

Nepal's Trade Scenario : Its Lapses and Successes for Economic Development

P. P. TIMILSINA*

Introduction

This paper has tried to present a scene of the play on "Dynamics of Social Change and Development in Nepal" in which it has been endeavoured to present the structure of the scene and the factors responsible for changes in the scene. The changes have been enumerated to understand the existing challenges so that an appropriate approach for the future can be identified to make trade as an engine of growth.

Trade Development

Trade has been playing very important role in the economy of Nepal since time immemorial. Prior to the unification of Nepal, small principalities of Nepal used to carry trade with Tibet and adjoining states of India. After the unification of Nepal her enterpot trade developed further. In the early part of Twentieth century, the monopolised enterpot trade turnover of Nepal with Tibet declined, with the opening of direct route between India and Tibet. Whereas the proximity and accessibility of Indian market and railway heads led to the development of Nepal's trade with India.

Nepal's better diplomatic relations with Britain and the mercantile interest of the Britishers, led to the signing of a Trade Treaty between the Governments of two countries in 1923. With the establishment of National Government in India in the later part of forties, Nepal started to establish formal trade relations with the new Government of India. Consequently, a Trade Treaty was signed between Nepal and India in 1950. From that time onwards both the countries are trading on the basis of treaties signed in different years (1969, 1971, 1978).

* Dr. Timilsina is a Professor and Chairman of the Department of Economics at Tribhuvan University, Kirtipur. This paper was originally presented in the Seminar "Dynamics of Social Change in Nepal" held in Varanasi on January 23-25, 1986.

With the growth of Nepal's trade with overseas countries during 1960s, Nepal felt the need for unconditional transit facilities through India and in the subsequent years Nepal always pleaded for signing a separate Transit Treaty with India. It was only in the year 1978 a separate transit treaty for the period of seven years could be signed and it has been extended up to March 23, 1989. Treaty of Trade and the Agreement of Cooperation to control unauthorised trade which were also signed in March 1948 for five years have already been extended.¹

Nepal with an objective to reduce the over-concentration of her trade with India started signing trade agreements with several countries viz., U.S.A., U.S.S.R., Peoples Republic of China in 1950s. In the sixties also, Nepal continued the overseas trade promotion policy and signed trade agreements with Pakistan, United Kingdom, Yugoslavia, Poland, Bulgaria, North Korea. This tempo of diversifying Nepal's foreign trade was further accelerated in 1970s by signing trade agreements with Republic of Korea, Egypt and Bangladesh.

Trade Balance

The position of foreign trade in Nepal can be analysed on the basis of its volume, composition and direction. The growth in the developmental expenditure, low level of productive capacity of the industry and the injection of more and more of foreign aid, caused for the rise in the volume of trade turnover of Nepal. The size of total trade turnover was of Rs. 265.4 million in 1956-57. In the beginning of 1960s it was of Rs. 607.7 million. In the early 1970s it went up to Rs. 1099.7 million. It went six times higher to Rs. 6036.8 million in 1980-81, and ten times higher to Rs. 10,668.5 million in 1984-85. The growth in total transaction was due to higher rate of growth in imports (Table 1).

Trade Composition

So far as the composition of trade is concerned Nepal is still exporting primary products as it used to export in the past. In 1974-75 exports of food and live animals constituted 58.17 percent of the total exports. Whereas exports of food and live animals and crude materials, inedibles, except fuels constituted 82.2 percent of the total exports. In the year 1983-84 export of food and live animals constituted of 34.29 percent of the total exports, and if the value of exports of crude materials inedible, except fuel is added to that of the value of exports of food and live animals, it constituted 56.13 percent exports within ten years period (1974-75 to 1983-84) show that Nepal has also started exporting manufactured products. Its share was 3.15 percent of the total exports in 1974-75 and it went to 34.13 percent in the year 1983-84. It was mainly due to exports of readymade garments because prior to 1982-83 the amount of export of manufactured products was not as high as after 1982-83. "During the past five years, the export sector has shown a dismal performance, declining in real terms especially in 1981-82 and 1982-83 when exports in those years have declined by 7.3 percent and 24.1 percent respectively."² The trend of import within ten years period from 1974-75 to 1983-84 shows that imports have increased by 91.8 from Rs. 1814.6

