: FDI Inflows Between 2017 and 2022

SN	Fiscal Year	Number of Inflows	Amount (NPR, 10 million)	Employment
1	2017/18	399	5,576	13,940
2	2018/19	345	2,548	14,594
3	2019/20	222	3,776	10,813
4	2020/21	185	3,217	5,943
5	2021/22	295	5,840	16,905

Source: Ministry of Finance (2022)

Nepal's foreign direct investment (FDI) inflows have remained consistently low over the six years, fluctuating only between US\$ 0.1 and 0.2 billion. In 2023, there was a 13.4 percent increase compared to 2022, but the actual volume remained small, indicating no significant improvement in attracting foreign investment.

Compared to other countries in South Asia, such as India and Pakistan, Nepal's FDI inflow is minimal. Even smaller economies like the Maldives attracted more FDI than Nepal. This suggests that Nepal continues to face challenges in creating a favorable environment for foreign investment. Key areas needing attention include improving policy consistency, enhancing investment incentives, simplifying regulatory procedures, and ensuring political and economic stability (NRB, 2024).

Nepal has yet to put in additional efforts to boost the confidence of foreign investors as the FDI sector suffers from policy inconsistencies, lengthy approval processes, lack of investment-ready products, weak risk management and intellectual property rights, and difficulty in profit repatriation (Pant et. al, 2022; Shrestha, 2022).

Bilateral investment agreements: Nepal has signed bilateral investment promotion and protection agreements (BIPPA) with a few countries (Finland, Germany, Mauritius, and the UK), and the Avoidance of Double Tax agreements with eleven countries (Austria, China, India, South Korea, Mauritius, Norway, Pakistan, Qatar, Sri Lanka, and Thailand). Some countries sign Bilateral Investment Agreements (BIAs) instead of BIPPA. The Government should strive to enter negotiations with as many countries as possible to conclude BIAs to provide necessary protection and incentives for bringing FDI. However, it is very important to study how these agreements have led to increased FDI from signatory countries.

Ease of Doing Business Ranking: In 2020, Nepal stood 94th in the ease of doing business ranking with a score of 63.2 points, according to the Doing Business Report 2020 of the World Bank. Although such a ranking has since remained stalled, Nepal should strive to improve its ranking in this regard whenever reinstated.

Improving the ease of doing business in Nepal requires targeted reforms such as streamlining business registration to reduce bureaucratic delays and costs, enhancing contract enforcement to build investor confidence through a more reliable legal system, and improving infrastructure to ensure businesses have access to essential services like transportation, electricity, and internet. These measures can collectively create a more predictable, efficient, and investment-friendly environment that encourages entrepreneurship and economic growth.

Also, Nepal ranks 109th out of 133 economies in the Global Innovation Index (GII) 2024. Relative to its GDP, Nepal performs in line with expectations for its level of development. However, the country generates fewer innovation outputs compared to the level of investment it makes in innovation. Nepal's weakest performance is observed in the areas of human capital and research (ranked 130th), business sophistication (116th), and institutions (111th), indicating critical gaps in foundational drivers of innovation (WIPO, n.d.).

IBN Strategic Plan: The Strategic Plan of IBN recognizes the importance of economic diplomacy and seeks to reach out to potential investors to attract FDI (IBN, 2021). It pledges to reach, retain, and regain investors by developing partnerships through diplomatic missions abroad. It mentions image building and advocacy as the main elements in our strategy to attract FDI. The plan acknowledges the weaknesses in coordination and collaboration with our diplomatic missions abroad in promoting FDI. The IBN should translate its strategic plan into a plan of action, including programmes on economic diplomacy, especially investment promotion.

Attracting NRNs for investment: The Foreign Investment Policy 2015 acknowledges NRNs as the source of investment. So far, some NRN investors have been investing in the hydropower and hotel sectors. They have also constituted a task force to bring US\$100 million in investment to Nepal, though there has not been steady progress. The bulk of NRN investment has been in the service sector. A 2015 survey showed several problems with NRN investment in Nepal, including the difficulties associated with law and order, weak cooperation from local authorities and people, shortage of trained human resources, rigid labour laws and unionization and politicization, lack of regular energy supply, and inconsistency in the Government policy (Society of Economic Journalists - Nepal [SEJON], 2015). Although the Government has addressed the problems of labour laws and energy shortage, it has not solved the remaining challenges. It must prioritize addressing these issues to attract more NRN investment.

Nepal cannot expect our business community to go global and become competitive unless the country allows them to do business and invest in foreign countries. The private sectors of our neighbouring countries have become globally active with FDI. The country should relax the restrictions for Nepali investors to invest in foreign countries, including in the participation of Nepali contractors in foreign contracts abroad.

Export-generating FDI: The Foreign Investment Policy 2015 identified the priority sectors for FDI, including energy, transport, and tourism. Nepal should prioritize FDI in the sectors that can expand exports. Potential for FDI in export-generating sectors and goods, however, should be internationally competitive and possess comparative advantages, including export potential, market opportunities, and a strong competitive edge. Some examples include hydropower, cement, juice and toothpaste, mustard and soybean oil, GI pipe, galvanized sheets, among others.

Make in Nepal: The Confederation of Nepalese Industries has launched the Make in Nepal (*Swadeshi*) initiative. In its policy and programmes in 2023, the Government announced the launch of the Make in Nepal programme to provide incentives to domestic investors. In its budget speech for FY 2023/24, the Government pledged a partnership in the Make in Nepal with the private sector. It should also incorporate the FDI sector.

Investment, infrastructure, and power summits: In recent years, Nepal has held investment, infrastructure and energy summits, inviting foreign investors in the respective sectors, soliciting pledges and commitments from the Government and foreign investors. The Government has announced the deals signed during such occasions. However, the tangible outcome in investment from these sectors has not been forthcoming. The Strategic Plan of the IBN acknowledges weak follow-up of the Investment Summits that Nepal held in 2017 and 2019 (IBN, 2021). The Government needs to set up a follow-up mechanism to pursue such commitments from foreign investors and implement the pledges made by the Government side.

Targeting celebrity investors: Occasionally, the world's richest people seek to come to Nepal for investment. Instances of interest have been reported from the world's richest person, Elon Musk, in Nepal's satellite telecom. Reports also state India's Gautam Adani is proposing to construct the Nijgadh International Airport or to manage Nepal's airports. China's business magnate, also visited Nepal to explore business opportunities. Jack Ma, the Chinese commercial giant Alibaba Group, is believed to have purchased the *Daraaz* online shopping platform active in Nepal. The country should attract these celebrity investors to do business in Nepal, as that will have a multiplier effect on our investment climate. India's Prime Minister Modi is seen meeting with rich investors like Elon Musk, asking them to come to India to invest. Nepal should also invite international celebrity investors and rich persons like Elon Musk, Gautam Adani, or Jack Ma to invest here. While high-profile investors can generate publicity, Nepal's main challenge lies in regulatory stability and infrastructure. Even with investor interest, commitment may depend

on fundamental reforms. India's outreach to these investors is part of broader industrial policies, and Nepal needs a more structured approach in this regard.

Special Economic Zones: Nepal's neighbouring countries like Bangladesh, India and China have extensively utilized their Special Economic Zones in attracting FDI. The Government has prioritized export-oriented foreign investment and technology in the SEZs. The SEZ Act 2073 pledges a 'differential treatment' to foreign investors in SEZs, providing tax and other incentives. The country has also established SEZ Authority. Two SEZs (Bhairahawa and Simara) are partially operational. The Government has identified 14 locations and completed the feasibility studies for SEZs and plans for five SEZs within the Fifteenth Five-Year Plan. However, the SEZs remain largely underutilized, mainly due to poor infrastructure, conflict in the SEZ Act provisions with the revenue, tax and sectoral policies and laws, weak institutional practices, and lack of single-window services to the investors in the SEZs (Ghimire et al., 2023). Nepal needs to remove these hurdles for the full operationalization of the SEZs and promote them among potential foreign investors.

Role of IBN on PPP projects: The Foreign Investment and Public-Private Partnerships (PPP) Act mandates the IBN to take up foreign investment projects of above NPR 6 billion and energy projects with a capacity of 200 MW or above. It also empowers the IBN to take up projects with PPP models. However, the IBN's role in PPP project proposals of blowing NPR 6 billion is not clear. The Government should clarify this confusion.

13.4.3 Foreign Employment and Remittances

The current mechanism for foreign employment permits is over-regulated. The Government policies, institutions, and mechanisms related to these services have become labyrinthine. The Ministry of Labour, Employment and Social Security governs the policy issues, and the Department of Foreign Employment regulates labour permits and recruiting agencies. The Foreign Employment Board looks after the welfare and reintegration of migrant workers and their families in distress. The Foreign Employment Tribunal adjudicates cases related to labour migration. The provincial and local governments are also involved in supporting the outgoing labour migrants. The regulation requires "manpower agencies" to go to the Government multiple times to process foreign employment and labour permits. The number of labour permits issued by the Government has remained steady, with some decline during the COVID-19 pandemic (Table 13.5). Our system of labour

permits involves several steps, including the attestation and pre-approval of job demands, the permission to advertise, visa requirements, and the issuance of labour permits and their renewal. Although the Government has declared to make them paperless, cashless (through its free visa-free ticket policy), faceless, and online, it still involves those cumbersome steps that breed corruption and manipulation every step of the way by the numerous agencies and individuals.

Table 13.5: Employment Permits Issued by the Government Between 2017 and 2023

SN	Year	Female	Male	Total	Remittance (NPR, in 10 million)
1	2017/18	22,417	3,31,665	3,54,082	
2	2018/19	20,578	2,15,633	2,36,211	879.37
3	2019/20	18,202	1,72,191	1,90,393	875.03
4	2021/22	7,178	64,894	72,072	961.05
5	2022/23	33,062	3,15,805	3,48,867	1,007.31

Source: Economic Survey 2022/23

In its Foreign Policy 2077, the Government has pledged to enter into new labour agreements or to review past agreements to make labour migration safe, qualitative, dependable and dignified. Also, the Policy is geared towards using remittances for economic development to employ those returning from foreign employment, promoting and defending the rights of Nepali migrant workers in destination countries through bilateral and regional consultations, mobilizing assistance from destination countries to upskill the migrant labour force, analyzing the impact of the international labour market in national employment and development, and enhancing consultations with labour-sending countries of the region.

Labour permit system: The number of labour permits issued by the Government (Table 13.5) tells the volume of work regulated by it. Some opine and suggest that the Government should consider deregulating the labour permit system, claiming that the receiving countries require work permits, not the sending ones. However, it is wise, instead of full deregulation, to simplify the labor permit systems and digitalize them to reduce bureaucracy while maintaining essential protections. This approach balances efficiency with oversight. A streamlined system can minimize delays and corruption, improve worker experience, retain regulatory checks to prevent

exploitation, and allow better data tracking and coordination with host countries. Reforming the system in this way offers a more practical and protective alternative.

Pathway to substitute outbound labour migration and reduce dependence upon remittances: Labour migration is sensitive to the international political and economic environment. The demand for foreign labour decreases during political turmoil or economic crises. It is susceptible to wars, conflicts, rising fuel prices, financial and economic crises, and policy changes in destination countries. It also suffered during the COVID-19 pandemic (including its utilization and investment). Remittance is not the most sustainable source of the economy. Therefore, the Government must seek an alternative and sustainable pathway to create an economy that can survive without remittance and absorb the workforce domestically for nation-building. That will include a strategy to export services developed at home.

In the short run, the Government should encourage the prudent use of the remittances earned by its migrant workers, diverting consumption to investment in productive sectors. The Government has introduced a few schemes for utilizing the remittances, including Foreign Employment Bonds, quotas in the Initial Public Offerings (IPOs) of shares of public companies, and channelling remittances to the hydro-power sector through the Remit Hydro initiative. However, these schemes have few subscribers because they do not provide additional incentives to the remittance senders.

The Government should create an incentive structure to encourage people to divert their remittances to productive investment schemes from their current thrust on consumption and savings. Remittances cannot be the perpetual source of economic stability and growth. The focus should be on identifying sectors like agriculture modernization, ICT, tourism, and manufacturing to absorb returnees and reduce labour migration. Policy measures such as tax incentives for businesses hiring returnees and support for returnee-led start-ups should be explored. Structural reforms in the domestic labour market, including wage competitiveness and improving the business environment, are also essential.

In the long run, the Government should strategize to reduce dependence upon remittances by focusing on exporting services rather than sending migrant workers abroad. It should also diversify opportunities at home for the youth to engage in productive employment and economic activities rather than going abroad.

Labour diplomacy: The responsibility for labour diplomacy in Nepal rests with the Ministry of Labour, Employment and Social Security (MoLESS), in coordination with the MoFA and its missions abroad. The Foreign Employment Act also asks the

Ministry to set up Labour Attaches in countries with more than five thousand Nepali workers. It has appointed Attaches in seven destination countries (Bahrain, Kuwait, Malaysia, Oman, Qatar, Saudi Arabia, and the UAE). But there is no sync between the economic diplomacy that the MoFA conducts and the labour diplomacy that MoLESS is supposed to execute. The MoLESS cannot apply labour diplomacy on its own.

Nepal can strengthen labour migration governance by forming an inter-ministerial task force for better coordination among key agencies and by establishing a permanent labour desk within the MoFA to integrate labour concerns into foreign policy. To secure better labour rights abroad, Nepal should build skilled negotiation teams, use data-driven policy, engage in regional cooperation, ensure binding protections in bilateral agreements, and involve diaspora and civil society for monitoring and advocacy.

Also, the MoFA and its missions abroad should be entrusted to lead the work on labour diplomacy with its economic diplomacy. That should include streamlining bilateral labour agreements, pursuing the host government agencies and recruiters for favourable treatment of Nepali workers, and settling disputes, among others.

Bilateral labour agreements: Nepal has signed bilateral labour agreements with ten countries, some of them (with Malaysia, UAE, and Qatar) renewed and updated after the original ones. The Government should strive to sign more labour agreements with destination countries seeking to protect Nepali workers, including female ones, to ensure the application of available national and international protection measures in the destination countries.

Also, it is very important to ensure that future labour agreements include key provisions such as minimum wage protection, accessible grievance and legal support mechanisms, zero-cost recruitment, insurance for health and accidents, and clear repatriation procedures. Agreements should also guarantee by provisions and in implementation decent working conditions, the right to retain personal documents, fair work hours, and the ability to change employers when necessary. A joint oversight committee should be established to monitor implementation and resolve disputes.

Targeting returnees: The foreign employment policy is obsessed with regulating the outgoing workers, regulating their labour permits and handling their cases. It gives some attention to the returnees for foreign employment. In the FY 2021/22, some 4,70,998 migrant Nepali workers returned home, according to a government report on labour migration (MoLESS, 2022). Without better opportunities back

home, many emigrate to other countries for employment, although there is no concrete data on such remigration. Through the Reintegration Programme (Operation and Management) Directive for Returnee Migrant Workers, 2022, the Government aims to reintegrate the migrant workers by providing them certification, skills, financial literacy and psychological support, entrepreneurial development training and employment back home. The Government should tap the returnees by providing incentives to utilize their skills and invest their earnings in the productive sectors. It can issue returnee ID cards and make bank loans and subsidies available to them. The Philippines uses a reintegration strategy to engage the returning migrant workers through a reintegration package consisting of loans for small and medium enterprises, counselling, training, and retraining, and providing them with investment windows. Nepal can adopt similar incentives.

Social security of migrant workers: Nepali migrant workers abroad are not under the social security protection as domestic workers. Returnees in distress are often the neediest people for such protection measures. The Nepal Labour Migration Report 2022 mentions that the Government is exploring the possibility of including migrant workers under the Social Security Fund. The Government should consider using the welfare fund to provide social security to distressed returnees or enlarging it.

Sync between foreign and domestic employment: The Government should create a sync between the opportunities available in foreign and domestic employment, especially in the training and skilling it provides. That should aim at skilling people for jobs at home and abroad, so that people can opt for either. It should also target people returning with skills for domestic employment needs. This should include the certification and recognition of skills for both purposes.

Skilling the workforce: There is an increasing demand for higher-skilled Nepali workers in the international job market. The demand for nurses in the United Kingdom is a case in point. So far, only 38 percent of the Nepali migrant workers are categorized as ‘skilled,’ whereas ‘professional’ and ‘highly skilled’ remain less than one percent (MoLESS, 2022). In the FY 2020/21, some 54.2 percent of Nepali migrant workers were unskilled, according to the above-cited report. The Government has started sending specified skilled workers and industrial trainees and workers to Japan and Korea under the Employment Permit System (EPS). In South Korea, Nepali workers under the System are employed in agriculture and manufacturing, including the ship-building industries. Some countries, notably the Philippines, focus on sending higher-skilled migrant workers abroad and discourage

unskilled and low-skilled workers from foreign employment. That has helped increase their remittances.

