

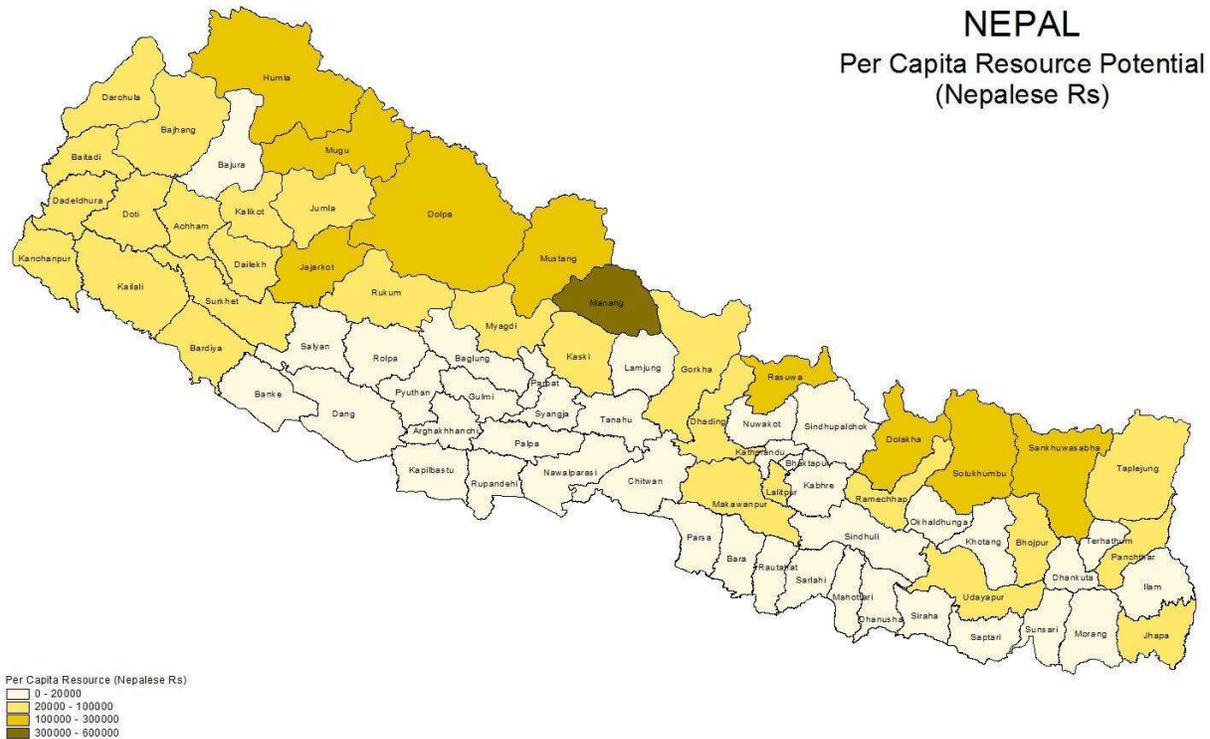
Federalism and Natural Resources of Nepal – 5 (September 1-16, 2009)

Situation of Natural Resources District Wise

**Rich districts are in reality poor in Natural resources**  
**Poor districts are in reality rich in Natural Resources**

(Author's Photo)

*By Sunil Pokhrel*



The population density and area of district have inverse relationship i.e. urban area such as Kathmandu (414 Square Kilometer area) has population density of 2613 whereas Humla (8000 Square Kilometer area) has only seven.

The district-wise distribution situation of natural resources like herbs, gravel, sand, hydropower, minerals, tourism (mountain, national parks, historical religious places, etc.), and agriculture has already been discussed in four-issues of Himal Khabarpatrika before this (June 30, July 16 and 31, and August 17, 2009). In this issue, the article tries present on the rich and poor districts on the basis of income generated from natural resources.

There should be a relationship between area and population to know which district is rich from the possible income from natural resources. The districts having huge land areas are Doplal-8,083 sq. km, Humla-6,052 sq. km, Taplejung-3,646 sq. km and Mustang-3,598 sq. km while districts having less land area are Bhaktapur-123 sq. km, Lalitpur-393 sq. km and Kathmandu-414 sq. km. There is an opposite relationship between population density and area covered by the districts in Nepal. There is less population density covering a high area of land while high population density with less area. Kathmandu that has around 414 sq. km has a population density of 2,613 per sq. km while the population in Humla is only 7 per sq. km. Besides Kathmandu, Bhaktapur-1,833 people per sq. km, Lalitpur-853 people per sq. km people, Mahottari-553 people per sq. km are the districts with high population density. Similarly, Dolpa, Manang and Mustang 4 people per sq. km, Humla 7 people per sq. km, Mugu 13 people per sq. km, Rasuwa 30 people per sq. km, Solukhumbu 32 people per sq. km are districts with less population density.

**Table 1: Income in each district from all natural resources (Forrest, Herbs, Sand/Gravel, Tourism, Hydropower, Minerals, and Agriculture)**

The following forecast has been taken on the basis for calculating the income generated from the exploitation of natural resources:-

- The exploration or utilization of any natural resources should be done intellectually and scientifically.
- The exploration or utilization of mineral resources can be done for a sustainable way for 500 years.
- There will be no negative impact in the environment in cultivation or utilizing of forest and herbal resources under the condition that the current forest area will not be decreased.
- It has been assumed that while extraction of sand and gravels, only one part of 10 will be extracted annually. It will not harm the environment and minimize natural disaster caused by rain and also helps to minimize the environmental problem.
- Highest income generated in the last 15 years will be made basis to analyze tourism possibility of tourist's area. The possible development and income from tourism sector can be more than expected.
- In the case of electricity, 80,000 MW which is considered as possible power capacity, the income will be calculated on all the capacity utilization.
- The income from Agriculture is calculated based on the assumption that the agriculture production will rise 248% to the level of Punjab/Haryana of India.