million to Rs. 3480.1 million. Highest growth rate in imports was recorded in 1982-83. So far as the composition of imports is concerned manufactured products, machinery and transport, equipments, chemicals and drugs and other manufactured products constituted 63.77 percent of the total imports in 1974-75, 71.68 percent in 1979-80 and 70.88 percent in 1983-84. In these figures, if the percentage of fuel and lubricants imported is added the percentage of imports comes to be 73.83 percent in 1974-75, 83.45 percent in 1979-80 and 82.37 percent in 1983-84. This shows that more than 80 percent of the imports of Nepal constitute manufactured products (Table 2).

Trade Direction

The trend in the direction of trade of Nepal depicts that the total trade transaction with India declined in 1979-80, when its share reached 49.8 percent from 82.2 percent in 1974-75, and again it increased to 51.3 percent in 1983-84 and 56.3 percent in the first nine months of 1984-85 (Table 3).

Another important trend observed is that there is ups and downs with regard to direction of trade. In 1974-75, 83.9 percent of Nepal's total exports was with India, which dropped to 45.3 percent in 1979-80, and increased to 68.1 percent in 1983-84. With regard to import, the share of India was 81.3 percent in 1974-75, 51.3 percent in 1979-80, 46.9 percent in 1983-84 and in the first nine-months of 1984-85 it was increased to 53.9 percent of the total imports of Nepal. While going through the items of Nepalese exports to India and overseas countries, it is seen that the quantity of commodities varied every year. In the year 1974-75 Nepal used to export rice, timber, dried ginger, herbs and mustard and linseeds to India. However, in the year 1983-84 except mustard and linseeds the quantity of exports of Rice, Timber, herbs, ghee, etc. declined substantially (Table 4). Nepal's export to overseas countries during the last ten years has a very dismal picture (Table 5). The exports of the products declined from the year 1981-82, and some of the products could not be exported at all. Whereas, exports of some other products such as readymade garments, carpets (hand knotted woollen) hides and skins, handicrafts have been increasing.

Balance of Payments Situation

The balance of payments position of Nepal became worst since 1982-83. The net reserve accumulated from 1979-80 to 1981-82 was of Rs. 482.6 million, whereas in the year 1982-83 and 1983-84 the overall balance of payments deficit was Rs. 801 million. Within the first nine months of 1984-85 the deficit in overall balance of payments was of Rs. 345.0 million (Table 6). The balance of payments deficit was high due to excessive imports and low exports.

Trade Policies

In order to use trade as an engine of economic growth, His Majesty's Government of Nepal (HMG/N) has adopted both fiscal and monetary measures in the past. Tariff alter trade, prices, output and consumption and re-allocate resources, change factor proportions,

redistribute income, change employment and alter the balance of payments. However, in Nepal, it seems, the tariff structure has been changed at different periods simply to enhance revenue.

In the midst of competition, existing in the sphere of industrialization, Nepal has established few import substitution industries like, sugar, cigarette, cotton textile, etc., and they need protection to ensure domestic market for their protective tariff wall on the imports of such products has helped considerably to strengthen national industries. The excise levied on the industrial products has further demanded for higher rate of tariff wall on the imports of manufactured products. Nepal with an intention to influence the level of consumption has stratified the tariff rates and a very high tariff rate has been levied on the luxurious commodities.