Nepal should reform its technical and vocational education system to align with the demands of foreign job markets, focusing on sectors like construction, healthcare, and IT. This can be achieved through competency-based training and curriculum updates. Public-private partnerships can help by involving employers in designing and funding training programmes. Additionally, targeted language courses and internationally recognized certifications should be offered to workers, improving their chances for higher-skilled jobs. A national skills database would also help match trained workers with international job opportunities.

Regional cooperation on labour migration: Coordination with labour-sending countries in the region, including through the Colombo Process, the SAARC Technical Committee on Labour Migration, and jointly pursuing matters of mutual interests with labour-destination countries, including through the Abu Dhabi Dialogue, has been an integral part of the Government's labour diplomacy. However, somehow, such cooperation has not yielded better results for Nepal's migrant workers, as the labour-receiving countries are outside the framework of the UN Convention on the Rights of Migrant Workers and their Families and several core ILO conventions that protect migrant workers.

Global Compact on Migration: Although short in many aspects, including on the free labour mobility issues, the Global Compact on Safe, Orderly and Regular Migration (GCM) adopted in 2018 offers many opportunities to provide for the rights of migrant workers in the countries of origin, transit, and destination. Nepal should utilize such opportunities and stress the implementation of the GCM.

The commitments in the GCM can contribute to addressing Nepal's migration challenges. Ensuring migrants' rights to information and legal identity would help protect Nepali workers from exploitation. The focus on decent work and labour rights supports the need for fair wages and safe working conditions. Addressing vulnerabilities and human rights violations is crucial, as many Nepali face risks abroad. The GCM's emphasis on human rights-based screening and safe returns could help prevent mistreatment and support sustainable reintegration. Adopting these commitments could improve protection for Nepali migrant workers and enhance migration governance. It is high time, therefore, for Nepal to evaluate how it has benefited from these provisions.

13.4.4 Tourism

Tourist arrivals to Nepal declined due to the COVID-19 pandemic but have since been picking up. Most tourists come to Nepal from India, China, the USA, the UK, Australia, and Bangladesh, among others (Table 13.6). Nepal's Tourism Policy 2064 (2007) envisages various promotional activities, including celebrating Visit Nepal Year, studying the international trends in tourism and packaging targeted programmes, and entering more air services agreements.

Table 13.6: Tourist Arrivals by Countries Between 2018 and 2022

SN	Year	India	China	USA	UK	Australia	Bangladesh	Others	Total
1	2018	194,323	153,633	79,146	63,466	38,429	26,355	617,720	1,173,072
2	2019	254,150	169,543	93,218	61,144	38,972	25,849	554,315	1,197,191
3	2020	40,336	19,257	17,676	11,762	6,793	4,917	129,344	230,085
4	2021	64,672	6,198	22,854	8,680	2,477	5,044	41,037	150,962
5	2022	209,334	9,599	77,083	45,094	26,894	25,383	221,482	614,869

Source: Economic Survey 2022/23

According to the Civil Aviation Authority of Nepal, Nepal has signed Bilateral Air Services Agreements with 40 different countries, of which there are direct flights to a dozen countries. The total weekly seats available from these agreements remain underutilized. Limited capacity of Nepali airlines, airport infrastructure constraints, lack of effective aviation strategy and promotion, air safety concerns, geopolitical and economic factors, and missed opportunities in using fifth freedom rights are believed to have played roles in this situation. The Visit Nepal 2020 campaign had to be withdrawn owing to the COVID-19 pandemic. Nepal's tourism authorities seek to reinvigorate the tourist industry with various schemes and initiatives. The number of arrivals has seen a slight rebound in recent years. Nepal's tourism sector needs a transformative shift in several areas as follows:

International airports: Crucial to Nepal's tourism would be operationalizing two international airports (Bhairahawa and Pokhara) commissioned recently. As both are at the tourist hubs (Lumbini and Pokhara are the two main attractions), there exists a potential to connect these airports to regional cities and capitals in neighbouring countries. The Government has recently declared Pokhara the tourism capital of the country. Given the tourism potential of the area and the completion of the international airport there, Pokhara stands a big chance of becoming a famous tourist hub for Nepal. However, such a declaration of tourism capital has not been

forthcoming with adequate incentives and infrastructure development to make a difference in such a declaration. The Government should complete the expansion of the Kathmandu-Pokhara Highway and make efforts to launch international flights to and from Pokhara to regional cities in India and China to bring in more tourists by road and by air.

Direct flights and seat capacity: Nepal's tourism industry has been constrained by the lack of direct flights between Nepal and European cities and regional hubs in India, China, and the SAARC capitals. Nepal should update and negotiate Air Services Agreements with the respective countries, increasing seat capacities and allowing direct flights or fifth freedom rights to have direct flights. That should include negotiating the necessary clearance and agreements to allow direct flights from Nepal's two new international airports, Pokhara and Bhairahawa, to regional cities in South Asia and beyond.

Air safety: A stumbling block to our tourism industry is the flight ban imposed by EU countries to and from Nepal on account of air safety. Nepal's aviation sector struggles with regulatory gaps, outdated airport infrastructure, and weak compliance with international safety standards. These issues have led to low international confidence, including an EU ban on Nepali airlines. According to the Air Safety Report 2023, there were 24 aircraft accidents, 14 of them fatal, in Nepal in the last decade from 2013 to 2022 (Civil Aviation Authority of Nepal [CAAN], 2023).

Nepal should work to have the ban lifted by ensuring safe aviation. Long-term reforms should focus on investing in aviation training, modernizing safety regulations to meet ICAO standards, and ensuring an independent regulatory body. Seeking technical support from ICAO and other partners can also help improve oversight and restore global trust in Nepal's aviation system.

Mountain and filming tourism: Nepal has immense potential for mountain tourism. A report on mountain tourism has suggested honouring 8,000m summiteers with special certificates and cards, free visas, making them goodwill ambassadors and allowing them to film mountaineering expeditions for promotional purposes (Government of Nepal, 2019).

Also, to enhance film tourism, Nepal should define and categorize filming zones, develop basic infrastructure in these areas. Offering financial incentives like tax breaks and subsidies can attract international film productions. A dedicated film tourism office should be established to handle permits and logistical support for filmmakers. Additionally, Nepal should actively promote its locations in major film

festivals and industry expos, such as Cannes, Berlinale, and Busan, to raise global awareness.

Cultural, religious and circuit tourism: Since Nepal will gain from cultural, religious and circuit tourism of the Buddhist and Hindu heritage sites, the country should promote Lumbini, the sacred birthplace of Buddha, and other Buddhist heritage sites in Nepal in the '*Buddhist Circuit*', including through the regional initiative at BIMSTEC for people-to-people contacts, in which Nepal has taken the lead. Nepal should also use the opportunity to promote Janakpurdham and other heritage sites in Nepal in the '*Ramayana Circuit*' launched in India.

Digital marketing and social media campaigns are crucial for promoting Nepal's religious sites to global tourists, with foreign tour operator partnerships further expanding reach and offering tailored travel packages. These efforts can raise awareness and make religious tourism more accessible to international visitors.

To improve the experience, Nepal should enhance infrastructure at religious sites, focusing on better accessibility, multilingual signages, guided tours, and nearby accommodations. Successful models like Mecca, Vatican City, and Varanasi can provide inspiration, with their organized pilgrimage logistics, cultural integration, and tourism services, which Nepal can adapt to boost its religious tourism sector.

In the FY 2081/82 budget, the Government announced the launch of promotional programmes and tourism festivals in Indian cities towards this end. The Government also plans to bring Indian tourists to religious sites such as Pashupatinath, Muktinath and Swargadwari.

Nepal can use our soft power influences to promote the holy shrine of *Pashupatinath* as '*mahajyotirlinga*' with '*Chalo Pashupatinath Campaign*' in all 12 '*dyotirlinga peeths*' in India. Because of the natural beauty and availability of high-altitude destinations and sites, Nepal can become a lucrative destination for shooting and filming international movies, provided the country introduces adequate incentives and aggressive promotion in the global and regional film industry. The filming of Nepali destinations in international or regional cinema will bring multiplier benefits for the Nepali tourism industry, including creating free advertisements for use.

Appointment of Tourism Ambassadors: In recent years, the Government has started designating 'Tourism Ambassadors' in various places and countries abroad, often appointing candidates from the Nepali diaspora in the respective

areas. However, such appointments have not come from highly professional candidates but have been based on the political preferences of the appointing ministers. The Government should appoint professional tourism ambassadors at the recommendation of a search committee under the Nepal Tourism Board and completely depoliticize the appointment process.

13.4.5 Development Cooperation

Foreign aid constitutes an important pillar of Nepal's development finance. There has been a steady flow of development aid to Nepal (Table 13.7). The share of multilateral aid, especially loans, in total aid commitment has been increasing in recent years.

Table 13.7: Foreign Aid Commitment by Major Sources (NPR, in 10 million) by Fiscal Year

SN	Source/ Year	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
1	Bilateral	14,619.24	7,038.70	2,680.70	2,197.95	1,883.78	9,656.80
1.1	Grant	9,490.50	7,038.70	2,680.70	1,864.95	1,883.78	8,609.80
1.2	Loan	5,128.74	0.00	0.00	333.00	0.00	1,047.00
2	Multilateral	10,405.22	13,161.10	11,144.90	19,790.37	20,653.29	14,134.90
2.1	Grant	277.08	1,451.70	662.20	1,145.59	854.88	720.90
2.2	Loan	10,128.14	11,709.40	10,482.71	18,644.78	19,798.41	13,414.00
3	Total	25,024.46	20,199.80	13,825.60	21,988.32	22,537.07	23,791.70
3.1	Grant	9,767.58	8,490.40	3,342.90	3,010.54	2,738.66	9,330.70
3.2	Loan	15,256.88	11,709.40	10,482.71	18,977.78	19,798.41	14,461.00

Source: Nepal Rastra Bank (NRB, n.d.-a)

Nepal has included foreign aid or economic cooperation among the sectors under its economic diplomacy, but has applied little development diplomacy. The involvement of the MoFA and its diplomatic missions in aid negotiations is rare, as this comes under the domain of the Finance Ministry. A few must-do reforms in development diplomacy would be the following:

International Economic Cooperation Policy 2019: In 2002, the Government adopted its Foreign Policy, which changed to Development Cooperation Policy in 2014. In the federal system of governance, aid is under the federal government. In

2019, the Government adopted the International Economic Cooperation Policy, which is already due for a review, given the changed circumstances for development finance and climate finance requirements.

Development diplomacy: Our development diplomacy seeks to mobilize external resources for economic development, mainly development finance, including the resources for implementing the SDGs and follow-up on the Global Partnership for Effective Development Cooperation. It should envisage accessing concessional loans from MDBs. Nepal can broaden development diplomacy to include economic initiatives, also considering the measures the country should adopt after graduating from the LDCs. It should also consider our comparative advantages for enhancing competitiveness abroad, following the international development agenda and accessing various funds meant to address climate change.

Access to soft multilateral loans: Nepal should take the opportunity of our improved credit rating on account of our graduation from the LDCs and access to the multilateral soft loans that may be available for countries in transition towards graduation. Considering the LDCs' economic vulnerability and their traditional income criteria, the country should also press for reforms in MDBs to devise concessional and easy loan instruments for the countries graduating from the LDC category. Our development cooperation instruments already come from multilateral sources and loans (Table 13.8). A new trend in foreign aid is the steady increase of components of foreign loans in Official Development Assistance (ODA). The loan component of ODA in FY 2021/22 was 66.89 percent (Ministry of Finance, 2022). In FY 2022/2023, the debt-to-GDP ratio reached 42.6 percent, of which the external debt to GDP ratio was 21.7 percent (NRB, n.d. -b). After graduation from the LDCs, Nepal will lose concessional access to multilateral funds. Bilateral partners, however, are unlikely to reduce their aid commitments in the short run. In this context, Nepal should take advantage of the improved credit rating after it graduates from the LDCs. Nepal may access multilateral funds and commercial loans, giving the utmost care so that the country does not excessively commit loans beyond its capacity. When it comes to foreign aid, Nepal should focus on accessing various multilateral funds, including climate financing. Nepal should exercise restraint and caution in entering loan commitments, especially commercial borrowing, as it can jeopardize the country's debt situation and redirect much-needed resources for socioeconomic development towards debt servicing. Nepal should also exercise prudence in its external debt with an apt 'debt diplomacy' so that our debt does not

become an economic burden, as the share of loans is increasing and the debt-to-GDP ratio is rising.

Table 13.8: Net Outstanding Foreign Debt (NPR, in 10 million) by Fiscal Year

SN	Heading/Fiscal Year	2017/18	2018/19	2019/20	2020/21	2021/22
1	Outstanding up to the previous year	41,397.88	52,615.41	59,492.62	81,966.71	93,469.52
2	Loan received (current year)	9,890.46	9,440.08	16,260.72	13,086.71	13,308.34
3	Loan amortization (current year)	1,858.92	2,003.89	2,356.04	2,326.860	2,941.58
4	Total outstanding foreign debt	49,429.42	60,051.60	73,397.30	92,726.56	1,03,836.28
5	Change in the amount due to fluctuation of the exchange rate	-3,185.99	558.98	-7,216.77	-742.96	1,251.57
6	Net outstanding foreign debt	52,615.41	59,492.62	80,614.07	93,469.52	1,02,584.71
7	Interest payment (current year)	386.04	450.51	523.77	627.45	744.2

Source: Nepal Rastra Bank, Economic Database

Utilization of aid: Much of the pledged aid, including the line of credit that neighbouring countries made available to us, remains underutilized. Only a tiny fraction (1 percent) of the pledged credit line from India (US\$1.5 billion) and 10 percent of that from China (US\$1.7 billion) have been used. Nepal should effectively use such concessional credit instruments in priority projects.

13.4.6 Digital Diplomacy

Foreign Policy 2077 pledges to utilize innovation and development in ICT to promote national interests through digital diplomacy. It commits to making maximum use of ICT in its diplomatic establishments and activities, including the services it provides and pledges to create conditions for cybersecurity and digital and data security through bilateral, regional, and international cooperation. It seeks to increase access of developing countries.

A recent report by the Institute for Integrated Development Studies (IIDS, 2023) has shown that the IT sector has grown substantially and has the potential to expand further by creating jobs and exports. The report showed that our IT export was

US\$515 million in 2022. Most companies or individuals involved in such exports were start-ups or freelancers. The report recommends that the Government invest in infrastructure and human capital development, provide policy and financial support to start-up companies, help with branding and collaboration, and introduce innovation in the sector. Digital diplomacy can become a new domain in our economic diplomacy, given the untapped potential for growth in the IT sector, e-commerce, e-governance and digitization spheres.

Nepal should venture into digital diplomacy to tap the opportunities in the digitization of every sector, including the growing IT sector for export. The Government should include the IT sector as a priority sector in its economic diplomacy initiatives through policy, financial and infrastructure support and branding and innovation in the sector.

IT policy: The National Information and Communication Policy, 2015, needs a review to unleash the potential of the ICT sector in boosting our economic growth and exports and creating jobs. Among other things, the ICT Policy 2015 has inadequate intellectual property protection and is weak on data privacy protection and cybersecurity. There is also a need to lower the threshold for FDI and tax rebates for smaller companies and start-ups in the sector (IIDS, 2023).

Export-oriented IT: The Government has included the IT sector in its economic diplomacy initiatives. The sector has shown immense growth potential, including boosting our exports. A recent study by IIDS (2023) shows the growth this sector has been undergoing in recent times, even without much policy support from the Government. The FY 2024/25 budget pledges to bring the IT export to NPR 3,000 billion over the next ten years. The Government should engage in proactive digital diplomacy to promote the export potential and growth of the IT sector.

IT Park: In 2003, the Government completed the construction of the Information and Technology Park, commonly called the IT Park, at Banepa, with an investment of NPR 270 million, pledging to provide state-of-the-art IT infrastructure for the Nepali private sector and foreign investors. However, the Park remains non-operational to date. Given the growing interest in the IT sector, the Government should introduce incentives and attractions for operationalizing the Park.

