

The Possibility and Path of Nepal's Development

(Photo of Author)

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In this present world, if someone still thinks that the main course of development of Nepal can be achieved through agricultural revolution; and the capital surplus generated from the agriculture production will be invested in the industrialization and modernization so that the country transformed from under developed into developed then time has come to discuss this topic matter comprehensively. I think this notion needs to be changed. In this article, I propose a different perspective regarding the possibility and path of Nepal's development and attempt to incorporate the potentials in utilizing natural resources, taking examples of three zones of the eastern region,.

Till date, all political parties, intellectuals and policymakers have claimed that 'the major force for the overall development of the country is through agriculture.' While the country has sufficient natural resources including agriculture, it is also true that objective studies, research and utilization of the resources have not been done on a necessary level. Therefore, terminologies/slogans such as 'agricultural revolution' 'land reform' 'irrigation' and 'one village

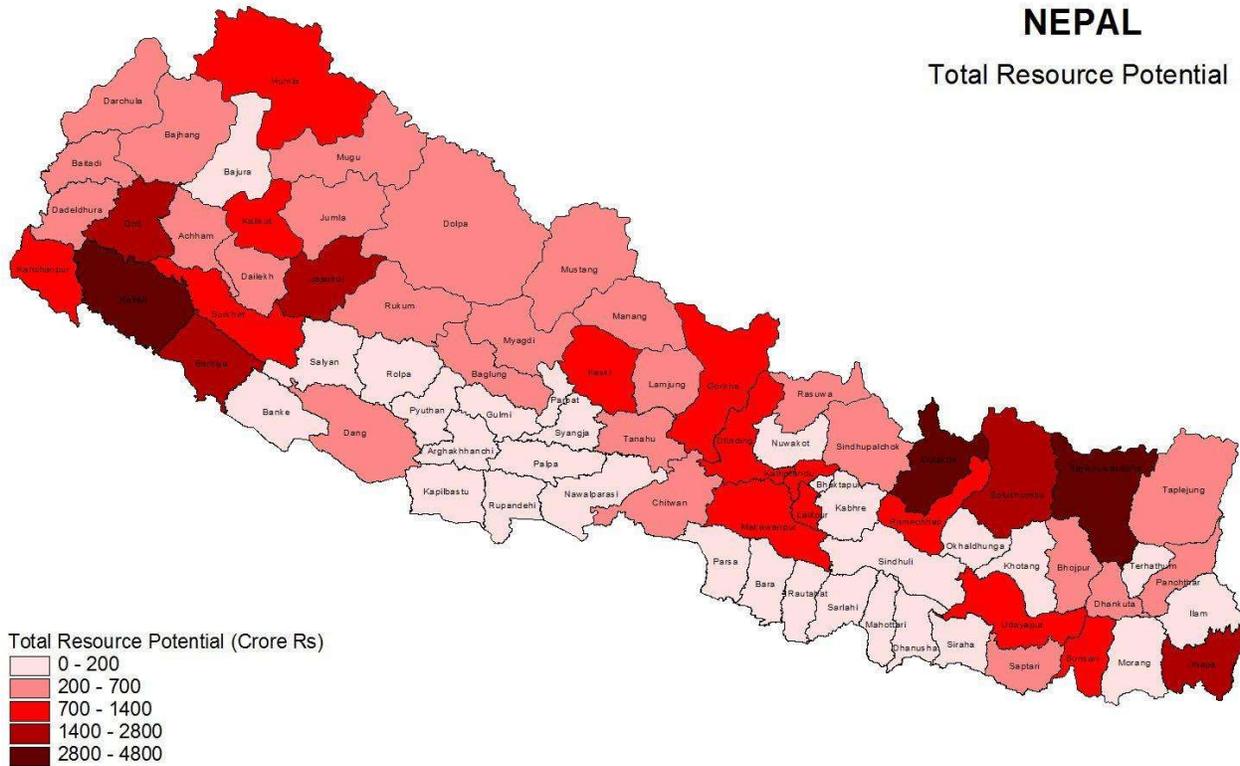
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one crop' are being used widely on policy making and political levels based on limited utilization of some major crops, cash crop, fruits and vegetable farming and livestock rearing. Governments of all political systems of the past including Panchayat, Multiparty Democracy, and now the Republic, have allocated significant amount of budget for the agriculture sector believing that this is the pioneer for the development. However, the country's dependency in the agricultural imports has grown year-over-year. Nepal, which used to export food grains such as rice, now imports the food grains. There won't be sufficient supply of vegetables, meat, lentils, fruits, and other agricultural commodities in the domestic market if the items are not get imported. Is this because of low investment in the agriculture sector or due to less domestic production? Or there is a problem in the policy level clarity in the agriculture sector development? Whatever the reasons are, it is a fact that Nepal's agriculture sector development has not been able to root itself in the country's development. It has become important to search the reason behind it.