A comprehensive programming of trade tariff on different commodities has not yet been adopted in Nepal, but from the budget speeches of the Finance Minister, it is seen that there is a feeling with the government that the tariff policy should be directed to provide protection to domestic industries or to promote export. An example can be taken from the budget speech for the fiscal year 1978-79, in which it was emphasised to (a) give protection for the promotion of domestic industries, (b) provide incentives for the promotion of export³. The same type of feeling has been expressed in the budget speech for the fiscal year 1980-81.⁴

The tariff policies adopted by HMG/N in different periods show that the policy makers are conscious about the use of tariff instruments to promote export trade, to provide essential goods to the people, and to protect the domestic industries. But a comprehensive analysis on the impact of tariff on various aspects of the national economy has not yet been carried so far. In setting the tariff policy of the Government for the current year only an account of the tariff rates of the preceeding fiscal year is taken into consideration. This process has not given chance to analyse the overall impact of tariff on the economy. This reveals that the Finance Ministry is not concerned about finding out the degree of impact of tariff on consumption, on the promotion of exports and on the protection of national industries.

In Nepal's trade also the non-tariff barriers have played important role. Her non-tariff barriers exist due to policies originated within the country and the policies adopted by the Government of India. Sometimes Nepal has restricted the export of grains, oil seeds and industrial raw materials, so as to meet the domestic demand. But this has created a state of uncertainty in the mind of the importing countries leading us to loose our market for the products for the next time. Nepal is importing various essential products like, coal, iron, cement, paper, raw cotton, etc. on the basis of quota provided by India. The demand for these products has been increasing, but the amount of quotas of such goods provided by India is not increasing at the same rate leading to have an adverse effect on the development of different sectors of the Nepalese economy.

Another important non-tariff barrier influencing Nepal's trade is the licensing of the imports and exports by Government. Licensing of import-export trade has been limited to the trade with third countries other than India. It seems, this policy has been adopted to (a) channelize our overseas trade (b) promote export and (c) add revenue.

The licensing arrangement, though intended to regulate the trade turnover of the country in order to make it an engine of growth, yet in reality: turned to increase import trade. It helped to change to the direction of our trade from India to overseas countries, but could not exert effective influence on the development of production sector so that more marketable surplus could be created for export. The licensing policy of the government is liberal except in case of certain restricted products. There is a provision that the Department of Commerce can issue license without taking into consideration of the foreign exchange reserve with Nepal Rastra Bank. The liberal policy of import has exerted greater pressure on the foreign exchange holding of the monetary authority.

HMG/N with an objective to diversify Nepal's trade with overseas countries adopted Exporter's Exchange Entitlement (EEE Bonus System) in 1961-62. The need for the developmental capital goods in the country could not be met only by the imports from India. As a result of it, Nepal needed to develop overseas trade in terms of convertible currencies. With an aim to meet the need for convertible foreign exchange, it was imperative for Nepal to increase her exports, so the exporters were allowed to use certain portion of their export earning to import goods from overseas countries to subsidise their losses in carrying exports.

The introduction of EEE helped considerably in raising our export. Before the abolition of EEE scheme on March 31, 1978, various sorts of changes were made in the rates of foreign exchange provided to the exporters for the imports of manufactured goods. The rice in the volume of export was considerably influenced by the introduction of EEE. However, the market rates of premium on the bonus entitlement varied, depending on the items of imports. This had created a problem of uncertainties in the overseas trade, and it motivated the traders in overinvoicing the items of exports, with a lure to get more premium on import licenses.

The EEE scheme created various types of flaws in the system, which not only seemed to hinder the growth and stability of the export sector, but also threatened to affect other aspects of the economy adversely.⁵ It did not help to develop the export sector, for it encouraged to export primary products, without having any value additions to them. Similarly, pronounced distortions occurred in the imports too, and the traders were encouraged to import more of luxurious goods than the capital and developmental goods. Consequently, "development materials and essential consumer goods were in short supply; import of luxury goods started to become more prominent"⁶.