13.4.7 Diaspora Diplomacy

The Government has included overseas Nepali affairs, or the affairs of NRNs, among the sectors identified for economic diplomacy. The MoFA has established

Policy Planning, Development Diplomacy, and Overseas Nepali Affairs, which looks after the Nepali diaspora and NRNs. The Non-Resident Nepalis Act 2064 provides various privileges to the NRN and aims to attract investment in Nepal.

Foreign Policy 2077 seeks to attract the knowledge, skills, contacts, technology, and capital of the Nepali diaspora for economic development and pledges to use the Nepali diaspora in economic diplomacy-related activities. The Government has established a Brain Gain Centre connecting Nepalis abroad to contribute to scientific and technical disciplines. It has also pledged to mobilize the diaspora to promote our art, literature, culture, language, and heritage abroad. The policy also commits to cooperation towards making international migration safe, orderly, and dignified.

Accordingly, the Government has been engaging in diaspora diplomacy, often inviting them to conferences and making pledges and commitments to facilitate their investment and connection back home. The new citizenship law of the country has provided citizenship rights to the people of Nepali origin by providing them with economic rights to participate in all kinds of economic activities. However, their engagement has not produced the expected investment and engagement in promoting Nepali economic diplomacy abroad.

To make better use of the skills, contacts, skills, and capital of the Nepali diaspora for economic diplomacy, the GoN should engage with the Nepali diaspora proactively in the following manner—it should include Nepali diaspora representative in high-level economic diplomacy coordination committee; engage the Nepali diaspora organizations and communities in continuous dialogue to promote their investment in Nepal and to utilize their skills, contacts and resources in the respective communities and countries; avail more opportunities for overseas Nepali for investment and doing business in Nepal and abroad and involve the Nepali diaspora in partnership for promotional activities in the respective areas.

13.4.8 Climate Diplomacy

Nepal has made several policy commitments regarding climate change. The Government has included climate financing under its economic and development diplomacy initiatives. While the primary goal of climate diplomacy should be to negotiate effectively in our interests in global climate change agreements, it should also prioritize accessing various global funds related to climate change. This includes funds for green financing, adaptation, and technology access. Nepal should engage in several areas to sharpen its climate diplomacy as follows:

Climate negotiation: Nepal has been extensively engaging in climate negotiations, including in the Conference of the Parties (CoP) of the United Nations Framework Convention on Climate Change (UNFCCC), sometimes leading the group of LDCs, a negotiating bloc under the UNFCCC. But our climate negotiating capability is yet to meet the required diplomatic, legal and professional expertise in such meetings and conferences. Nepal must strengthen its climate diplomacy, building upon its negotiating capability in professional, legal, and diplomatic fields.

Accessing climate finance: Climate financing has become a lucrative new sector in which Nepal must enhance its economic diplomacy. It has become a new modality for development finance, including through the Green Resilient and Inclusive Development (GRID) initiatives supported by the World Bank and other partners. However, Nepal has not been able to tap the funds available for addressing climate change. Nor has the country been making the apt use of its climate diplomacy for better access to such funds. There are funds like the Green Climate Fund (GCF), Global Environmental Facility (GEF), Adaptation Fund (AF), and the Least Developed Countries Fund (LDCF), among others. Stakeholder consultation on access to climate financing suggested defining key climate change challenges, establishing a climate database and repository, aligning policy priorities to climate financing, increasing private sector engagement, and building institutional capacity to access climate financing (Asian Disaster Preparedness Center [ADPC], 2022).

Multilateral climate financing opportunities exist for emission control, adaptation, and loss and damage. There are separate windows of funds for developing countries and LDCs, which Nepal can qualify for. The country should also seek to benefit from the Clean Development Mechanism, which allows developed industrial countries to buy carbon credits from investments in clean projects in Nepal. Because of our vulnerability to climate change, including the melting of ice caps and glaciers, the impact on livelihoods and communities from recurring disasters and changing weather patterns, the country can access such funds relatively easily, also for its transition from the LDCs. The Government should develop a platform and facilitate access to global climate funding for the private sector. Nepal should also explore the possibility of compensation for the loss and damage fund established by COP27.

Carbon trading: Nepal has not reaped adequate benefits from the immense potential of carbon trading or the Clean Development Mechanism under the global climate change schemes. The country has reached a milestone deal with the World

Bank's Forest Carbon Partnership Facility (FCPF), paving the way for up to US\$45 million in results-based funding to curb emissions from deforestation and forest degradation by 2025. Through this Emission Reductions Payment Agreement (ERPA), the country targets a reduction of 9 million tons of carbon dioxide within the Terai Arc Landscape (World Bank Group, 2021). Receiving adequate funding from such and related international funds would significantly contribute to strengthening community-led forest management, handing over national forest user rights to local groups, enhancing integrated land use planning, encouraging the use of alternative energy sources, and building capacity for effective management of protected areas.

13.4.9 Transit Diplomacy

Nepal's possibility of becoming a transit economy or a dynamic bridge between India and China, as has been promised by the country's political leaders, has yet to move beyond political slogans and rhetoric (Acharya, 2019). Nepal must be clear on what it wants to achieve from such propositions. The country cannot just become prosperous by providing a connecting transit between India and China. It needs to integrate its economy with theirs so that it spreads itself into theirs, entering their supply and value chains. The Government can commission in-depth studies to explore the potential of sector-based opportunities in the transit economy. For this purpose, the country needs a better understanding of trilateral cooperation through evidence-based research and actionable projects. Nepal also needs better transit diplomacy and implementation of the transit agreement through China, which can provide Nepal with strategic autonomy and diversification of its trade and transit. It should prioritize developing the connectivity-related infrastructure by negotiating agreements and implementing them. It should also play a leading role in the group of LLDCs to steer the transit, transport, and connectivity issues and the development agenda of the LLDCs under the Vienna Programme of Action and its successor compacts.

13.4.10 Energy Diplomacy

Energy remains one of the areas in which there are prospects for regional cooperation, including developing regional energy trade agreements, creating energy grids, and developing a seamless energy market. Hence, the energy sector has a huge potential to unleash our economic development through economic diplomacy. Because of hydropower potential, our clean energy resources can be a springboard for addressing climate change and reducing trade deficits. Nepal has

recently signed long-term agreements with India and Bangladesh for power export. The country should engage in a proactive hydro-diplomacy or energy diplomacy to create a favourable external environment for energy trade.

13.4.11 Regional Economic Integration

Since Nepal helped establish the SAARC, the country has been actively championing regional cooperation. Nepal is a member of the BIMSTEC and several other regional cooperation organizations like the Asian Cooperation Dialogue (ACD) and the Bangladesh-Bhutan-India-Nepal (BBIN) subregional grouping, among others. The country seeks to benefit from interdependence and economic integration through proximity and cooperation in arriving at a common position on international issues. Regional cooperation has been among the stated policies under foreign policy. Our regional cooperation policy focuses on economic integration, including free trade and investment areas, transport and energy agreements and connectivity with neighbouring countries.

Foreign Policy 2077 commits to pursuing regional cooperation to promote connectivity and economic interdependence. The policy pledges our engagement in regional cooperation in priority areas of common economic interests, including trade, transit, investment, transport, energy, and connectivity. However, Nepal has not been able to reap maximum benefits from regional and subregional cooperation because regional cooperation organizations like SAARC have not progressed well and stand in limbo because of their inability to hold a summit since the last one held in Kathmandu in 2014.

Nepal's economy has not been well integrated with that of the neighbouring countries and the global economy is one of the underutilized instruments in diversifying our exports. Nepal has signed up to the SAFTA, the free trade pact in South Asia, and the framework for a free trade agreement under BIMSTEC. However, these instruments have not brought benefits to our export sector. Nepal should focus on expanding regional trade and investment agreements and push for regional transit, transport, and energy market agreements. The country should also focus on a connectivity-driven approach to regional economic integration, focusing on connectivity via road, rail, air, inland water transport, transmission lines and the digital domain.

13.4.12 Multilateral Economic Diplomacy

Nepal remains engaged in multilateral financial institutions like the Bretton Woods Institutions, including the World Bank Group, the World Trade Organization, and Multilateral Development Banks, among others. Benefitting from such engagements has been among the facets of economic diplomacy. However, Nepal has not been able to utilize such platforms to promote its economic interests. Our exports did not increase after the country joined the multilateral and rule-based trading framework under the WTO. Nepal has not used the benefits and concessions available to the LDCs under the WTO. Instead, many of our SMEs and erstwhile robust sectors, such as readymade garments, declined. have not been able to utilize many concessional funding facilities available at the MBS, especially of the Global South, and the various funds created to address climate change. We should engage proactively in such multilateral financial institutions by enhancing multilateral economic diplomacy.

Nepal has a comparative advantage in natural beauty, natural resources, and human capital. Nepal's products, which are labour-intensive and services-based, can retain a competitive edge in the world market. Nepal should also identify its products with clean (e.g., clean energy through hydropower) and digital sectors, as they can offer advantages to us. Some countries have focused on a few driving sectors to induce high economic growth. For example, Bangladesh has just two products, ready-made garments and pharmaceuticals, that constitute its main exports.

13.5 Challenges and Opportunities for a New Generation Economic Diplomacy

Nepal's economic diplomacy is fraught with several challenges. It also has new opportunities that we can capitalize on. Three decades of economic diplomacy have yet to deliver significant growth or transformation in external sectors. The trade deficit remains high and export sector performance is dismal. FDI is minuscule, and the tourism sector has not seen high growth. Only remittances have been doing relatively well. Something is wrong somewhere in our economic diplomacy, which has remained a neglected sector and has not produced the desired results.

Our economic diplomacy faces numerous challenges, although most are not insurmountable. The Ministry of Foreign Affairs maintains the overall lead in economic diplomacy; however, the sectors of economic diplomacy suffer from duplication and sometimes turf wars between agencies. For example, labour diplomacy is under the Ministry of Labour, Employment, and Social Security,

which is also responsible for looking into foreign employment issues through its Foreign Employment Department.

The Government allocates a minuscule budget for economic diplomacy. In FY 2021/22, the Government spent only NPR 4.18 crore on economic diplomacy (OAG, 2023). Nepal's partnership between the Government and the private sector is rather sketchy. There are also supply-side constraints. For example, we do not have many exportable products, and there are constraints on air seats and hotel accommodation capacity in tourism. The country is utterly slow or lagging in home front economic reforms.

Nepal's economic diplomacy initiative suffers from a lack of imagination and innovation, whether in policy, institutions and diplomatic creativity. The country spends too little on programmes related to economic diplomacy. The country's system of orienting our diplomats, giving them targets and evaluating them is weak or non-existent.

The participants of a focused group discussion organized in the context of this study pointed out several problems regarding economic diplomacy. They pointed out issues like slow legislation of the laws required for creating business and economic conditions for the private sector, non-implementation of policies adopted by the Government, lack of policy coordination and institutional coordination, allocation of meager resources, lack of economic staff for promotional activities, supply-side constraints in exportable products and services, tourism, and lack of investment-ready projects.

While the promotional agencies do not have an adequate budget for economic diplomacy, a few have been unable to spend the allocated expenses. For example, Nepal Tourism Board could not spend the allocated amount for promotional activities, as the Public Procurement Monitoring Office (PPMO) has not endorsed the amendment in their directives for spending.

The NTIS 2023 recognizes some challenges associated with Nepal's economic diplomacy. It lists a lack of skilled human resources, shortage in trade negotiation skills, allocation of a minuscule budget on economic diplomacy, lack of horizontal coordination and understanding among promotional agencies, long vacancies in some ambassadorial posts, the appointment of ambassadors on political criteria without giving due consideration to economic expertise, lack of cooperation between the embassies and honorary consulates abroad, and weak utilization of the Nepali diaspora abroad as main challenges associated with economic diplomacy.

Several opportunities are available for unlocking our economic potential through economic diplomacy. We have the locational advantage, as we are located between two of the world's largest and emerging markets, including India and China. Our neighbours and big powers have brought several overtures such as BRI, Millennium Challenge Corporation and Act East policies, among others.

Nepal can benefit from these initiatives by improving infrastructure like roads, railways, and airports, which will enhance connectivity and trade. Increased trade and investment will boost the economy and create job opportunities. Regional integration through projects like the BRI can strengthen trade ties and support economic growth. Energy and infrastructure improvements will address power shortages and boost industrial productivity. Governance reforms will improve public services, attract investment, and reduce corruption. Enhanced regional cooperation and better connectivity will open new markets, while strengthened diplomatic ties will foster stability and long-term prosperity for Nepal.

We have vast potential for renewable and clean energy sources (hydropower) that the world is seeking to utilize in the transition from fossil fuels to do away with the effects of climate change. There is renewed interest in investment in Nepal's hydropower sector, and we have entered long-term agreements to export power to India.

Nepal's graduation from the LDCs, which possibly improves the country's ratings on various dimensions of socio-economic indicators, is likely to boost the confidence of investors and multilateral and international creditors and increase our competitiveness in the global and regional markets. After a new generation of economic reform has been overdue for a long time, we can sell the improved policy environment at home to push for our economic potential abroad through economic diplomacy.

13.6 New Generation Economic Diplomacy

The potential gains that Nepal can make through economic diplomacy remain underutilized and Nepal stands to benefit from proactive diplomacy at bilateral, regional, and multilateral levels (Acharya, 2021). So far, Nepal's economic diplomacy has focused on promotional activities related to export trade, FDI, labour migration, tourism, and foreign aid. While these sectors continue to remain important for Nepal's economic development, the new generation of economic diplomacy should move beyond the conventional approach to focus on trade and commerce

diplomacy, labour diplomacy, investment diplomacy, development diplomacy and diaspora diplomacy.

The rationale behind Nepal needing to introduce a new generation of economic diplomacy, which, among other things, is the follows:

- a) The dismal performance of the erstwhile economic diplomacy initiatives,
- b) Need to utilize the untapped potential in various sectors of the Nepali economy, including clean energy, tourism, agro-business, herbal farming, and IT, among others,
- c) The necessity to add more value to our external sectors through diplomacy,
- d) The requirement to focus on our comparative advantages and niche sectors,
- e) Boosting investor confidence to bring substantive FDI after graduation from the LDCs,
- f) Alignment with the long-term development goals and the 16th Development Plan,
- g) Alignment with the implementation of the SDGs and climate change commitments,
- h) Creating export and investment-led economic growth,
- i) Creating a sync with the new generation economic reforms,
- j) Adjusting to the Fourth Industrial Revolution and advances in technology.