At the time of globalization, it is not possible for a country to move ahead on its own. People can cite the example of North Korea for a country to survive alone. But the survival of North Korea is different story. Isolated from the global market (except from China), North Korea suffers from famine, backwardness and underdevelopment. Therefore, North Korea could not be taken as a good example of a lone country in term of development.

NEPAL

Total Resource Potential



As far as Nepal's development is concerned, the Himalayan nation lies between two economic and militarily giant neighbors. Even if the country desires, Nepal cannot compete with India, China and other western countries. In case of agriculture, Nepal can produce 186 kgs paddy of wheat in one *kattha* of land with good irrigation facility, while it is 296-370 kgs in India and 666-740 kgs in the United States. Given this level of agricultural productivity, how can Nepal compete in major crops with neighboring countries and western nations?

Take for example the vegetable farming. Lalbandi in Sarlahi is known for high tomato production in Nepal. Most of the vehicles running along the highway through Lalbandi they are seen carrying tomatoes. While it can become national news when a single tomato plant produces 20 kgs of tomato in Lalbandi Nepal, this yield of tomato in the European countries is regarded as loss of productivity. It could be unbelievable for us to hear that a single tomato plant produces

400 kgs of tomato in the Netherland or other European countries. Not only that, fixed categorized plants can produce three to 50 tomato in one single fruiting group. It is nearly impossible for a country like Nepal to compete with countries that produce and supply sufficient agro products with extremely high yield rate round the calendar according to the requirement of the people utilizing advanced technologies.

Similarly, let's take another example of cattle rearing and milk production. In countries like the Netherlands, Denmark, or other European counties, a cow giving milk less than 50 liters on a daily basis; the cow will be used for meat purpose, considering that the quantity of milk produced from the cow is not competitive in the market. The countries produce 80 liters of milk per cow daily. In Nepal, we have been traditionally rearing cattle considering the production of 1-2 liters of milk per cow on a daily basis as positive. However, it also a positive sign that commercial cattle rearing to produce per cow 20-30 liters of milk has also started in the country. Nevertheless, Nepal cannot compete in dairy products with other countries that have been producing on an average of 80 liters (60 liters to 120 liters) of milk per cow on a daily basis. While saying so, it does not mean that the government has not done anything on agriculture sector. Though, it is important that the priority of Nepal's development and the areas of development for comparative advantage for the country needs to be ensured. It is important to form a consensus among the country's policymakers in this respect. Nepal can have comparative advantage if it can produce low-cost and high-quality agricultural goods that are not produced in other countries or if produced then the cost of production might be high compared to Nepal.

No other countries in the world have become able to compete with the United States in terms of development of new technology. Even though there have been few technological innovations in other western nations and in countries like Japan, China or India, it has been seen that the individuals or organizations engaged in developing new technologies have sooner or later relocated to the United States. Therefore, most of the countries at present are dependent on the United States for technology.