The government, with an aim to overcome the problems created by EEE scheme, adopted Dual Exchange Rate policy in March 1978, with an aim to achieve the objective of promoting overseas export. The Dual Exchange Rate scheme was also designed to fulfil the

objective of liberating the trade policy by creating two exchange rates of Rs. 12 and Rs. 16 per US Dollar. Under this scheme, the exchange rates of other convertible currencies were established on the basis of the two rates established for US Dollar. The exporters were paid in the Second rate and the importers were allowed to import freely except some restricted commodities. This led to enhancement in the overseas import realising the need for the reduction of import. The exchanged rate was changed on February 21, 1980 by reducing the second rate from Rs. 16 to Rs. 14 per US Dollar. Except the import of petrol and petroleum products, cement and fertilizers, all other items were imported in second rate. The private entrepreneurs had expressed that this had affected the industries adversely.

In order to promote the exports, the government felt that monetary measures would not be enough, so it was decided to provide subsidies to the exporters. However, due to delay in payments of such subsidies from the government, the exporters were not encouraged. The provision of cash subsidies, was also abolished with the announcement of devaluation of Nepalese rupees on 30 November 1985. It is hoped that the devaluation would enable the Nepalese exports to get foreign market.

Lapsed for Economic Development

The growth and diversion of foreign trade of Nepal have created various sorts of problems, which have inacted as lapses for economic development in Nepal.

High Import/Export Ratio

Trade can act as an important agent for economic development, when its volume expands. But in Nepal, the growth in the magnitude of trade is due to the growth of her imports rather than due to the growth of exports. Imports has expanded more than three times between 1975-76 and 1984-85. The ratio of import and export in 1975-76 was 1:1.7 while it went up to 1:5.6 in the year 1982-83 and it was still 1:2.9 in the last fiscal year. The growth in export between 1975-76 and 1984-85 was a little more than two times.

Import of Non-Essential Commodities

With the growth in Developmental expenditure of the government, more liquid assets are with the public. This capability has enhanced their level of consumption, and this has enhanced the imports because domestic industries are not developed to meet domestic demand. This sort of situation has increased the import of non-essential consumer goods pressuring the foreign exchange holding of the country.

Change in the Pattern of Consumption

With the growth in import trade and lesser restriction on the imports of commodities either from India or from the overseas countries, the pattern of consumption of Nepali has changed and it is based more on the imported products. So any policy if adopted to restrict import affects the consumption of the people. With the development of this sort of situation, it has become very difficult to shift the interest of the consumer from superior imported products to inferior domestic products.

Movement of Hot Money

With the growth of Nepal's trade with the overseas countries, due to existence of free trade between Nepal and India, Nepalese markets have been attracting the Indian consumers too. Consequently the influx of Indian tourists is also growing high, widening the size of Nepalese market. This sort of situation has attracted short term investment of non-Nepali nationals. This sort of money is very susceptible to the expected rate of profit from investment either in Nepal or any other countries. Any change in the movement of such money affects the domestic economy of Nepal.

Development of a Complex Situation

With the growth of foreign trade of Nepal, the economy is more upon to the stocks of international economic situation, for Nepal is a country exporting primary products, whose market is virtually declining in the developed countries because of the availability of close substitutes for Nepalese exports.

Similarly the market for Nepali products in the countries of South Asia is also limited because these countries do produce the same types of commodities, and they are embarking more on the policy of self-reliance in the production of primary products. On the other hand due to more open trade with the countries of East and South East Asia, more of foreign investment is entering into foreign trade sector of Nepalese economy. This sort of situation has created very complex situation.

The revenue structure of the government is highly dependent on the import duties and sales tax on the imported products. Any restriction on the import affects the revenue structure. The export is not in a position to meet the import, consequently to balance of merchandise trade is to be met from the income of services and other transfer payments and from aid in terms of grants and loans. Huge amount of current account deficit has pressurised on the foreign exchange holding of the monetary authority. In addition, any policy adopted through monetary and fiscal measures by the government, to control and channelise Nepalese foreign trade is neutralised by other distortions.

If high tariff wall is levied on the imports, there will be differences in the prices of products in Nepalese and Indian markets, consequently, products will start moving into Nepalese market through unofficial channel. Similarly the control over overseas import through licensing is done even at present, but the movement of Nepali to overseas is so high that the quantity of products which they bring from the overseas countries as their personal belongings, by and large, is in a position to meet the requirements of Nepalese markets for consumer goods.