Elements: The primary objective of Nepal's new-generation economic diplomacy should be to integrate Nepal's economy into the global and regional economies. The new generation of economic diplomacy should focus on outward-oriented economic policies. The Government should adopt the concept of new generation economic diplomacy around a new generation of outward-oriented economic policies, moving beyond the conventional economic diplomacy focused on export, FDI, tourism, foreign employment, and foreign aid. Among other things, the new-generation economic diplomacy should include the following:

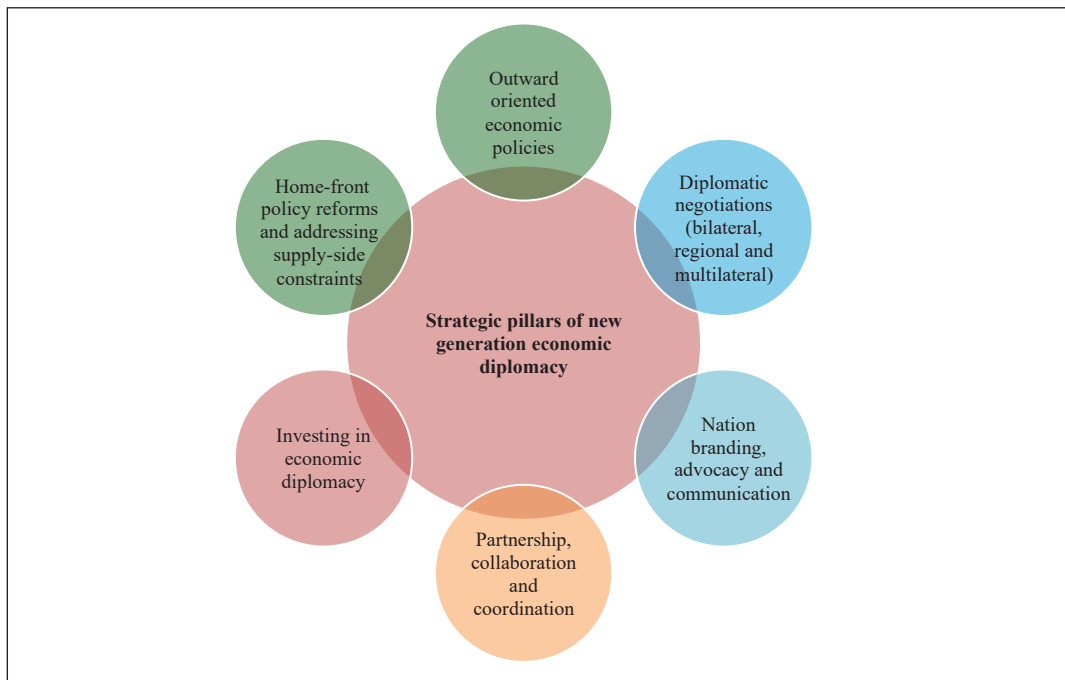
- a) Adopting a new generation of economic reform is due to support the economic growth and prosperity dreams of the country,
- b) Strategizing a smooth transition during and after the graduation from the LDCs, focusing on enhancing Nepal's productive capacity and competitiveness in the sectors with Nepal's comparative advantages,

- c) Gaining from the economic rise of India and China by entering their supply and value chains and creating economic interdependence with them,
- d) Securing a stable trading environment through smooth transit and transport systems, including bilateral and regional trade, transit, and transport agreements,
- e) Boosting investor confidence to bring substantive FDI to inject capital and technology for robust economic growth and employment,
- f) Creating a conducive environment for seamless energy trade and market to ensure the export of unused energy from Nepal's clean energy resources, mainly hydropower,
- g) Promoting regional economic integration through the available regional platforms like SAARC, BIMSTEC, BBIN, among others;
- h) Integrating Nepal's economy into the global economy by entering the global supply and value chain. For this purpose, the country can modernize industries, adopt new technologies, strengthen global partnerships, improve logistics, focus on sustainability, and support SMEs with finance and training,
- i) Developing connectivity networks with neighbouring countries, including air, road, rail, energy grids, oil and gas pipelines, and digital connectivity;
- j) Ensuring the smooth flow of concessional financing through MDBs and other funding sources for economically significant projects,
- k) Exploring concessional loans and access to available financing from MDBs and climate change-related funds,
- l) Strategizing better access to global funds for addressing climate change,
- m) Reorienting Nepal's diplomatic institutions to outward-oriented economic policies by moving beyond the conventional promotional activities on economic diplomacy,
- n) Opening track of bilateral trade negotiations primarily with the neighboring countries to create a favourable environment for Nepal's exports of goods having comparative advantages in the respective markets, after the loss of the concession available to the LDCs,
- o) Enhancing Nepal's negotiating capabilities in economic negotiations, including in the execution of the above-mentioned smart economic policies;
- p) Engaging in regional groupings and associations such as SAARC, BIMSTEC and BBIN for promoting economic integration, connectivity initiatives,

regional energy grid, energy trade platforms, and developing and implementing regional trade, transit, transport, and investment agreements;

- q) Engaging with the Nepali diaspora to create a conducive environment for implementing smart external economic policies,
- r) Integrating foreign policy and trade institutions to implement outward-oriented economic policies and new-generation economic diplomacy,
- s) Facilitating the private sector and its business within and outside the country, and
- t) Making the case for Nepali goods, services and businesses abroad by exploring opportunities and trends and lobbying for their interests.

Figure 13.1: Building Blocks of Nepal's New Generation Economic Diplomacy



Source: Author's conceptualization

Strategic pillars of the new generation economic diplomacy: Nepal does not have a strategic plan for economic diplomacy. NTIS 2023 has suggested that the Government adopt a strategic document on economic diplomacy and implement and update it periodically (NTIS, 2023). A few countries have adopted strategic

planning to make their economic diplomacy effective. For example, Cambodia has unveiled its Economic Diplomacy Strategy (2021-23), focusing on promoting its international trade and tourism, attracting FDI, and including cultural exchanges (MFAIC, 2021). We should launch our strategic plan for economic diplomacy to support Nepal in becoming a Middle-Income Country after graduation from the LDCs. It should include a clear vision and mission for economic diplomacy. Nepal should envision its economic diplomacy toward achieving some tangible goals. Ideally, our economic diplomacy strategy can have six building blocks or strategic pillars (Figure 13.1):

- a) Economic intelligence and outward-oriented economic policies,
- b) Diplomatic negotiation and bilateral, regional, and multilateral economic diplomacy;
- c) Nation-branding, advocacy, and external communication,
- d) Collaboration, partnerships and coordination,
- e) Investing in economic diplomacy, and
- f) Home front policy reforms, addressing supply-side constraints.

13.6.1 Economic intelligence and outward-oriented economic policies

Gathering economic intelligence and adopting outward-oriented economic policies to adjust to the changing regional and global economic environment will comprise the foremost strategic pillar of our economic diplomacy.

Introduce outward-oriented economic policies: Our economy is awaiting much-needed reforms, especially after the first-generation economic reforms and liberalization. The new-generation economic reforms are due to our outward-oriented economic reforms. The private sector has also suggested the 2080s (the decade under the Nepali calendar) to be an 'Economic Reforms Decade'. Such reforms are due in governance, regulatory provisions, and the institutional sphere, infrastructure development, including digital infrastructure, technology-led and knowledge-based, green, resilient, and clean growth strategies, among others.

Make economic diplomacy a priority of foreign policy: We must make economic diplomacy a priority of foreign policy. Economic diplomacy should focus on integrating political diplomacy with it by broadening Nepal's economic choices. We must integrate our economic goals and priorities into our foreign policy objectives.

Develop a strategy for transition after graduation from the LDCs and beyond. A smooth transition from the LDCs and a strategy for self-reliance and competitiveness after graduation should become the main objective of our national development plan. If we graduate without meeting the income criteria but just achieving the Human Assets Index and the Economic Vulnerability Index, our focus should be to reach the per capita GNI above the threshold level of the LDCs, becoming on par with other developing countries. Without reaching the income criteria, our graduation will not be sustainable. To bring commensurate growth to meet the income criterion, we should focus on an inclusive growth strategy focusing on integrating the informal, subsistence and household sectors into the mainstream economy and focusing on the expansion of agricultural, manufacturing and services sectors and a transition towards an export-led, investment-oriented, knowledge-based and innovation-driven economy.

After LDC graduation, Nepal should mitigate the loss of trade and aid concessions by prioritizing self-reliance, negotiating new bilateral trade agreements, and strengthening its competitive ecosystem. Identifying a few driving or transformative sectors in our economy that can broaden our external economic relations. Proper use of human capital and natural resources towards this end is imperative.

We must focus on niche sectors that have comparative advantages, such as clean energy from hydropower, nature-based tourism, labour-intensive products and organic agricultural products. It is also equally important to diversify our export products and services and countries, doing away with the traditional dependence upon just a few countries. To reduce supply-side constraints, the focus should be on further developing our productive capacity. To attract robust FDI, we should take advantage of the positive story after graduation and an improved credit rating.

We should adopt a clean, resilient, sustainable, and inclusive development pathway. Accessing various concessional funds for graduating from the LDC category and developing countries, such as fighting climate change, should be a short-term priority, whereas we should aim to get softer multilateral loans for our infrastructure development.

We must properly use remittance, converting their current consumption focus to investment and productive use, while continuing with the efforts meant for better transit facilitation for landlocked developing countries, which is crucial. The government should opt for ways such as issuing remittance-backed bonds to attract investments from migrant workers and the diaspora community. It should also

introduce migrant investment programmes that encourage Nepali migrants to invest in the productive sectors of the country. Additionally, the government should provide incentives for returnee entrepreneurship so that returning migrants can use their skills and savings to start businesses and contribute to the national economy.

Focus on economically significant countries: Reports have highlighted the importance of focusing on Nepal's economic diplomacy with economically significant countries. That means we should invest in programmes and activities on economic diplomacy that generate external resources for us, including trade, investment, tourism, aid, and remittances.

Develop a strategy for gaining from the economic rise of India and China: We have immense potential for benefiting from the high growth trajectory of India and China. We have witnessed no automatic spillovers from their economic growth to their neighbouring countries, including Nepal. We should develop comprehensive and sector-wise strategies for benefiting from their economic growth by integrating our economic activities into theirs and entering their supply and value chains.

Develop country-wise and sector-wise strategies for niche-based economic diplomacy: The economic diplomacy strategy can include country-wide and sector-wide strategies. We must focus our economic diplomacy on the sectors in which we have a comparative advantage and niche abroad. Nepal should expand its coverage on economic diplomacy to new sectors, such as the IT sector (digital diplomacy), rights of landlocked countries (transit diplomacy), investment and export in clean energy (energy diplomacy), promoting connectivity and economic integration in the neighbourhood (regional diplomacy), identifying various debt sources (development diplomacy), accessing climate-change related global funds such as Global Climate Fund, Adaptation Fund and Global Environment Facility (climate diplomacy) and engaging the Nepalis living and working abroad to promote Nepal's economic interests (diaspora diplomacy).

Broaden economic intelligence: Economic intelligence plays a crucial role in economic diplomacy, as it will broaden the knowledge and trends about the markets and investment climate globally and regionally. It involves collecting, processing, analyzing and disseminating economic data and developing recommendations based on market research. Nepal should ask its diplomatic missions to gather economic intelligence in their designated countries and locations to promote its economic interests. That should include data and information gathering, market research, knowledge management, assessment of technological advances, watching

the trends of the multinational companies, analysis of the host country's laws and policies, and finding a niche for Nepali products and services. Nepal's government institutions and private sector organizations should be the primary target audience for such economic intelligence gathered abroad. We can also use AI to promote our economic diplomacy, as it can provide clues to policymaking and identification of international trends in other countries and can be used as a tool for digital diplomacy (Bhattarai, 2023). The use of tools that contribute to macroeconomic trend analysis, policy impact assessment, and fraud detection, enhancing decision-making and economic stability, is gradually increasing and Nepal can benefit from them too. We must learn to leverage the application technology, including digital technology, social media platforms, e-commerce, online advertisements and soliciting reviews on our economic diplomacy initiatives.

The cases of Cambodia, which uses economic intelligence in its economic diplomacy,³ can be worth noting when it comes to the utilization of economic intelligence in economic diplomacy formally. Also, the Tunisian example could be an example too.⁴

13.6.2 Bilateral, Regional, and Multilateral Economic Negotiations

Creating a favourable policy environment and regulatory framework for the new generation of economic diplomacy requires an extensive engagement in diplomatic negotiations at bilateral, regional and multilateral platforms, focusing on free trade area agreements, bilateral investment agreements, regional economic integration, energy trade, connectivity-related transit transport agreements, climate financing, among others. The Government should focus on the following strategies in bilateral, regional, and multilateral economic negotiations:

Adopt a multilayered economic diplomacy: To gain from its multifaceted aspects, economic diplomacy should be conducted in a layered manner, including at bilateral, regional and multilateral levels. At bilateral levels, it should focus on country-specific targeting, negotiation of bilateral agreements (such as BIPPA, avoidance of double taxation, labour agreements, among others) and promoting the interests of the Nepali private sector in the respective countries. At the regional level, we should strategize or engage in enhancing regional economic integration, free trade and

3. See the Economic Diplomacy Strategy, 2021-2023 of Cambodia for further details via this link - [https://www.mfaic.gov.kh/files/uploads/S2QKPXXAOTPW/\[En\]_Economic_Diplomacy_Strategy.pdf](https://www.mfaic.gov.kh/files/uploads/S2QKPXXAOTPW/[En]_Economic_Diplomacy_Strategy.pdf)

4. See the article titled 'Economic Intelligence and Competitiveness of Tunisian Companies' for the use of Tunisian economic intelligence application especially by the Companies there via this link - <https://www.scrip.org/journal/paperinformation?paperid=135039>

investment zones, regional transit instruments, connectivity proposals and entering the regional supply chain. Multilaterally, Nepal should enhance its engagement at the WTO to revive its moribund status, reforming it, launching the stalled development round of negotiations, and negotiations for expanding transit rights of the LDCs, implementing the Trade Facilitation Agreement (TFA) concluded in Bali in 2013 and effective since 2017 after ratification by two-thirds of the WTO members. Also, as Nepal prepares to graduate from the LDC status, the country needs to review the progress of past initiatives under the WTO's Aid for Trade and highlight the changing needs and priorities of developing countries, including those that are still LDCs.

We should help build a new platform for the countries that recently graduated from the LDCs and get access to concessional loans from multilateral financial institutions like the World Bank Group, Asian Development Bank and the AIIB. We should also keep track of negotiations of the Generalized System of Preferences Plus (GSP+) to secure trading concessions available for developing countries from the EU. Under this scheme, the EU cut tariffs to zero in more than two-thirds of the export tariff lines of select developing countries.

Utilize the regional economic integration and connectivity platforms: Due to its geographical location, Nepal stands to gain from the regional economy. Recently, Nepal has signed a long-term agreement to export its 10,000 MW of electricity to India in the next ten years. Nepal and India have also established and operationalized integrated checkpoints along their border. In 2017, Nepal signed a framework agreement with China concerning the latter's BRI. Subsequently, Nepal submitted nine projects for execution on the BRI scheme. None has come under implementation. BRI offers to bring more investments, tourists, trade connectivity and infrastructure development. China's Global Development Initiative (GDI), which Nepal has supported, also provides funding for the attainment of the SDGs. Nepal and China have also elevated their relationship to a 'strategic partnership', pledged to establish Multi-Dimensional Trans-Himalayan Connectivity, and signed the Transit and Transport Agreement. But none have come into implementation.

Non-implementation has some reasons. Nepal faces key barriers in implementing the BRI, including a lack of clarity on project selection and funding mechanisms, as there is no clear agreement with China on project priorities or financing terms. There are also concerns over debt sustainability, with fears that large loans could lead to a debt burden if projects don't yield strong returns. Additionally, geopolitical

sensitivities require Nepal to carefully balance its ties with both China and India to avoid regional tensions.

Measures of economic diplomacy can help by clarifying project terms and financing through transparent negotiations with China. It can also play a role in addressing debt concerns by securing concessional terms and ensuring project viability. Effective diplomacy is also key to balancing regional relationships, reassuring all partners that Nepal's BRI participation supports development, not geopolitical competition.

We must strive to launch a programmatic action plan to benefit from the economic rise of India and China, including in-depth sectoral studies and exploring the potential of trilateral cooperation for making Nepal a "transit economy". It should be backed up with commensurate economic diplomacy and the signing of necessary agreements to this effect.

Push Nepal's interests in bilateral, regional, and multilateral trading and investment agreements: We should continue to push for bilateral, regional and multilateral trading and investment agreements, focusing on our economic interests and integration. That should include negotiating free trade area agreements, bilateral investment agreements (BIAs), labour agreements, transit and transport agreements, and agreements for creating energy markets and grids. We should also push for the implementation of the agreements when concluded. It will require our active engagement in regional forums like SAARC and BIMSTEC.

Introduce a renewed emphasis on multilateral economic diplomacy: Nepal is a member of several multilateral financial institutions (MFIs) such as the Bretton Woods Institutions or the World Bank Group, WTO, UNCTAD, AIIB and Asian Development Bank, among others. Hence, it is very important to strengthen our capacity to deal with multilateral economic issues in these institutions. Also, we need dedicated career diplomats, economists and lawyers to work in various tracks of negotiations under these MFIs in the economic diplomacy track. We should engage in negotiations for the global public good in MFIs using our diplomatic skills to fulfill our economic interests through multilateral economic diplomacy. Nepal should strategize on how to gain from the membership of the MFIs, focusing on their programmes and activities in Nepal and gearing the country's interventions in the policies they adopt towards the fulfillment of our economic interests.

Reinvigorate bilateral economic mechanisms: Nepal has constituted several bilateral mechanisms for consultation and negotiation on economic issues with

several countries, mainly India and China. Apart from Joint Economic Commissions, there are secretary-level mechanisms in water resources and trade, among others. However, such mechanisms have not been meeting regularly or have merely dealt with peripheral issues that often bypass important and deadlocked economic interests. The Government should institute more bilateral joint commissions and regularize various economic mechanisms to streamline bilateral negotiations and consultations on issues of our interest.

Negotiate international development financing instruments: The Government should explore concessional financing instruments available at MDBs, including those of the Global South, and push for the creation of such instruments for newly graduating LDCs like us. We should also explore such opportunities under the financing for development, climate finance, debt relief, and others.

Enhance the negotiating capacity on economic issues: We should enhance our diplomatic capability to negotiate on our economic interests by also strengthening our negotiating capability on diplomatic, legal and economic fronts.

13.6.3 Nation-Branding, Advocacy, and External Communication

Another pillar of new-generation economic diplomacy would be nation-branding, advocacy and external communication for Nepal's business opportunities abroad.