Currently, the United States is earning millions of dollars per second worldwide with people using internet and cell phones. The country has a firm grip on latest technological advancements in weapons, computer, internet, satellite machinery, etc. While developing countries like China and India have only been able to make strides in new technology, it will only be an imagination to think Nepal can have benefit by competing with other countries in the area of technological advancements. Nonetheless, we have many different natural resources that if we can properly explore and use then we can compete with any country in the world.

The abovementioned map has been prepared after studying the feasibility of seven natural resources – agriculture, hydropower, forest, herbs, stones/sand/gravel, tourism and minerals - available in Nepal. According to the study, the natural resources with highest potential are mainly focused in four centers of the country. Bardiya, Kailali, Doti is one centre of the resources, while area stretching from Kaski, Mustang, to Kathmandu is another. Similarly, Sunsari, Udaypur, Saptari, Dhankuta, Bhojpur in eastern Nepal is one such center, and Sankhuwasabha and Solukhumbu is the other such area. It is sure that the development of the

country will speed up if policies for the utilization of the natural resources making the four centers as basis exploration and utilization.

Let's discuss about resources that have comparative advantage for Nepal. Currently, hydropower is the most talked natural resource in the country. According to an informal study, Nepal's total electricity production capacity exceeds 80,000 megawatts. The current domestic power demand is not more than 3,000 megawatts and our production hovers around 450 megawatts during the winter season. The country won't need more than 10,000 megawatts of electricity considering the future power needs in agriculture and other sectors including the East-West Railway and Metro Railway in Kathmandu. The power is likely to be needed in the next 10-15 years considering the infrastructure required to consume the electricity. The generation of hydroelectricity and development of infrastructure to consume the produced energy will help to lower the import of fossil fuel reducing the flight of foreign currency while also reducing the cost of production in manufacturing.

But hydroelectricity cannot be sold like other goods. For this, cross-border transmission lines are required to export the electricity to China and India. While exporting electricity to the neighboring countries, Nepal might not have comparative advantage if the cost of per unit electricity produced by nuclear plants is cheaper in China and India. If we cannot compete with the electrical energy produced from nuclear plants of India and China due to our energy production cost and 'human risks' of hydropower plants, the domestic power consumption cannot absorb all production and the export to China and India will depend on the execution of the global 'clean energy' policy. If every country is required to use certain high percentage of

‘clean energy’ for their power consumption, and the expensive cost of production of solar and wind energy in the current market then China and India are compelled to buy other ‘clean energy’ such as hydroelectricity. If this situation occurs then Nepal can have a comparative advantage.

Therefore, special attention needs to be given to the following natural resources that have comparative advantage for the country.

1. Agriculture:

Focus should be given to cultivation of vegetables, fruits and other agro produces without the use of chemical fertilizers. Similarly, fresh-water fishes, lentils cultivated in high-hill areas, walnuts, mushroom, etc should be given preference. Cultivation of these items specially produced in certain weather and environment, and therefore with very special taste, cannot be produced in other countries such as in the United States no matter what technology they use.

2. Herbs:

Certain rare herbs found in high and middle Himalayan regions give Nepal a comparative advantage. It is almost impossible for many countries to have herbs like in Nepal. Herbs such as *Yarsagumba* (Caterpillar Fungus), *Chiraito* (Chiretta), *Jattamashi* (Spikenard), Wild Garlic and *Paanch Aaule* (Dactylorhiza Hatagirea), etc grow in certain altitudes, seasons, and special environment in Nepal. The demand of these medicinal herbs is high in international markets like China, India, Japan, Korea, Thailand, and Europe.

3. Tourism:

Tourism is one such sector having a maximum comparative advantage for Nepal. People in India and the United States cannot have mountains like the Mount Everest no matter how much they desire. Mountain ranges, high altitude lakes, forests filled with biodiversity and differential climatic conditions within a short distance are something people in many other countries like to enjoy the experience. Similarly, the world cannot give birth to Gautam Buddha again or can build another Lumbini.

So, mountainous and religious tourism have comparatively higher advantage to Nepal than other countries. With the development of this sector, the country does not need to compete with other countries. So, tourism needs to be acknowledged as a pivot while determining the direction of the country's development and thinking about development of other sectors.