The creation of complex situation in the arena of foreign trade of Nepal, has not led to make trade as a vehicle of economic growth. It has acted to fulfill its traditional function of raising the level of satisfaction, by supplying commodities from one market to another. The backward linkage of foreign trade could not be established. It has not been able to change the investment structure of the economy as what it ought to.

Successes for Economic Development

The story on lapses occurring in the process of economic development through the expansion of Nepalese foreign trade is not complete if we do not take into consideration, how the trade sector has acted as a means of bringing changes in Nepalese economy, thereby helping economic development. In my opinion, the following are the main areas, which influenced the process of economic development in Nepal.

Growth of Trade

The expansion of Nepal's trade has helped considerably in acquiring developmental goods, and raw materials for industries. Nepalese products basing on the resources endowment, are being exported to other countries. There is diversification in exports. Different types of products are exported to other countries.

Diversification of Trade

After 1860's Nepal has been endeavouring for the diversification of her trade. Consequently her trade with overseas trade has enhanced substantially. In the year 1963-64 the volume of trade turnover with countries other than India was of Rs 15.8 million⁷, increased to Rs.481.8 million in 1974-75, Rs.4103 million in 1982-83 and it declined to Rs.3141.3 million in 1983-84. The diversification of trade has helped Nepal to acquire which could not be available in the market of South Asian countries. Nepal could get products at a competitive price.

Development of an Open Economy

With the development of trade, the then closed and isolated economy of Nepal is now more open. Nepal is trying to reap the economies of international division of labour. She has now the opportunity to deal with any market of the world. This sort of openness has no doubt created a situation, where Nepalese economy has to face the shocks of international economic changes. This sort of challenges of the international economy make Nepali planners and decision makers more cautious about the allocation of resources. The present devaluation of Nepalese rupee can be taken as an important example. The lesser capability of our economy to enhance the productive capacity, due to heavy concentration on the development of infrastructure led to the creation of disequilibrium in the balance of merchandise trade, which ultimately led to the depreciation of the value of Nepalese currency. This has created a challenge to the Nepali decision makers to change the pattern of investment. Now there is the wave of raising productivity, thereby reallocating the resources in a way to gear the economy towards that direction. With the development of an open economy, Nepal is also facing the challenges of modernisation, and it has really developed our capability. Nepal has the opportunity to share the experiences of other countries too.

Development of Trading Skill

With the growth and diversification of Nepalese trade the trading capability of

alese traders has developed very much. Nepalese traders in the past were basically threshold traders, who used to bring products from India or Tibet. They did not have the exposure of the highly volatile and fluctuating markets of the world. The corporate trading activity was not developed. But with the recent growth of trade new enterprising both in public and private sector is developing the group of educated young Nepali people. This class can take the responsibility for developing industrial sector in the future.

Diversification in Economic Activities

With the growth of trade, and with the difficulties in the marketing of traditional products, more focus has been given for the development of non-traditional sectors. Consequently some of the industries like carpet, curio and handicrafts are being developed. Similarly in order to reduce the volume of imports thrust has been given on the development of import substituting industries producing essential commodities.

Challenges to the Development of Foreign Trade

The development of foreign trade in Nepal is beset with several challenges, which are inherent in her internal economy. In addition, she is facing challenges from external economic shocks.

Large Imports to be Paid

The basic problem is to pay large amount of imports, which is expanding every year. However, the exports to pay for imports is of smaller in the amount. Without enhancing the productivity of domestic sectors it is rather difficult to enhance her exports. Grants given by different foreign countries are also used for paying the current deficit in the balance of payments.

Growing Development Expenditure

The development expenditure of the government is expanding every year, and the deficit financing is also increasing year by year and the major part of the governmental expenditure is directed towards the creation of infrastructure. This has created more employment and income of the people involved in such infrastructure building. This has caused for more imports of both capital and consumer goods, because domestic industries are not developed for the production of such commodities

Less Marketable Surplus

As the population of Nepal is growing at the rate of 2.7 percent per annum, the marketable surplus of food grains is declining. With the failures of monsoon, the domestic production of food grains will not be sufficient to meet the demand. The agricultural productivity has not increased, the addition of more land for cultivation is also limited. If the growth of population will have the same rate and if more intensive cultivation is not carried there will not be any surplus of grain to be marketed to other countries.