Employing nation-branding, developing Brand Nepal and instituting a Brand Equity Fund: Many countries have successfully used country-branding in promoting their goods and services abroad using quality control and geographical names associated with the country or the places. German vehicles, Swiss watches, Japanese electronic equipment, and French wine, to name some, are known examples of successful country branding. India has established the India Brand Equity Foundation, which supports Indian companies to access the world markets by branding themselves and associating them with the country's image and brand. It also promotes made-in-India labels in the markets abroad. Bhutan has started Grown in Bhutan and Brand Bhutan to promote its products with 'geographical indication', which protects products originating in specific geographical locations.

Nepal's image-building is a crucial aspect of economic diplomacy. Successful economic diplomacy must involve nation-branding our products and services, which means identifying them with the goodwill and image of our country. We can do that with tourism because of natural beauty, the availability of adventure and ecotourism, cultural diversity, and our hospitality services. In the manufacturing

sector, we can identify products we export to the country. We can have a premium attached to high-altitude gears, organic agricultural and herbal products, and clean energy from hydropower, to name a few. We can also promote products that are associated with the Himalayas and mountains. Similarly, products and services associated with Nepal's religious and cultural diversity, such as Hinduism and Buddhism, can draw huge attraction abroad. That will include promoting Lumbini and Pashupatinath and other heritage sites and opening spiritual, meditation and *yoga* centres that can identify themselves with the country branding. We should also develop Brand Nepal and register our products and services with geographical indication in the main markets. We should also establish a Brand Equity Fund to help Nepali companies, SMEs, and start-ups to brand, register and promote their products by associating with country-branding. Ensuring quality, and transparency, and continuity in the supply of goods and services to build confidence in the global market is crucial.

Adopt an innovative approach: We must invent an innovative approach to economic diplomacy. China used its 2008 Olympics to promote Beijing as a 'world city'. Similarly, we can promote Lumbini as a 'world peace sanctuary', 'meditation hub', and a spiritual destination. We can host international or regional conferences to attract global attention and to promote our tourism and investment potential.

Apply value-based economic diplomacy: We should identify our products and services with fair business practices. In the past, there had been instances of the misuse of child labour and indiscriminate use of environmental resources and biodiversity. We can continue promoting our industries that have clean, fair, and accountable practices. It can be used as a soft power in economic diplomacy. We need to attract attention by applying cleaner, greener, ethical and accountable business practices in products and services and promote such practices through our economic diplomacy. For example, we can certify all our agricultural products to be organic and free from genetically modified organisms. We can also certify cleaner environmental practices, such as using clean energy in our products.

Sell the positive story and new-generation economic reforms: Many countries promote the positive news from home in foreign media and communities to attract them to invest, trade and do business with their companies back home. Diplomats can frame such positive stories abroad through better communication and reaching out to potential buyers, investors and tourists. The India Brand Equity Fund posts and updates positive news from its economy on its *India Positive* portal. We can also develop a similar *Nepal Story* portal to sell good news from the economic

sectors we intend to promote abroad. It can include positive news from the economy, agreements and MoUs signed for investment deals, improvement in credit ratings, favourable trends in macroeconomic indicators and the like. Our diplomatic missions should be asked to refer to such a portal to local businesses and potential investors interested in Nepal. Also, it is imperative for the government to establish a dedicated agency that creates, disseminates and updates the stories. Funding guarantee for such an effort and collaboration with media houses could make such a story portal more sustainable and actionable.

Nepal should gradually move away from a dependency mindset and instead focus on showcasing its achievements, capabilities, and potential in creating and promoting business opportunities. When we venture into new-generation reforms, they must be brought into sync with our economic diplomacy, for we need to sell such policies, especially those related to the external sectors of the economy. Policy advocacy will constitute a crucial element of economic diplomacy for Nepal. Nepali ambassadors should be tasked to disseminate and promote Nepal's new-generation economic policies and to reach out to potential buyers, investors, and tourists in these sectors.

Build economic salesmanship: Our ambassadors and other diplomats need economic salesmanship. They should be equipped with adequate training in salesmanship skills capable of carrying the country's business agenda. For example, training to trade attachés and collaboration with trade councils and entities could be important. They need to learn to promote Nepali businesses abroad and should engage in networking, advocacy, and facilitation for the Nepali private sector.

Engage in proactive public diplomacy: Public diplomacy that focuses on creating positive views to advance economic interests among the foreign public has been recognized as a significant new tool in promoting economic diplomacy. Our ambassadors should reach out to the foreign public to create a positive image and message about the investment-friendly climate and to promote our image as a famous tourist destination.

Utilize the social media platform: A lot of country and product promotion takes place nowadays on social media. It is easy to reach out to the targeted public through social media-based advertisements. We should utilize this untapped resource to promote our economic diplomacy initiatives.

Develop an integrated economic diplomacy dashboard: The Government should create, update, and share the economic data related to trade and investment opportunities, tourism and economic indicators by creating an integrated economic

diplomacy dashboard. Our economic diplomacy initiative must seek to reach out to potential buyers, investors, tourists, and employers digitally. It would be worthwhile to launch an Economic Diplomacy Portal integrating all the information related to economic data, policies, and opportunities available in Nepal for potential buyers, investors, tourists and employers.

13.6.4 Collaboration, Coordination and Partnerships

Economic diplomacy is a joint venture between the government and the private sector. It is an exercise in collaboration, coordination, and partnership. The Government should strengthen its collaboration, coordination, and partnerships with the private sector agencies and through various instruments and policies, including joint financing and hosting of programmes.

Make economic diplomacy demand-driven: The Government should make its economic diplomacy based on the demands of the private sector, which is the beneficiary of FDI, trade, and tourism, among others. The Government should play the role of coordinator and facilitator.

Adopt a new partnership approach: Economic diplomacy requires strong collaboration between the government and the private sector. Nepal has already established platforms such as TEPC and the Nepal Tourism Board (NTB) to promote economic interests abroad. However, further engagement with think tanks, multinational corporations, and international NGOs is necessary to build favorable opinions about Nepali products. Economic diplomacy needs a partnership between the private sector and various government institutions. The Government should regularly engage the stakeholders in dialogue to create a common understanding and launch programmes in partnership with them.

Identify new networking and lobbying instruments: Nepal's ambassadors abroad should be tasked to expand the network of contacts through friends of Nepal, people who frequent Nepal as tourists and expatriates, business chambers and houses interested in Nepal, Nepali diaspora organizations, and academic institutions, among others. China and India, also due to their big number of diaspora, have engaged them in their economic activities under economic diplomacy. For specific purposes, we should not shy away from hiring lobbyists in foreign capitals. However, it is very important to ensure that turf issues, such as ethical considerations, cost concerns, and inter-ministerial and inter-entity coordination, do not emerge. Many countries do that regularly, as that is not considered an unethical business practice in most countries. Nepal's embassies should strive to create a network of

parliamentarians in the respective countries, constituting and regularizing caucuses in such countries.

Bring in provinces to collaborate on economic diplomacy: All seven Provinces of Nepal have identified their tourism potential and adopted some kind of policy for export promotion and attracting foreign investment. They have pledged to set up Export Processing Zones and identified potential projects for attracting FDI. The Government's economic diplomacy initiatives should collaborate with them in such activities. Partnering with provinces can also be effective in reintegrating the migrant labour returning from abroad, in providing them with jobs and opportunities for start-ups and businesses.

Involve think tanks and Track Two: The Government should involve and encourage Nepali and foreign think tanks and Track Two in promoting its economic diplomacy abroad. The capacity of the Institute of Foreign Affairs to provide training to new ambassadors and diplomats on economic diplomacy should be strengthened by appointing professional staff.

Employ professional providers of services: The Government should engage with providers of services to promote its economic diplomacy. It can involve vendors, private sector providers and business houses and associations in this regard.

Adopt an all-of-government approach: Economic diplomacy is not just a job of the foreign ministry and its missions. It is a combined responsibility of the sectoral ministries, promotional agencies, and the private sector. We should adopt a whole-of-government approach to economic diplomacy. The lead agencies in each sector should be entrusted with the responsibility of overall coordination, while the MoFA and its missions should be given facilitation roles. The High-Level Committee, headed by the foreign minister, provides for some coordination but has remained largely non-functional. The Government should activate this mechanism to promote collaboration and coordination in economic diplomacy.

13.6.5 Investing in Economic Diplomacy

The MoFA has clubbed several functions in its Policy Planning, Development Diplomacy and Overseas Nepali Affairs Division, as the name suggests. The Ministry does not have a dedicated division for economic diplomacy. It is not adequately staffed and the positions available for economic diplomacy remain mostly vacant. Investments in economic diplomacy should focus on developing

institutional capacity, human resources development, programmatic delivery, and performance management.

Integrate the foreign affairs and external economic functions: Some 20 countries have integrated their foreign affairs and trade ministries. The countries that have a combined ministry for foreign affairs and trade include some Scandinavian countries - Denmark, Finland, Iceland, Norway, and Sweden; Pacific-Island Countries - Fiji, and the Marshal Islands. Samoa, Solomon Islands and Vanuatu; the Caribbean countries - Barbados, Dominica, Grenada, St Lucia; and other countries such as Australia, Canada, New Zealand, and South Korea, among others (Rana, 2018). We should also integrate our foreign affairs and external economic affairs, mainly trade and loan negotiations, to implement the smart external economic policies outlined above.

Invest in economic diplomacy: We cannot reap benefits from any sector without investing in it. The Government must invest in economic diplomacy commensurate with the potential it holds. It is the sector that generates around US\$15 billion a year. An investment in programmatic delivery of just about one percent of that amount would produce better results, including expanding the sources of income from the external sectors. The Government should allocate funds for programmes on economic diplomacy in countries that hold economic significance in terms of trade, investment, employment, and tourists they generate for Nepal (Acharya, 2015).

Streamline the institutional coordination mechanism: The Government has established a high-level Economic Diplomacy Monitoring Committee to facilitate and monitor the implementation of economic diplomacy-related programmes. However, the Committee meets rarely and has not produced a work plan of its own.

Revamp the institutional setup in the Ministry and Missions: The Government should invest in its institutional capacity in economic diplomacy, revamping the institutional setup at the Ministry and the missions abroad. The Ministry needs a stand-alone division on economic diplomacy in place of the section embedded under the Policy Planning, Development Diplomacy and Overseas Nepali Affairs Division. Each sectoral ministry must strengthen the capacity of its focal point or unit related to promotional activities that support economic diplomacy. Nepal has economic officials at the Embassies in India, China, and the USA only. The Government needs to create positions of economic officials in each diplomatic mission in countries of economic significance. Nepal has 53 honorary consulates in

35 countries. Rarely a few of them are active economically. They should be tasked with economic diplomacy programmes and targets. The Government should also target the Kathmandu-based honorary consulates of foreign countries to reach out regarding our economic diplomacy initiatives.

Fix the lead agencies for economic diplomacy: To create accountability and to avoid duplication in economic diplomacy-related initiatives and programmes, the Government should fix the lead agencies responsible for the coordination and execution of activities related to economic diplomacy. While the MoFA should continue to serve as the overall coordinating agency for economic diplomacy, separate agencies should be designated to lead the programmes and activities on commercial diplomacy, labour diplomacy, tourism, investment promotion, securing development finance and climate change negotiations. A matrix for designating the lead agencies on economic diplomacy-related activities is provided in Table 13.9.

Table 13.9: Suggested Sector-Wise Lead Agencies in Economic Diplomacy

SN	Sector	Lead Agency
1	Overall coordination of economic diplomacy	Ministry of Foreign Affairs
2	Commercial diplomacy (trade policies and agreement negotiation, among others)	Ministry of Industry, Commerce and Supplies
3	Export promotion	Trade and Export Promotion Centre
4	Tourism-related policies	Ministry of Culture, Tourism and Civil Aviation
5	Tourism promotion	Nepal Tourism Board
6	Investment-related policies, laws and agreements	Ministry of Industry, Commerce and Supplies
7	FDI promotion and project approval	Investment Board Nepal
8	Bilateral and multilateral negotiations on energy-related agreements and issues	Ministry of Energy, Water Resources, and Irrigation
9	Labour agreements and labour diplomacy	Ministry of Labour, Employment and Social Security

SN	Sector	Lead Agency
10	Foreign aid, development finance negotiation, debt instruments, and debt relief, among others.	Ministry of Finance
11	Climate financing negotiations	Ministry of Finance
12	Overseas Nepali affairs and Non-Resident Nepalis	Ministry of Foreign Affairs

Source: Author's derivation from existing and anticipated practices

Train and reorient Nepali diplomats on economic diplomacy: The Institute of Foreign Affairs should conduct regular training and orientation programmes in economic diplomacy in partnership with the private sector, promotional agencies, and government ministries.

Improve the programmatic delivery: In its Report on Nepal's Foreign Affairs (2021-21), Nepal's MoFA reported activities on economic diplomacy, all of which were 'interaction programmes' held domestically (Ministry of Foreign Affairs [MoFA], 2022). That will not help the Ministry reach out to potential buyers, investors, and visitors abroad. In its economic diplomacy programme the Ministry should improve its programmatic delivery, focusing on targeted activities to reach out to potential buyers, investors, and tourists abroad.

Provide economic targets to missions: Nepali diplomatic missions should be provided with targets they have to achieve annually on increasing exports, attracting FDI and increasing the number of tourist arrivals from each designated country. It will require a review of the current system of providing Terms of Reference (ToRs) to Nepali ambassadors posted abroad, including targets and performance indicators.

Streamline the functions of diplomatic missions abroad: The Government needs to reorient its diplomatic missions towards the new-generation economic reforms. They should adopt new-generation economic diplomacy strategies while optimizing traditional approaches (Table 13.10). The performance management of the ambassadors and diplomatic missions should improve. The Government can introduce performance contracts with the ambassadors, including targets on economic diplomacy.

Table 13.10: Conventional and New-Generation Economic Diplomacy Functions of Diplomatic Missions

Conventional economic diplomacy	New-generation economic diplomacy
Respond to business inquiries and questions from potential traders, investors, and tourists.	Monitor the economic outlooks and prospects for Nepal in the host countries and report back to the capital.
Keep a showroom at the Embassies displaying Nepali products.	Negotiate trade and investment agreements, labour agreements, power trade agreements, and transport agreements, among others.
Participate, facilitate, and organize trade fairs and expos, among others.	Lobby for creating favourable policies of the host governments for Nepal's economic interests.
Establish networks with local business chambers, business houses, diaspora organizations, media outlets, think tanks, and friends of Nepal.	Advocate for Nepal's economic interests.
Update and disseminate economic policies through portals and websites on Nepal's export, FDI and tourism.	Gather economic intelligence for promoting national economic interests.
Assist and facilitate the Nepali businesses in dispute settlement in the host country.	Identify business potentials for the home country's private sector in the designated countries.
Create lobbies or causes of parliamentarians in the respective countries	Explore concessional sources of development and climate financing and negotiate their instruments for access to such finances.

Source: Author's comparison

Designate Nepal's envoys as economic ambassadors: Since 2004, Thailand has started designating its ambassadors abroad as the Chief Executive Officers regarding decisions on economic diplomacy and promotion of economic interests. They were given full control over the personnel and activities of the sectoral components in the mission. We should designate our ambassadors as economic envoys and task them primarily with economic diplomacy and implementation of the new generation of outward-oriented economic policies. Economic diplomacy cannot be left to

economic counsellors, labour attaches and low-level diplomats. Ambassadors should be made responsible for it. They should be appointed and evaluated based on their promotional capabilities. Since 2004, Thailand has designated its ambassadors abroad as ‘CEOs’, making them responsible for the overall coordination and execution of their economic engagements abroad.

Create a monitoring framework and performance-based evaluation: Based on the economic targets and activities and programmes on economic diplomacy, the MoFA should create a monitoring and evaluation framework involving the sectoral ministries and the private sector.

13.6.6 Home-Front Policy Reform and Addressing Supply-Side Constraints

Focusing on promotions alone will not substitute for a good home front policy reform. The Government needs to engage in domestic policy reform to create favourable conditions for the better performance of our external sectors of the economy.