Based on the above assumptions, the natural resource income in each 75 district is given in the Table 1. The income is understood as royalty and charges received by the government (center, area or local) with the exploitation or utilization of natural resources. While making an economic transaction tax, customs while will not be in counted.

If all the incomes are equally distributed to the populations of those districts then the highest and lowest per capita income from the natural resources are shown in the Table 2.

## **Table 2: Ten rich and ten poor districts based on the income from the natural resources**

From the availability of natural resources, Kailali is observed as a prosperous district (shown in Table 3) but based on per person income annually, Manang is on top. The reason behind this is the high and less population. The number of population and density both are high in Kailali and comparatively less in Manang. From the perspective of per-person income among 10 prosperous districts, most of the districts are lies in the hilly and Himalayan region while all the districts of Terai are poor. The main problem also lies here. The population density is also high in East Terai, Kathmandu valley and Rupandehi while less in districts of high hilly and Himalayan area. If we look into the map of Nepal that includes signs of natural resources, the availability of natural resources is opposite to the population density (Except in Kailali, Morang and Sunsari) in districts of hilly and Himalayan. That means the districts with many mouths to feed has less natural resources compared to the districts that are rich in natural resources with fewer mouths to feed and few working hand.

The difference between the high potential of natural resources and population density creates friction and that ends with conflict. If the conflict is not shorted on time, the high chances of these differences may convert into the violet conflict. Globally, the armed struggles that took place at different times happened for the right, access, and use of natural resources.

Nepal which is in state restructuring phase is passing through a transitional situation. The issue of managing natural resources in New Constitutions has become one of the important questions. In the name of rights, self-government and rights to self-determination some Nepali in Rautahat, Bara, Bajura, Parsa, etc. are compelled to become poor by birth place there while some people

born in Manang, Humla, Dolakha, Shankhuwasabha are becoming rich doing nothing with the royalty income. So it is important to create equality for optimal use of natural resources from now. It is important aware regarding the discrepancy and availability of resources between different community, districts and province (in future).

### **Table 3: Ten rich and ten poor districts based on the income from the natural resources**

For many years in future, the major income for Nepal will be natural resources for sure. The international labor market is not stable. It is not sure that when will the remittance source will get dried. Not only Nepal, other poor countries in the world are majorly dependent on agriculture and natural resources. So it is important to minimize the inequality between the different province and people in future so that new conflict does not get started. The country that tolerated 10 years-long Maoist insurgency is not able to face the same thing again in future.

Then what can be done? I would like to suggest some points on distribution of natural resource for the further discussions. These ideas are not complete in themselves. But it will bring the discussion ahead.

- Except for agriculture and forest, the utilization and exploration of other natural resources in Nepal have only been extracted of one percent. But the exploitation of natural resources will increase shortly. Taking the fact in mind, the issue of natural resource needs to be equally prioritized with the cultural identity issue in the federal constitution.
- The royalty received from natural resources needs to be distributed scientifically in the central, province and local level government.

- Observing through natural resource point of view, the concept of the development region does not work; because natural resources possibility of some development region is high while some less. That is why state restructuring is important.
- There should be a provision of a special right to get employment for the people on the local level while utilizing natural resources in that areas. But skilled manpower with high technical knowledge needs to be allowed to work at the time need.
- Classifying the industry or projects related to natural resources, the rights need to be classified into three levels of the government- central, provincial and local.
- Though the provision of environmental conservation needs to provide to the local level, the government needs to be responsible for its impact and permission.
- It is appropriate to distribute the royalty from utilization and exploitation of the natural resource in center, province and local level based on 70 percent and 30 percent. For instance, if the income of any project by center relating to operation or promotion of natural resources is Rs.100 then there should be a provision that central government should get Rs. 70, province government Rs. 21 and local level government Rs. 9. Center means not different from the province as the public are the same. It will spend the amount in the poor province and redistribute at local level as well as for the public expenditure of the country (security, foreign, boarder). But, after the classification, those industries which fall under the local level then its 100 percent profit should be provisioned for the local government.
- While distributing the natural resources by 70 and 30 percent, there should not be eight times difference in terms of reach and poor in one province to another. If it goes higher then it is appropriate to re-distribute by province or by adding extra tax by center. For

instance: if per-person income is Rs. 25,000 in Nepal and the rich province having an income of is Rs. 75,000 per person then it should not be exempted with tax. Else exempting extra tax the amount needs to be re-distributed to the people that are deprived of natural resources. The main reason to do that is to reduce the economic disparity between people and also to minimize the conflicts in future due to natural resources.

*This research “Natural Resource and Conflict Nepal” is done by Civil Engineer Sunil Kumar Pokhrel. This research is awarded by Program on Negotiation, Harvard University of USD 1000 as Research Scholarship Award. Engineer Pokhrel is also worked as research consultant to the National Peace Campaign Nepal.*