Development of Import Based Industries

Many industries developed during the last twenty five years are based on raw materials imported from other countries. This has exerted a great pressure on the demand for foreign currency. In the name of industrialisation, industries are getting all sorts of facilities. However, they have not been able to use domestic raw materials. The import based industries are more directed towards the production of consumer goods for cosmetic market rather than for exports. In addition some industries like readymade garments are also using non--Nepali labourers debarring job opportunities to the Nepali people.

Faster Growth in the Economies of Neighbouring Countries

The economies of India and China are growing at a faster rate, with their policies of self-reliance. With the growth of these two economies, Nepal is having easy accessibility to the market of these economies, consequently more of manufactured products are entering into Nepal. If Nepal could not catch up the pace of economic development occurring in neighbouring countries her economy will be a very weak economy with heavy dependence on imports. Nepal has to face competition from both the economies, which are enjoying the economies of large scale production. In addition when these two economies become more stronger, and self-reliance then for Nepal it would be difficult to sell her products (especially food grains) to the markets of these two neighbouring countries.

Difficulties of Getting Market

The markets of the overseas countries are very limited to the products, which Nepal is in a position to supply. Nepal has been producing primary products such as jute, dry ginger, large cardamom, etc., but in the markets of developed countries the demand for such products is decreasing. Consequently the producers are affected negatively. The nature of the markets of developed countries is changing very quickly with the changes in fashion, taste and due to introduction of varieties of products. But it is very difficult to change the pattern of production both in agriculture and industry. All these have caused for difficulties in getting markets for our products in the overseas market.

Open Boarder with India

Bulk of Nepal's trade is either with India or carried through Indian territory. Free and virtually unrestricted trade with India has developed Nepal's trade with India. If Nepal intends to lay any embargo or tariff on some products imported from India then such products do not come through official channel. Similarly, if Nepal intends to supply some essential commodities such as fertiliser at a subsidised rate, in that condition such essential products are smuggled out into India, because of better prices.

Views on The Development of Trade in Future

Nepal being a small country, with smaller size of her domestic market, there is the

lesser possibilities of having diversified type of industries, with large scale operation. She has to depend on trade in order to meet her domestic demand, and at the same time she has to reap the economies of international division of labour by enhancing her export capabilities. Hence, the development of trade is much more important for Nepal.

However, the analysis of the current issues in Nepal's foreign trade and the measures so far adopted by HMG/N to solve them have shown that some alternative arrangements are to be made in making trade as a vehicle of growth. In this process, I have tried to present some of my observations.

Trade can act as a means of development if we are in a position to (a) export national products, and (b) enhance and diversify our productive capacity. The first line of approach is a policy of export promotion, where all the activities of the economy will be geared up towards seeking the benefit of international market, and in case of the second, trade will be made an instrument to diversify the economic activities by substituting imports.

In the first stage, our trade policy should be directed towards such direction, which will help to develop industries producing import substituting products. Economists oppose this viewpoint on the ground that it will make the domestic industry inefficient due to monopoly over the domestic market. Besides, they further advocate that a smaller country, like Nepal, should not limit herself to the policy of import substitution but should base on the policy of export promotion. However, for export promotion, we must be in a position to enhance substantially the volume of our exportable products. But with the given productive capacity it is very difficult to develop export directed industries in this earlier phase of industrial development. On the contrary, the adoption of import substitution policy would help us to diversify our economic activities. Seeing the present state of our productive capacity and the pattern of trade, I feel, without diversifying our economic activities, we will not be in a position to promote our export. In addition, it is imperative for Nepal to achieve self-reliance in producing goods needed, for fulfilling the basic needs of the people. If we can achieve this, we will be in a position to absorb the shocks of international economic changes, without distorting our economic equilibrium.