Create an ecosystem for production and investment-based private sector development: Currently, Nepal’s private sector is attracted to quick return import-based trade. Because of a lack of proper environment, incentives and attractions, the private sector is not adequately geared toward productive investments, including agribusiness, industrial manufacturing and service sectors. Nepal’s small and medium enterprises (SMEs) are attracted to the export sector and start-ups are coming into the productive service sector, but are at odds because of a conducive environment for their development and growth. According to a report of the International Finance Corporation of the World Bank Group, Nepal needs to strengthen its private sector to achieve its goals of becoming a middle-income country by 2030, including through policy intervention and harmonization, better governance and regulation, simplification of bureaucratic processes, and promoting transparency and accountability (International Finance Corporation [IFC], 2023). Under new generation economic reforms, the Government should create an entire ecosystem for promoting productive investment from the private sector, including for the SMEs and the start-up companies attracted to export-oriented manufacturing and services. Such an ecosystem should focus on developing the export-oriented or import-substituting clean energy, agribusiness, and IT sectors.

Introduce or amend legislation to facilitate business and private sector investment: Nepal has enacted several laws and amended several policies in recent years. Still, many laws are due for legislation. For example, a government task

force has identified 11 laws that need to be reviewed and amended before the Third Investment Summit 2024. That includes a review of the National Park and Wildlife Conservation Act 1973, Lands Act 1964, Nepal Civil Aviation Authority Act 1996, Land Acquisition Act 1977, Electronic Transactions Act 2008, Special Economic Zone Act 2017, Foreign Investment and Technology Transfer Act 2019, Forest Act 2019, the Environment Protection Act 2019, Industrial Enterprise Act 2020, Foreign Investment and Technology Transfer Regulations 2021, and the Forest Regulations 2023, among others. These laws should be reviewed and amended as recommended.

Increasing the global competitiveness of the economy: After graduation, we should focus on improving our competitiveness. Nepal stands on the lower side of competitiveness. In 2020, Nepal's ranking on the Global Competitiveness Index was 94th. We need to develop competitiveness in our economy and improve such a ranking.

Develop Nepal as a hub in certain sectors: Nepal's economic diplomacy initiative should also incorporate the strategy and policies for developing Nepal as a hub for certain sectors, including investment in clean energy, the IT sector, financial services, organic food, international conferences, and regional offices of international organizations. Nepal can also become a hub for regional and international conferences, for which it should engage in conference diplomacy, bringing mega events to the country. Nepal can also promote its capital, Kathmandu, as a hub for regional and international organizations and think tanks and invite them to set up their offices here, providing certain incentives. Nepal can also develop as an international hub of financial services (Subedi, 2020).

Address the supply-side constraints: Nepal's external sector suffers from various supply-side constraints. We do not have enough competitive exportable products. Our list of investment-ready projects is weak. We have limited seat capacity and direct flights to enhance tourist arrivals. We need to address such supply-side constraints to promote our economic interests, with qualitative and quantitative assurances and the continuity of supply of our products.

Encourage Nepali start-ups and SMEs to reach out to foreign buyers and help them connect with their counterparts abroad.

Create a plan of action and calendar of activities on economic diplomacy: For maximum synergy and to keep all actors on the same page, the Government and the private sector should create a joint plan of action and a Calendar of Activities on economic diplomacy.

To implement the aforementioned strategies and activities, Nepal should develop a clear road map with a specific time frame. For example, in the short term (1-3 years), Nepal should focus on establishing an integrated economic diplomacy dashboard to coordinate trade, investment, and foreign policy efforts effectively. Simultaneously, launching a 'Brand Nepal' initiative can help promote the country's unique products and image globally. Additionally, initiating new bilateral and regional trade agreements will create fresh avenues for market access and economic cooperation.

In the medium term (3-5 years), Nepal should prioritize negotiating continued support and special provisions during its transition from Least Developed Country (LDC) status. At the same time, it should work to attract foreign direct investment (FDI) in high-potential niche sectors such as organic agriculture, IT services, and clean energy.

In the long term (5+ years), the focus should shift to deepening integration into regional and global supply chains through improved connectivity, quality standards, and collaboration. Ultimately, Nepal should aim to become more self-reliant and resilient in the post-LDC phase, ensuring sustainable economic growth and competitiveness.

13.7 Conclusion

There is ample room for broadening choices in augmenting the external sources of income in Nepal's economic development, for which there needs to be a massive reorientation of the conventional economic diplomacy focused on promoting exports, FDI, foreign employment, tourism, and foreign aid. Nepal needs transformative and new-generation economic diplomacy by adopting outward-oriented economic policies and applying its diplomatic outreach and negotiating capability to make the external economic environment conducive to promoting Nepal's economic interests.

The Government should strategize its external economic relations by adopting a strategic plan of action on economic diplomacy containing elements of conceptual clarity on economic diplomacy, including new-generation economic reform policies, legislation, diplomatic negotiations, economic intelligence, nation-branding, innovative external communication, human resources and institutional development, collaborative partnerships, and home front economic reforms.

Specifically, for the outward-oriented policies and outreaches, the country should adopt outward-oriented economic policies, prioritize economic diplomacy, and develop strategies for post-LDC graduation. It should focus on key economies like India and China, create niche-based economic diplomacy strategies, and enhance economic intelligence to stay competitive globally.

Also, Nepal should engage in bilateral, regional, and multilateral economic negotiations to create a favorable policy environment. To achieve this, the country can adopt multi-layered economic diplomacy, leverage regional integration and connectivity platforms, and advocate for its interests in trade and investment agreements. Emphasizing multilateral economic diplomacy, revitalizing bilateral economic mechanisms, negotiating international development financing, and strengthening its negotiating capacity on economic matters will also be crucial.

The country should focus on nation-branding, advocacy, and external communication by developing a strong Brand Nepal, using value-based economic diplomacy, and highlighting new economic reforms. This includes adopting innovative approaches, building economic salesmanship, engaging in proactive public diplomacy, and creating an integrated economic diplomacy dashboard. The country must prioritize collaboration, coordination, and partnerships. This can be achieved by making economic diplomacy demand-driven, adopting new partnership strategies, exploring networking and lobbying tools, engaging think tanks and Track Two diplomacy, using professional service providers, and adopting an all-of-government approach.

Investing in economic diplomacy is essential. This includes integrating foreign affairs with economic functions, improving institutional coordination, revamping the Ministry and Missions, designating lead agencies for economic diplomacy, and training diplomats. Additionally, enhancing programme delivery, setting economic targets for missions, streamlining diplomatic functions abroad, appointing economic ambassadors, and establishing a monitoring and performance evaluation framework are crucial steps. Nepal needs to reform home-front policies and address supply-side constraints by fostering an ecosystem for private sector development, amending legislation to support investment, enhancing global competitiveness, and developing sector hubs. The country should also encourage Nepali startups and SMEs to engage with foreign markets and create a plan of action for economic diplomacy.

Achieving the necessary reforms requires a clear roadmap with a defined timeline. Government agencies must recognize that modern diplomacy focuses on monitoring economic prospects, negotiating trade and investment agreements, lobbying for

favorable policies, advocating for national interests, gathering economic intelligence, identifying business opportunities, and securing concessional financing for development and climate projects.

The government agencies that should be proactive in achieving the reforms include, but are not limited to, the MoFA, the Ministry of Industry, Commerce and Supplies, the Trade and Export Promotion Centre, the Ministry of Culture, Tourism and Civil Aviation, the Nepal Tourism Board, Investment Board Nepal, the Ministry of Energy, Water Resources, and Irrigation, the Ministry of Labour, Employment and Social Security, the Ministry of Finance, the Ministry of Home Affairs, committees related to foreign affairs in the parliament, designated diplomats, embassies in various parts of the world, Nepali diaspora communities, and Non-Resident Nepali authorities, among others.

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CHAPTER 14

CONCLUDING INSIGHTS ON STRUCTURAL TRANSFORMATION

Dr. Kalpana Khanal
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Purpose of the Chapter

This chapter serves as the concluding synthesis of the volume, drawing upon the analyses presented in the thirteen preceding chapters on structural transformation. It systematically integrates the principal themes advanced by the chapter contributors and consolidates the priority reform areas identified across these thematic domains. By bringing together the diverse perspectives and empirical insights contained in the volume, the chapter offers a coherent and comprehensive overview of the structural reform landscape. This integrative approach enables readers to clearly visualize the interrelated reform priorities and better understand the pathways through which structural transformation can be advanced.

Given the chapter's integrative nature and its reliance on the analyses presented in the preceding chapters, citations have not been used. The discussion draws together the key themes, reform priorities, and insights already presented across the volume, complemented by the reflective observations of the authors of this chapter. This approach avoids repetition of references contained in the individual chapters; readers, therefore, are encouraged to consult the respective chapters for detailed empirical evidence and source-specific citations.

14.1 The Strategic Landscape of National Transformation

The Constitution of Nepal outlines, under its directive principles, policies, and obligations of the state, that the economic objective of the country is to achieve sustainable economic development with rapid growth. This involves maximizing the mobilization of available means and resources through the participation and development of public, private, and cooperative sectors. The goal is to establish a prosperous economy, making itself self-reliant, independent, and progressive. This effort aims to create an exploitation-free society by abolishing economic inequality through equitable distribution of economic achievements.

Nepal's shift to a federal structure presents an opportunity to establish clarity regarding functions, expenditures, and revenue assignments. This includes defining changing jurisdictions across various levels of governments and agencies as they

interact with the economic sectors, including the private sector. Nepal's transition to a federal state system is also expected to result in promotion of national investment in productive sectors, attributed in part to elevated infrastructure spending, besides calling for addressing the historically existing gaps between governance and public investment management.

Similarly, Nepal is going to graduate from least developed country (LDC) status as part of its vision to transform into a middle-income country. The transition from the LDC category should pave the way for sustainable development, opening avenues for remarkable economic achievements. However, the post-graduation path is not without complexities, necessitating the country to prepare with robust and sustainable plans and economic programmes. Given Nepal's unique challenges, including its landlocked situation, the pre-graduation period requires planning for a sustainable transition away from LDC-specific support. Acknowledging the country's reliance on such support, it becomes imperative to anticipate and address the consequences of losing LDC support measures. Nepal, therefore, must come up with concrete strategies to mitigate these effects.

Among other challenges, climate change has emerged recently as a pressing concern in Nepal as the country is exceptionally vulnerable to its adverse impacts. Addressing this challenge poses a significant hurdle, requiring mitigation efforts amid limited resources while also putting efforts toward safeguarding local communities, biodiversity, and ecosystems. The challenge is so concerning that before attending the COP 28 Climate Conference, UN Secretary – General Antonio Guterres visited Nepal to personally witness the effects of climate change. To minimize climate-related disasters and other adverse impacts, Nepal requires resources from various financial mechanisms. How the country manages resources for the purpose also depends on its engagement with the outer world and internal economic robustness.

14.2 Macroeconomic Hurdles and Sectoral Barriers

Broadly, Nepal's economic landscape is intricately influenced by politico-constitutional dynamics and international factors, including geopolitical realities. At the macroeconomic level, however, the country still grapples with numerous sectoral challenges. While the agriculture sector has historically served as the backbone of the economy, it has struggled to achieve high-value addition due to a lack of essential backward and forward linkages with the industrial and manufacturing sectors, despite ongoing policy reforms. Moreover, the sector has faced challenges

in significantly enhancing overall productivity and scaling up production to efficiently attain import substitution of agricultural products.

Asserting that industrialization can presently thrive solely based on internal investment is unrealistic, considering the relatively modest size of the national economy, global market competitiveness and the resultant obligations of Nepal being a member of the WTO, and the myriad of issues and challenges that need to be addressed in the realm of doing business. While foreign direct investment (FDI) remains a desirable long-term option, there exists a disparity between approved FDI and the actual net FDI inflows into Nepal. Moreover, Nepal continues to lag behind comparable countries in foreign investment, industrial growth, and investments in productive assets.

Diminishing job prospects within the domestic labor market due to the failure in promoting and commercializing agriculture, stagnant manufacturing sector, and limited absorption capacity within the services sector, Nepali youths have been exiting the national labour market to find employment in foreign job markets. The substantial influx of labor into foreign markets has led to a surprising rise in remittance flow, emerging as a pivotal contributor to Nepal's GDP and a primary source of foreign exchange reserves. Acknowledging the significance of diversification of economic bases, it is imperative to diminish reliance on remittances for GDP and actively explore alternative channels for foreign exchange. Specifically, a structural and detrimental cycle involving remittances, loans, imports, and speculative transactions related to real estate has persistently characterized the national economy for over two decades.

Despite remittance flows constituting one-fourth of Nepal's GDP, they have not been effectively directed towards investments. Instead, there has been a shift in the consumption pattern of the average Nepali citizen, marked by a substantial dependence on imported goods, thereby fostering external reliance.

14.3 Institutional Governance and Fiscal Discipline

The COVID-19 pandemic caused social and economic upheaval worldwide; Nepal was not exempt from the global realities. Badly affected, Nepal's economy faced unprecedented challenges, including a slowdown in economic growth, heightened inflation, and the depletion of foreign exchange reserves, leading to issues with the balance of payments. The aftermath of the pandemic also witnessed disruptions in the global supply chain, which got further exacerbated by the Russia-Ukraine War,

contributing to the current global predicament of stagflation. During the COVID–19 pandemic period, the economy experienced an annual nominal growth, with credit growth reaching 20-22 percent due to the implementation of an expansionary monetary policy.

The efforts by the Government of Nepal made in fiscal management and the revenue collection system have contributed to some extent to maintaining manageable debt levels. However, a persistent challenge lies in the chronic underspending of capital expenditures within the system. On average, capital budget spending is around 70 to 80 percent, which implies that this reality has backed the opinions to overhaul the taxation system and broaden the revenue base, avoiding excessive taxation on the already limited existing sources.

Informal practices of governance during the monarchy and even more so after the 1990s have sustained corruption in Nepal. In addition to the Constitution and laws, unwritten ‘rules of the game’ promoted by informal institutions ranging from bureaucratic and legislative norms to clientelism and patronage have a profound and systematic effect on political appointments and outcomes.

Having said that, it does not mean that there have been no positive sectoral changes in the country since the country transitioned to multi-party democracy in 1990. Overall, particularly since the 1990s, the national economy has awakened from a long slumber. Despite being embroiled in a decade-long armed conflict, especially starting in the second half of that period, the country has witnessed positive changes in economic and social indicators. Liberal institutions within state machinery have been introduced, also fostering social and economic inclusion. The country’s international engagement has increased, and there has been a prioritization of power and administrative decentralization. Although digital divides exist, the country has also been a beneficiary of international technological advancements, besides being equally capable of contributing to the advancements via its youth.

These achievements are credited to the initial phase of structural reforms implemented by the country. Despite numerous reforms in institutional, legal, and operational domains during the first generation of economic reforms in Nepal, economic growth remains sluggish and erratic. Productivity level remains low, which has consequently inhibited meaningful structural economic transformation.¹

1. Meaningful structural transformation of the economy requires movement of labour from activities with low productivity to those with higher productivity and returns.

14.4 Integrated Framework for Priority Sectoral Reforms

The Sixteenth Plan (FY 2081/82-2085/86 BS) strategically focuses on identifying and addressing obstacles to national development by recognizing, resolving, and eliminating structural barriers across all areas and dimensions. The Plan emphasizes strengthening coordination and operational mechanisms among federal, provincial, and local levels, as well as fostering collaboration among government, private, cooperative, and non-governmental sectors, including development partners. It also seeks to integrate modern technology, environmental protection, and disaster risk management into all aspects of national development.

Key areas of structural transformations identified by the Plan include strengthening economic foundations and achieving high economic growth, promoting production, productivity, and competitiveness for economic prosperity, creating productive employment, ensuring dignified labor, and establishing sustainable social security and by fostering a conducive environment for private sector growth. It further includes ensuring quality physical infrastructure and enhancing connectivity for national development, improving governance and promoting good governance practices, advancing climate change adaptation, and fostering green economy practices.

Effectively achieving the long term sustainable and inclusive development and poverty reduction identified by the Sixteenth Plan is dependent on Nepal structurally transforming its economy by increasing productive capacity. Achieving these goals requires Nepal to work collaboratively and strategically with concerted efforts. The thirteen preceding chapters of this volume systematically examine the multifaceted dimensions of structural transformation across key sectors and policy domains. As summarized in Table 14.1-14.8 the chapters address critical areas including the agricultural sector, external financial flows and foreign direct investment, patterns and drivers of economic growth, governance-related challenges, the fiscal dimensions of federalism, the role of cooperatives, remittance dynamics, and the transformative potential of hydropower development. Together, these thematic discussions provide a comprehensive and interconnected understanding of the structural reform landscape. By engaging with both sector-specific analyses and cross-cutting institutional concerns, the chapters collectively illuminate the opportunities, constraints, and policy choices shaping the trajectory of structural transformation.