Now let's talk about natural resources found in the eastern Nepal. There are three zones and 16 districts in the eastern region with a total house hold of 1,230,746. The region holds a high potential of seven natural resources and utilization of those resources will be financially beneficial in terms of taxes and royalty income for the districts (*see Table*).

Sankhuwasabha, Solukhumbu, Jhapa, Sunsari and Udayapur have sufficient natural resources. Some natural resources are also found in Panchthar, Taplejung, Saptari, Bhojpur and Dhankuta. In totality, a development model focusing on following points is needed to develop the Eastern region of Nepal.

1. As there are sufficient farming lands in Siraha, Saptari, Sunsari, Morang and Jhapa, alternative irrigation needs to be managed to enable farmers to cultivate a minimum of three crops with a view to substitute imports of vegetables and cash crops from India.
2. Tea farming and tourism need to be promoted side by side. Kanyam of Illam needs to be developed as an international film shooting spot. For the purpose, it is important to develop infrastructures like hotel, resort, and airport, and a film city.
3. Essential works need to be carried out in Taplejung, Sankhuwasabha and Solukhumbu to make the districts center of attraction for tourists. For instance, establishing a biodiversity study research center to promote rare animals and plants in these districts. Similarly, winter games can be organized in the upper Himalayan region and necessary infrastructure such as mega sports center should be developed. If an environment is created to attract players come for winter games to practice from developed countries for 4-5 months annually, the tourism sector in this region will take a huge leap.
4. Sankhuwasabha needs to be developed as a major center for herbs. For that, it will need a high-level processing center. To export the processed herbs in the market of India and China, the highway needs to be constructed connecting Kimathanka to Jogbani.
5. For the development of hydropower, construction of basic infrastructure such as link roads running through river banks and transmission line should be given high priority to connect Branch Rivers keeping Koshi River as the center. For example, such

infrastructure can be built along the corridors of rivers such as Dudhkoshi, Arun, Tamor, Sunkoshi, Indrawati, and Tamakoshi. With the available infrastructure required for the development of hydropower, there will be the possibility of construction of new hydropower projects which opens new doors for the energy export to India. Also, adventure seeking foreigners can be attracted towards these rivers.

6. A speedway and cable car need to be developed for the mass transportation of tourists to the Everest Base Camp. Similarly, conservation area for *Arnas* (wild buffaloes) in Sunsari needs to be established facilitated with road connectivity and accommodation facilities such as hotel and resorts so that many tourists can be attracted.
7. Excavation of minerals of Jhapa and Solukhumbu needs to be done with a view to export the resources to the neighboring countries. In case if it is difficult for Nepal to excavate the resources on its own, we should not hesitate to give the task to multinational companies under certain conditions for a win-win situation.
8. Priority should be given to cultivation of fruits, herbs and fish farming. For this, Illam, Panchthar, Therathum, Taplejung, Sankhuwasabha, Solukhumbu, Bhojpur, Khotang and Udayapur are high potential areas.
9. Pathivara situated in Taplejung needs to be developed as a center of religious tourism. For the purpose, there is a need to develop highway and cable car and construct hotels focusing mainly, to Indian tourists.

10. Bhedetar of Dhankuta should be developed as summer camp so that students can be taken there in summer season including internal tourists.

If the development moves ahead by recognizing local resources in Nepal, the country does not need to compete in the international market. If the government adopts policy to utilize the indigenous resources, then only the country will speed up to the path towards prosperity. There is a chance that there will be no alternative to government, political parties and the leadership who can make this happen.

In conclusion, we need to come out of the thought that agriculture is the one and only way for development of the country. Agriculture should be taken ahead absolutely as per the two thinking. First, the sector should be given priority to address unemployment and half-employment in local levels to minimize the local level conflicts. Second, the development of agriculture needs to be carried out so that Nepal can become self-reliant on food security. Therefore, the development model of Nepal should focus on goods and services that have comparative advantage for the country.