In my opinion there is a need to strike a balance between import substitution policy and export promotion policy. This demands for a comprehensive trade policy of the government. The policy should take into consideration of (a) the development of private as well as public sectors in trade, (b) the development of national corporate sector in trade, (c) the establishment of balance between the trade with overseas countries and neighbouring countries.

Another important activity, which Nepal needs to pay immediate attention, is the formulation of a high level monitoring body composed of the government official, private traders and experts in order to:

- (a) Provide current marketing information on the international market and the markets of some specific countries;

- (b) build contacts with foreign trade organisations for both export and import trade;
- (c) provide training in trading practices and trade management;
- (d) project the domestic demand for specific imports;
- (e) identify countries with whom Nepal can have bilateral, regional or multilateral trade and
- (f) build vertical and horizontal links with the trading concerns of the country.

The adoption of certain partial policy, like the EEE or Dual Exchange Rate or Cash Subsidies for Exporters or some changes in the rates of tariff, without analysing their impact on the productive capacity of the country, will simply create distortion, and it will not have any impact on developing industry and agriculture. Hence, we have to adopt a macro approach where we can judge the efficacy of such promoting instruments, on one hand, and, on the other, we can adopt various other ways to support such instruments.

In the last, I would like to say that trade being an important sector in our national economy if left alone to function automatically, it would thwart our developmental efforts. Hence, a comprehensive planning of trade is the need of our time.

APPENDIX

Table 1
Dynamics of Trade Turnover*
(1956/57-1984/85)

(In million Rupees)

Year	Exports	Imports	Total	Balance		Output-Input Ratio
	f. o. b.	c. i. f.		(+)	(-)	
1956/57	95.5	169.9	265.4	-74.4		1:1.8
1960/61	209.7	398.0	607.7	-186.3		1:1.9
1965/66	375.1	782.0	1157.1	-406.9		1:2.1
1970/71	400.6	699.1	1099.7	-298.5		1:1.7
1975/76	1208.7	2021.6	3230.3	-812.9		1:1.7
1979/80	1150.5	3480.1	4630.6	-2329.6		1:3.0
1980/81	1608.6	4428.2	6036.8	-2819.6		1:2.8
1981/82	1491.5	4930.2	6421.7	-3438.7		1:3.3
1982/83	1132.0	6314.0	7446.0	-5181.9		1:5.6
1983/84	1703.9	6514.3	8228.2	-4810.4		1:3.8
1984/85 ¹	2759.9	7908.6	10668.5	-5148.7		1:2.9

* Custom based data

* Provisional (include first two quarters revised figure and last two quarters provisional figure)

Source : Nepal Rastra Bank and Central Bureau of Statistics.

Table 2 (a)
Commodity Trade By SITC Group: Exports

SITC Group	(Rs. in million)							
	1974/75*	1979/80	1980/81	1981/82	1982/83	1983/84	First Nine Monthsh	
							1983/84 +	1984/85 +
<i>Exports</i>								
Food and Live Animals	517.5	306.5	588.7	735.9	327.7	584.1	343.6	695.8
Tobacco & Beverage	0.4	2.6	15.4	18.4	13.3	5.3	5.5	-
Crude Materials Inedibles	213.3	469.6	561.6	397.3	336.4	372.7	286.1	350.8
Mineral Fuels & Lubricants	1.5	0.5	0.4	1.0	0.7	3.3	1.1	1.3
Animal & Vegetable Oil and Fats	2.4	20.4	37.8	44.0	42.2	67.6	70.4	53.3
Chemicals & Drugs	0.9	1.3	3.9	1.5	1.8	6.3	4.8	0.8
Manufactured goods Cla- ssified by Materials	28.1	291.8	254.3	225.4	357.3	581.6	510.1	498.8
Machinery & Transport Equipment	2.1	3.2	1.8	9.1	7.9	24.4	20.1	26.1
Miscellaneous Manufactured Articles	58.3	54.0	143.0	58.1	44.6	57.7	23.2	332.9
Commodity & Transaction not Classified	12.1	0.6	1.7	0.8	0.1	0.8	0.1	0.2
Total	889.6	1150.9	1608.6	1491.5	1132.0	1703.8	1265.0	1961.0

* Totl does not tally since SITC sub-group consists of eleven months figures only.