14.4.1 Agriculture Sector

With regard to the agricultural sector, the volume identifies several priority areas that are central to advancing structural transformation. As discussed across the

relevant chapters, these themes encompass land and agricultural policy reform aimed at enhancing productivity and tenure security; agricultural investment, financing mechanisms, and infrastructure development to address structural bottlenecks in production and market access; and the strengthening of agricultural research, innovation systems, and regional cooperation to promote technological upgrading and knowledge diffusion. Together, these interrelated thematic areas highlight the need for a comprehensive and coordinated reform approach that links policy frameworks with investment strategies and innovation-driven growth. A more detailed examination of these issues is provided in the respective chapters, which elaborate on sector-specific challenges, reform pathways, and strategic opportunities for transforming the agricultural sector.

Drawing on the analyses presented in the agriculture-related chapters, the key reform recommendations are synthesized and presented below. These recommendations reflect the priority areas identified across land and agricultural policy reform, investment and financing, infrastructure development, and research and innovation systems.

Table 14.1: Key Recommendations on Agri-Reforms²

SN	Reforms	Priority		Implementational Aspect	
		Short Run	Long Run	Policy/Legal	Programmatic
1	Commercialize agriculture by resolving land fragmentation, reforming land policies, and facilitating private sector investment through the provision of consolidated and adequately sized plots for large-scale cultivation.	-	✓	✓	-
2	Establish a policy to improve coordination and accountability among agricultural institutions by integrating joint planning, budgeting, and implementation processes. Address challenges such as poor service delivery, political interference, and duplication of efforts to ensure efficient execution of agricultural programs at all levels of government.	✓	-	✓	-

2. For further details and specific recommendations see Chapter 1, 3, 10, 11 and 13.

SN	Reforms	Priority		Implementational Aspect	
		Short Run	Long Run	Policy/Legal	Programmatic
3	Align agricultural policies with infrastructure, economic, and trade policies while ensuring seamless coordination across all levels of government to enhance productivity and competitiveness.	-	✓	✓	-
4	Revise and enforce the land use policy to resolve key land challenges, safeguard citizens' rights, and promote scientific land management, with a focus on addressing squatter settlements, reducing land fragmentation, and consolidating agricultural land to enhance productivity.	-	✓	✓	-
5	Invest in agricultural research, innovation, and education to strengthen the capacity of universities and research institutions, enabling them to address the sector's evolving needs and drive its transformation.	-	✓	✓	-
6	Create a policy framework for land banks and long-term leasing to reduce land abandonment and encourage agricultural investment, while enhancing institutional coordination across agriculture agencies.	✓	-	✓	-
7	Transform agriculture into a key economic growth driver by enhancing access to financing, reforming land markets, fostering agricultural entrepreneurship, and aligning policies with export-focused strategies.	-	✓	-	✓
8	Increase public investment in agriculture, prioritizing infrastructure, research, and innovation, while aligning agricultural policies with broader economic strategies to achieve sustainable growth and ensure effective implementation.	✓	-	-	✓

SN	Reforms	Priority		Implementational Aspect	
		Short Run	Long Run	Policy/Legal	Programmatic
9	Promote digitalization of the agriculture sector specifically by - developing an agri-alert system for farmers considering the climatic conditions. - promoting e-marketing to facilitate farmers to sell their produce in markets. - introducing distance learning/ e-learning platforms for connecting experts and farmers.	✓	-	-	✓
10	Collaborate with neighboring countries to establish fertilizer production facilities utilizing surplus monsoon electricity, ensuring a consistent fertilizer supply, reducing import dependence, and increasing agricultural productivity.	✓	-	-	✓
11	Strengthen national food security and sovereignty by prioritizing import substitution in strategically important agriculture produce while simultaneously promoting agri entrepreneurship and aligning agricultural policies with export oriented strategies in target group of niche products.	-	✓	✓	-
12	Closely monitor the use of subsidies in the agricultural sector to ensure they reach the intended beneficiaries and effectively support targeted groups.	✓	-	-	✓
13	Increase public investment in essential agricultural infrastructure, including irrigation, roads, and rural markets, to enhance productivity and encourage private sector investment in agricultural value chains.	-	✓	-	✓
14	Encourage agricultural investment by subsidizing insurance premiums for farmers, expanding coverage, and providing protection against climate risks, thereby boosting overall agricultural productivity.	✓	-	-	✓

SN	Reforms	Priority		Implementational Aspect	
		Short Run	Long Run	Policy/Legal	Programmatic
15	The following issues should be paid due consideration when it comes to access to finance in the agriculture sector: - Procedural simplification is needed when it comes to agricultural loans and subsidies so that small holder farmers can also access the state facilities. - Ensuring adequate insurance coverage to cereal crops, vegetables, fruit crops, high value cash crops, livestock etc, against losses due to climate change, disease, pests and insect infestation, financial crisis, natural disasters such as floods, fire, extreme rainfall etc. - Prioritization of project financing. - Matching credit cycle and crop cycle. - Agricultural subsidies must be based on production. - Value chain financing should be promoted. - Optimizing cooperatives model of agriculture is required. - Banking and financial institutions should invest on developing qualified human resource to assist in commercial farming.	✓	-	-	✓

14.4.2 External Financial Flow: FDI and Remittance

In relation to external flows, particularly foreign direct investment and remittance, the volume highlights several strategic areas requiring focused reform and policy attention. The relevant chapters emphasize the importance of comprehensive policy reforms to improve the investment climate, streamline regulatory frameworks, and enhance institutional efficiency in order to attract and retain foreign investment. They further underscore the need for concerted, multi-level efforts to expand investment opportunities through coordination among federal, provincial, and local governments.

On the labor and migration front, the chapters identify labor market reforms and strengthened migrant welfare mechanisms as essential for ensuring decent work conditions and protecting migrant workers' rights. In addition, greater emphasis is

placed on labor diplomacy and more effective monitoring of recruitment agencies to promote fair recruitment practices and reduce exploitation. Finally, the volume stresses the strategic utilization of remittance inflows for productive investment and economic growth, moving beyond consumption-oriented use toward entrepreneurship, financial inclusion, and development-oriented sectors.

Table 14.2: Recommendations on External Financial Flow Reforms³

SN	Reforms	Priority		Implementational Aspect	
		Short Run	Long Run	Policy/Legal	Programmatic
1	Enhance foreign investment efforts by addressing barriers (bureaucratic hurdles, complex regulatory frameworks, limited infrastructure, corruption and lack of transparency, among others) to Foreign Direct Investment (FDI).	-	✓	✓	-
2	Expand investment opportunities by allowing foreign investment in both primary and secondary agricultural activities, consolidating multiple regulatory systems under a single agency, and making the FDI approval timeline more flexible.	-	✓	-	✓
3	Attract funding through economic diplomacy, FDI reforms, and engaging NRNs.	-	✓	-	✓
4	Implement labor reforms to streamline recruitment processes, reduce recruitment and remittance costs, and improve the reintegration of returnee migrants.	-	✓	✓	-
5	Strengthen labor diplomacy to advocate for the rights and interests of migrant workers abroad.	✓	-	✓	-
6	Connect migrant workers to social security schemes to ensure immediate welfare and security.	✓	-	✓	-
7	Introduce skill development and upskilling programs for returnee migrants to improve their employability and reintegration into the local workforce.	-	✓	-	✓

3. For further details and specific recommendations see Chapter 5 and 6.

SN	Reforms	Priority		Implementational Aspect	
		Short Run	Long Run	Policy/Legal	Programmatic
8	Encourage the productive use of remittances to enhance Nepal's creditworthiness and overall economic stability in the long term.	-	✓	-	✓
9	Improve the monitoring of manpower agencies to ensure fair practices and protection of migrant workers in the immediate term.	✓	-	-	✓

14.4.3 Climate Resilience

With respect to climate and environmental dimensions of structural transformation, the chapters collectively identify a set of critical development challenges and reform priorities. These include the growing intersection between climate concerns and broader development issues, highlighting the need to integrate environmental sustainability into economic planning and sectoral policies. The volume further emphasizes the role of environmental taxation and sustainable finance as policy instruments to incentivize greener production practices, mobilize resources for climate action, and internalize environmental costs. In addition, strengthening climate resilience through investments in green and climate-resilient infrastructure emerges as a key priority for mitigating climate risks and supporting long-term development outcomes. The chapters also underscore the importance of promoting green jobs and economic diversification as pathways to simultaneously address environmental sustainability and inclusive growth. A more detailed discussion of these issues is provided in the relevant chapters of the volume.

Table 14.3: Recommendations on Climate Resilience Reforms⁴

SN	Reforms	Priority		Implementation Aspect	
		Short Run	Long Run	Policy/Legal	Programmatic
1	Streamline Nepal's environmental taxation by consolidating existing taxes into a single carbon or environmental tax, simplifying administration and improving compliance.	✓	-	✓	-

4. For further details and specific recommendations see Chapter 1, 10, 11 and 13.

SN	Reforms	Priority		Implementation Aspect	
		Short Run	Long Run	Policy/ Legal	Program-matic
2	Strengthen sustainable finance by enhancing the capacity of financial institutions through training, knowledge sharing, and incentives, thereby encouraging greater investment in climate change adaptation and mitigation.	-	✓	✓	-
3	Public private partnerships (PPP) should be promoted through well-defined contracts and risk mitigation strategies to ensure long-term involvement from private investors in climate initiatives.	✓	-	-	✓
4	Build resilience by investing in climate-resilient infrastructure, implementing disaster risk management strategies, and supporting low-carbon projects like hydropower to sustain economic growth and promote sustainable development.	-	✓	-	✓
5	Invest in green infrastructure and technology, focusing on sectors such as hydropower, tourism, and climate-affected industries, to stabilize economic growth and enhance resilience for long-term sustainability.	-	✓	-	✓
6	Create green jobs by investing in climate-resilient infrastructure, clean energy, hydropower, digital infrastructure, infrastructure for electric vehicles and sustainable tourism, thereby diversifying the economy.	-	✓	-	✓
7	The total climate change budget of the national Government has grown over the years, from approximately 10 percent to 35 percent of the national Government's annual budget. ⁵ There needs to be a mechanism in place to monitor if the allocated expenditure is serving the purpose.	✓	-	-	✓

5. Climate change expenditure associates expenditures on climate protection, mitigation of climate change, climate resilience, mitigation of climate-induced disasters, and sensitization/awareness of climate change. In Nepal, the overall climate change budget allocation of the Government has been broadly classified into highly relevant (if more than 60 percent of the budget is directly spent on activities related to climate change) and moderately relevant (if 20-60 percent of the allocated budget is related to climate change activities) categories.

14.4.4 Investment and Economic Growth

The chapters focusing on investment and economic growth emphasize the importance of a coherent investment strategy for accelerating structural transformation and sustaining long-term development. They identify tax policy reform as a key lever for improving revenue mobilization, enhancing economic efficiency, and creating a more growth-conducive fiscal environment. The chapters further highlight the need for institutional and regulatory reforms to strengthen governance structures, improve policy implementation, and reduce administrative constraints that hinder private sector development. In addition, the chapters draw attention to the growing significance of the digital economy and modern financial systems in boosting productivity, expanding financial inclusion, and enhancing economic resilience. Collectively, these discussions illustrate how coordinated reforms across macroeconomic policy, institutions, and technological systems are essential for promoting inclusive and sustainable economic growth.

Table 14.4: Recommendations on Enhancing Investment to Achieve Economic Growth⁶

SN	Reforms	Priority		Implementation Aspect	
		Short Run	Long Run	Policy/Legal	Program-matic
1	Focus on an investment-led economic strategy by prioritizing investments in agriculture, hydroelectricity, ICT, and tourism to drive private sector participation and leverage Nepal's natural and digital potential.	-	✓	✓	-
2	Address policy gaps, institutional inefficiencies, and administrative obstacles while pursuing a sovereign credit rating and ensuring ministries are equipped with skilled negotiators.	-	✓	✓	-
3	Ensure a balanced tax mix that aligns with the country's economic capacity and development goals.	-	✓	✓	-
4	Establish mechanisms for investment-benefit sharing, including public-private partnerships (PPP) and blended finance models.	-	✓	✓	-

6. For further details and specific recommendations see Chapter 1, 2 and 13. However, all chapters of this volume relate to the overall economic reforms.

SN	Reforms	Priority		Implementation Aspect	
		Short Run	Long Run	Policy/Legal	Program-matic
5	Designate leadership for digital economy initiatives within relevant ministries (e.g., Ministry of Finance, Ministry of Communication and Information Technology) and create a collaborative strategy for policy execution.	-	✓	✓	-
6	Expand the tax base while ensuring fairness between productivity and social justice.	-	✓	✓	-
7	Rationalize corporate tax rates to attract investment, reduce tax evasion, and align financial incentives with business practices and penalties.	-	✓	✓	-
8	Revise laws, institutional arrangements, and operational structures based on nine years of implementation experience with fiscal federalism to support economic reforms.	✓	-	✓	-
9	Develop and implement a comprehensive tax reform plan to tackle tax avoidance, Base Erosion and Profit Shifting (BEPS), and fraud schemes, while strengthening laws to regulate transfer pricing and prevent income splitting.	✓	-	✓	-
10	Create a unified payment system for government services, ensuring user-friendly platforms with strong security measures, compliance with data privacy laws, and fostering innovation through open data and APIs.	✓	-	✓	-
11	Develop an integrated digital service platform with secure payment systems, prioritizing digital financial literacy, ensuring accessibility for all citizens, and implementing robust cybersecurity measures to protect transactions and data.	✓	-	✓	-
12	Strengthen tax administration by implementing technology, increasing skilled resources, and improving coordination at all levels of government.	✓	-	✓	-

SN	Reforms	Priority		Implementation Aspect	
		Short Run	Long Run	Policy/Legal	Program-matic
13	Focus on reforms to foster start-up ecosystems, optimize remittance use, and enhance the agricultural sector.	✓	-	-	✓
14	Direct remittances into productive investments to drive economic transformation and reduce dependency on foreign employment.	✓	-	-	✓
15	Recalibrate financial policies to stabilize the financial system, expand insurance coverage, and shift from collateral-based lending to creditworthiness-based practices.	✓	-	-	✓
16	Simplify customs regulations for digital goods and streamline broader regulatory reforms to align with international best practices and reduce institutional complexities.	✓	-	-	✓
17	Conduct a detailed study on national revenue capacity to identify the maximum tax potential and set clear objectives for tax policy.	-	✓	-	✓
18	Conduct a thorough review of existing digital economy legislation and regulations and develop performance metrics to assess the effectiveness and impact of digital economy policies.	-	✓	-	✓
19	Improve revenue administration by aligning it with federalism, making it more investment-friendly, and enhancing operational efficiency.	-	✓	-	✓
20	Identify and address tax gaps by researching informal sectors, compliance issues, and the full potential of tax revenue.	-	✓	-	✓

14.4.5 Governance

The chapters identify key themes encompassing governance and political reforms, legal and judicial reforms, institutional and public administration reforms, digital governance and technological integration, evidence-based policy and planning, and healthcare and human capital development as central to advancing structural transformation.

Table 14.5: Recommendations on Governance Reforms⁷

SN	Reforms	Priority		Implementation Aspect	
		Short Run	Long Run	Policy/Legal	Programmatic
1	Foster political ownership of reforms by bridging ideological divides and promoting an understanding that market-oriented reforms are crucial for Nepal's economic progress.	✓	-	✓	-
2	Modernize outdated laws related to governance and corruption control, ensuring they align with the current constitutional framework and international standards.	✓	-	✓	-
3	Prioritize the rule of law by ensuring impartial enforcement, non-political appointments to the Judicial Council, and establishing mechanisms to address judicial corruption.	✓	-	✓	-
4	Ensure the autonomy, independence, and impartiality of constitutional and specialized institutions by preventing government interference and promoting their effective functioning.	✓	-	✓	-
5	Simplify regulatory frameworks for digital goods and services while promoting international cooperation and adopting best practices to drive economic growth.	✓	-	✓	-
6	Strengthen evidence-based policy and planning by ensuring meaningful beneficiary participation and basing policies on data and analysis at every stage of development.	✓	-	✓	-
7	Political parties and parliament should work together with consensus to preserve and strengthen democratic values, with the Election Commission playing a key facilitative role.	-	✓	-	✓
8	Focus on operational improvements by promoting meritocracy and integrating technology, automation, and digitization into government processes to increase efficiency and service delivery.	✓	-	✓	-

7. For further details and specific recommendations see Chapter 7 and 9.

SN	Reforms	Priority		Implementation Aspect	
		Short Run	Long Run	Policy/Legal	Program-matic
9	Strengthen internal democracy and transparency within political parties, and foster inter-party cooperation on reform agendas to build public trust and strengthen democratic values.	-	✓	✓	-
10	Integrate Nepal's banking system into global financial markets by adopting advanced technologies, improving service quality, and pursuing comprehensive financial sector reforms.	-	✓	✓	-
11	Develop high-quality, secure, and reliable broadband infrastructure that supports nationwide digital growth and aligns with global technological standards.	-	✓	✓	-
12	Shift from project-specific conditional grants to result-based, sector-specific grants that focus on outcomes, ensuring better alignment with local needs and reducing political and administrative influence over sub-national governments.	-	✓	✓	-
13	End the practice of political party-based appointments in independent constitutional bodies, ensuring appointments are made based on integrity, expertise, and professionalism.	-	✓	✓	-
14	Create a national policy framework for leveraging the potential of digital technology (AI, blockchain, IoT) in public services and governance, ensuring it aligns with global trends and supports national development.	-	✓	✓	-
15	Focus on fostering a meritocratic and transparent political system through policy reforms that enable non-partisan representation at all government levels and ensure accountability.	-	✓	✓	-
16	Implement policies that strengthen healthcare systems and promote medical education to ensure sustainable healthcare delivery, reducing reliance on medical outflow.	-	✓	✓	-
17	Leverage human capital by improving education, vocational training, and reintegrating skilled returnee migrants into the workforce.	-	✓	-	✓

SN	Reforms	Priority		Implementation Aspect	
		Short Run	Long Run	Policy/Legal	Program-matic
18	Implement institutional reforms to enhance political party transparency, improve administrative processes, and address human resource gaps at local levels to improve service delivery.	-	✓	-	✓
19	Align budgeting with results through reforms that prioritize performance management.	-	✓	-	✓
20	Eliminate redundant public institutions, streamline organizations, and professionalize the National Natural Resources and Finance Commission to align with federalism and reduce duplication of efforts.	-	✓	-	✓
21	Focus on operational improvements by promoting meritocracy, integrating technology, automation, and digitization into government processes for better efficiency and service delivery.	✓	-	-	✓
22	Reduce unnecessary transaction costs in project approvals and ensure that resources are allocated based on tangible outcomes.	✓	-	-	✓
23	Promote non-partisan representation at the local level to enhance development, improve service delivery, and build public trust in government.	✓	-	-	✓
24	Shift from project-based conditional grants to result-based, sector-specific grants that focus on outcomes, ensuring better alignment with local needs and reducing political and administrative influence over sub-national governments.	✓	-	-	✓

14.4.6 Fiscal Federalism

The chapters identify private sector development and economic reforms as central to improving productivity and investment. They also emphasize fiscal federalism and effective resource management as essential for strengthening decentralized governance and public finance. In addition, the chapters highlight cooperatives and local government reforms as important mechanisms for promoting inclusive economic participation and improving local service delivery.

Table 14.6: Recommendations on Fiscal Federalism⁸

SN	Reforms	Priority		Implementation Aspect	
		Short Run	Long Run	Policy/Legal	Programmatic
1	Accelerate private sector-friendly reforms, align them with fiscal federalism, and focus on sector-specific productivity to create jobs and improve the trade balance.	-	✓	✓	-
2	Review NNRFC's resource-sharing formulas, remove legal restrictions on subnational public debt, and maintain an integrated market to support market-preserving federalism.	✓	-	✓	-
3	Ensure predictability in fiscal equalization grant allocations by adhering to promised amounts and avoiding arbitrary reductions, enabling resource-poor local governments to plan and budget effectively.	✓	-	✓	-
4	Amend the Federal Cooperative Act to improve registration, operational areas, accounting, and auditing provisions, and introduce specialized regulations for different types of cooperatives.	✓	-	✓	-
5	Make the provision for realistic revenue forecasting legally binding by including a limit on the gap between actual and forecasted revenue to no more than 10% in the Intergovernmental Fiscal Arrangement Act, 2017, to mitigate fiduciary risks at the local level.	✓	-	✓	-
6	Strengthen local governments' capacity for effective planning and resource allocation, while addressing corruption.	✓	-	-	✓
7	Enforce the medium-term expenditure framework (MTEF) strictly, and establish a project bank at the local level to prevent lump-sum sector budget allocations, strengthening the participatory planning process and improving public financial management.	✓	-	-	✓

8. For further details and specific recommendations see Chapter 4 and 8.

SN	Reforms	Priority		Implementation Aspect	
		Short Run	Long Run	Policy/Legal	Program-matic
8	Amend the Local Government Operation Act of 2017 to make federal procurement laws binding on all local governments, ensuring consistency and strengthening procurement practices across the country, and facilitating effective auditing by the Office of the Auditor General.	✓	-	-	✓

14.4.7 Cooperatives

The chapters identify key areas for improvement in the cooperative sector, including strengthening cooperative governance, enhancing accountability and regulatory compliance, promoting transparency through public hearings, and improving monitoring and oversight mechanisms.

Table 14.7: Recommendations on Cooperatives Reforms⁹

SN	Reforms	Priority		Implementation Aspect	
		Short Run	Long Run	Policy/Legal	Program-matic
1	Establish a second-tier regulatory framework for cooperatives with clear provisions to enhance self-regulation and reinforce adherence to their core principles, values, and mission.	-	✓	✓	-
2	Prohibit political executives from holding management positions within cooperatives to prevent conflicts of interest and ensure impartial governance.	✓	-	✓	-
3	Set a definitive timeline to investigate the assets and activities of cooperative directors and managers involved in unethical or illegal practices. Take immediate action against violators and encourage compliance with cooperative principles.	✓	-	✓	-
4	Develop and execute an annual monitoring plan under the guidance of the Ministry of Land Management, Cooperatives, and Poverty Alleviation.	-	✓	-	✓

9. For further details and specific recommendations see Chapter 3.

SN	Reforms	Priority		Implementation Aspect	
		Short Run	Long Run	Policy/Legal	Program-matic
5	Oversee the implementation of recommendations through the cooperative registrar, supported by relevant departments, federations, and the National Cooperative Federation.	✓	-	-	✓
6	Ensure transparency by conducting regular disclosures and organizing public hearings.	✓	-	-	✓
7	Integrate cooperatives into quarterly reviews conducted by the National Planning Commission.	✓	-	-	✓

14.4.8 Hydroelectricity

The key themes and areas identified requiring reforms include private investment and risk management, consumer protection and market structure, cross-border trade and infrastructure development, hydropower and transmission infrastructure, and regulatory and operational efficiency.

Table 14.8: Recommendations on Development and International Trade of Hydroelectricity¹⁰

SN	Reforms	Priority		Implementation Aspect	
		Short Run	Long Run	Policy/Legal	Program-matic
1	Design policies that promote private investment while managing risks, ensuring the sector attracts the necessary annual investments for long-term growth.	-	✓	✓	-
2	Develop risk-sharing mechanisms, such as optimized PPAs, to balance investment and mitigate risks in the energy sector.	-	✓	✓	-
3	Implement consumer protection measures to ensure affordable, reliable, and sustainable electricity.	-	✓	✓	-
4	Protect consumers and industries from price volatility, especially in cross-border trade, during market liberalization.	-	✓	✓	-

10. For further details and specific recommendations see Chapter 12 and 13.

SN	Reforms	Priority		Implementation Aspect	
		Short Run	Long Run	Policy/Legal	Program-matic
5	Develop a market structure that aligns with energy security, social considerations, and reform objectives.	✓	-	✓	-
6	Ensure functional independence for generation, transmission, distribution, and trade, and promote transparency and fair competition.	✓	-	✓	-
7	Facilitate integration into regional electricity markets, particularly with India, by strengthening cross-border electricity trade (CBET).	✓	-	✓	-
8	Align Nepal's energy policies with India's regulations and establish bilateral agreements for seamless electricity trade.	✓	-	✓	-
9	Advance the Electricity Bill to promote open access, competitive markets, and cross-border electricity trade (CBET), with policies and regulations developed by MoEWRI and ERC.	✓	-	✓	-
10	Create policies that attract investments in the energy sector and ensure long-term energy security.	✓	-	✓	-
11	Prioritize cross-border electricity trade, enhancing technical and policy resilience to optimize electricity dispatch and cost-efficiency through a combination of bilateral contracts and integrated market models.	✓	-	✓	-
12	Unlock hydropower potential by fostering public-private partnerships, enhancing infrastructure, and optimizing power plant efficiency to overcome investment barriers and increase profitability.	-	✓	-	✓
13	Implement an integrated approach to electricity generation and transmission planning to optimize hydropower resource utilization and minimize transmission losses.	-	✓	-	✓
14	Establish robust physical grid interconnections between neighboring countries to facilitate efficient power trading and grid management.	-	✓	-	✓
15	Promote public-private partnerships in the energy sector to reduce reliance on state-owned enterprises and foster market-driven solutions.	-	✓	-	✓

SN	Reforms	Priority		Implementation Aspect	
		Short Run	Long Run	Policy/Legal	Program-matic
16	Expedite the development of Nepal's transmission and distribution infrastructure to support electricity generation growth and market expansion.	-	✓	-	✓
17	Ensure smooth power evacuation, grid stability, and compliance with projected demand and quality standards in the transmission and distribution infrastructure.	-	✓	-	✓
18	Enhance the operational efficiency of the Electricity Regulatory Commission (ERC) by setting technical standards, grid safety protocols, and dispute resolution mechanisms.	-	✓	-	✓

14.4.9 Economic Diplomacy

The key themes and areas identified requiring reforms include regional and multilateral engagement, a whole-of-government approach to diplomacy, regional economic growth strategies, strengthening institutional frameworks for diplomacy, capacity building for negotiations, private sector development and investment promotion, sector-specific competitiveness strategies, improved monitoring and accountability mechanisms, and enhanced nation branding and outreach.

Table 14.9: Recommendations on Economic Diplomacy¹¹

SN	Reforms	Priority		Implementation Aspect	
		Short Run	Long Run	Policy/Legal	Program-matic
1	Integrate economic diplomacy into foreign policy by aligning it with outward-oriented objectives to enhance trade, investment, and international partnerships as Nepal transitions from LDC status.	-	✓	✓	-
2	Enhance Nepal's participation in regional and multilateral economic platforms by prioritizing bilateral, regional, and multilateral trade and investment agreements, with a focus on connectivity, integration, and strengthening multilateral economic diplomacy.	-	✓	✓	-

11. For further details and specific recommendations see Chapter 13.

SN	Reforms	Priority		Implementation Aspect	
		Short Run	Long Run	Policy/Legal	Program-matic
3	Adopt a demand-driven, whole-of-government approach to economic diplomacy by engaging provinces, think tanks, Track Two actors, and professional service providers to enhance collaboration and global outreach.	-	✓	✓	-
4	Develop targeted strategies to leverage regional economic growth, focusing on opportunities with India and China, while emphasizing niche sectors and fostering mutually beneficial trade and investment relationships.	✓	-	✓	-
5	Strengthen the institutional framework for economic diplomacy by integrating foreign affairs and external economic functions, revamping the Ministry and Missions, and streamlining coordination mechanisms to improve efficiency and coherence in policy execution.	✓	-	✓	-
6	Build Nepal's capacity for international economic negotiations by revitalizing bilateral economic mechanisms, negotiating innovative development financing instruments, and developing expertise to address complex economic issues.	✓	-	✓	-
7	Create a conducive ecosystem for private sector development by introducing or amending legislation to facilitate business growth and attract investment, promoting a more competitive and globally integrated economy.	✓	-	✓	-
8	Focus on sector-specific strategies to position Nepal as a regional hub by identifying key industries with growth potential, promoting innovation, and fostering public-private partnerships to enhance global competitiveness.	-	✓	-	✓

SN	Reforms	Priority		Implementation Aspect	
		Short Run	Long Run	Policy/Legal	Program-matic
9	Establish a monitoring framework with performance-based evaluations to ensure accountability, designate lead agencies for economic diplomacy, and invest in building institutional capacity to achieve measurable outcomes.	✓	-	-	✓
11	Promote Brand Nepal through nation-branding initiatives, supported by a Brand Equity Fund, to highlight Nepal's positive narratives, modern economic reforms, and value-based economic opportunities, leveraging public diplomacy and social media platforms for effective global outreach.	✓	-	-	✓
12	Establish an integrated economic diplomacy dashboard to coordinate and monitor nation-branding efforts, economic salesmanship, and innovative promotional strategies, ensuring data-driven decision-making and efficient resource allocation to enhance global competitiveness.	✓	-	-	✓

To achieve the constitutional objective of a prosperous, self-reliant, and exploitation-free economy, Nepal must move beyond its current 'sluggish and erratic' growth by prioritizing structural transformation and increased productive capacity. This transition requires breaking the 'detrimental cycle' of remittance-driven consumption, loans, and imports through the commercialization of agriculture, the attraction of actual net FDI inflows, and the strategic redirection of capital into productive assets. Successful navigation of LDC graduation and the country's exceptional climate vulnerability depends on robust, sustainable planning and the mobilization of resources through proactive international engagement and internal economic robustness. Furthermore, the transition to a federal state system must be leveraged to resolve historical governance gaps, ensure meritocracy, and replace informal 'rules of the game' – such as clientelism – with evidence-based policy and institutional autonomy. Ultimately, revitalizing the national economy necessitates a whole-of-government approach that integrates digital governance, green infrastructure, and coordinated economic diplomacy to promote 'Brand Nepal' and foster long-term global competitiveness.

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Gopi Nath Mainali is a former Secretary of the Government of Nepal. He served as Secretary at the Ministry of Cooperatives and Poverty Alleviation and the Ministry of Education, Science, and Technology, among other government offices. He holds Master's degrees in Economics, Development Administration, and Taxation and Budgeting.

With over 35 years of civil service, Secretary Mainali led major roles in national planning, public financial management, and local governance. He has authored extensively on public finance, cooperatives, governance, and administrative reform, and now contributes as a freelance policy analyst and public speaker.

Dr. Chandra Mani Adhikari holds a PhD in Economics, postgraduate degrees in Management and Economics, and a Bachelor's degree in Business Administration and Law. An economist specializing in fiscal policy, planning, budgeting, taxation, and fiscal federalism, he has received extensive national and international training and regularly provides expert commentary on Nepal's economic policies.

A former Member of the National Planning Commission and Senior Advisor to the National Planning Commission, Dr. Adhikari has served as Chairman of the Citizen Investment Trust, board member of the Town Development Fund and several banks, Senior Tax Officer, and expert member of fiscal commissions. A prolific author of over a dozen books, his scholarly work has significantly influenced public finance, taxation, and development policy in Nepal.

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He served in key roles, including Secretary at the Election Commission of Nepal, Ministry of Cooperatives and Poverty Alleviation, Office of the President, and as Member Secretary of the National Planning Commission. He also led major reform and development initiatives and chaired the *Lalita Niwas* land scam probe committee, contributing significantly to good governance and anti-corruption efforts.

Dr. Gopi K. Khanal holds a PhD in Municipal Finance from Kathmandu University, along with an MBA in Finance from Tribhuvan University and an Executive MBA from Kathmandu University. An urban economist by training, he serves as a visiting faculty member at Kathmandu University and the Institute of Engineering, Pulchowk, teaching fiscal federalism and urban economics.

Former Secretary of the Government of Nepal, Dr. Khanal has made major contributions to strengthening municipal finance and advancing Nepal's fiscal federalism framework, particularly through the National Natural Resources and Fiscal Commission. He has led key reforms in urban governance, municipal expansion, and local economic development while holding senior positions at the federal and provincial levels.

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He played a key role in institutionalizing performance management systems as Secretary at the Office of the Prime Minister and Council of Ministers and contributed to provincial planning reforms as Principal Secretary of Lumbini Province.

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He has served as the Vice Chairman of the National Planning Commission of Nepal, CEO of the National Reconstruction Authority, and Executive Director of the Alternative Energy Promotion Centre, led major post-earthquake recovery efforts, contributed to IPCC renewable energy policy reports, and continues to shape national policy and research in Nepal.

Madhu Raman Acharya is a senior foreign policy expert with extensive diplomatic experience, including service as Foreign Secretary of Nepal, Ambassador to Bangladesh, and Permanent Representative to the United Nations in New York.

He has held key roles within Nepal's Ministry of Foreign Affairs and the United Nations, including as Director at the UN Assistance Mission in Iraq, and contributed to multiple UN missions across Asia and Africa.



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