* Provisional.

Table 2 (b)
Commodity Trade By SITC Group: Imports

SITC Group	(Rs. in million)							
	1974/75	1979/80	1980/81	1981/82	1982/83	1983/84	First Nine Months	
							1983/84 +	1984/85 +
<i>Imports</i>								
Food and Live Animals	243.1	412.9	601.2	619.2	924.7	728.4	433.3	471.1
Tobacco & Beverage	18.9	25.9	24.8	35.6	62.5	71.8	16.1	10.5
Crude Materials, Inedibles	63.8	100.9	115.5	142.6	206.3	266.2	264.5	293.6
Mineral Fuels & Lubricants	182.7	409.7	583.6	579.3	701.9	749.2	541.6	665.7
Animal & Vegetable Oil and Fats	.0	26.0	92.5	64.3	66.3	78.5	60.2	122.2
Chemicals & Drugs	179.5	396.7	527.3	599.2	646.0	698.5	538.7	715.5
Classified by Materials	509.5	1089.9	1259.2	1555.5	1936.8	1801.9	1305.1	1782.6
Machinery & Transport Equipment	270.1	719.7	802.9	892.0	1180.9	1651.2	1457.8	1376.6
Miscellaneous Manfuactured Articles	198.1	288.3	407.6	430.2	584.3	466.3	404.4	348.6
Commodity & Transaction not Classified	29.9	10.2	13.6	12.3	4.3	2.4	0.1	6.6
Total	1814.6	3480.2	4428.2	4930.2	6314.0	6514.3	5021.8	5793.0

Source: Nepal Rastra Bank

Table 3
Direction of Foreign Trade

(Rs. in Million)

Description	1974/75	1979/80	1980/81	1981/82	1982/83	1983/84	First Nine Months	
							1983/84	1984/85
Exports F.O.B	889.6	1150.5	1608.5	1491.5	1132.0	1703.9	1257.5	1961.0
India	746.7	520.9	992.3	994.4	843.3	1160.7	876.0	1239.3
Other Countries	142.9	629.6	616.2	497.1	288.7	543.2	381.5	721.7
Imports C.I.F.	1814.6	3480.1	4428.2	4930.3	6313.9	6514.3	4747.3	5793.0
India	1475.7	1786.4	2179.2	2280.9	2499.6	3058.0	2149.2	3125.2
Other Countries	338.9	1693.7	2249.0	2649.4	3814.3	3456.3	2598.1	2667.8
Trade Balance	-925.0	-2329.6	-2819.7	-3438.8	-5181.9	-4810.4	-3489.8	-3832.0
India	-729.0	-1265.5	-1186.9	-1286.5	-1656.3	-1897.3	-1273.2	-1885.9
Other Countries	-196.0	-1064.1	-1632.8	-2152.3	-3525.6	-2913.1	-2216.6	-1946.1

Source: Nepal Rastra Bank

Table 4(a)
Export Of Major Commodities To India

(Quantity)

Unit	1974/75	1979/80	1980/81	1981/82	1982/83	1983/84	First Nine Months	
							1983/84	1984/85
Exports to India								
Rice (husked) MT	65371	880	40002	36503	2529	16670	3041	41453
Timber Cu.M.	4499	104342	135246	44516	14829	4047	117	24
Maize MT	N. A.	2248	17749	15988	214	201	—	5266
Mustard & Linseeds MT	7975	—	—	—	—	10939	10509	2109
Herbs MT	1138	1639	1759	2764	1867	1128	864	1301
Ghee MT	2072	707	1804	624	877	1085	874	322
Dried Ginger MT	3216	1121	1117	1067	808	879	653	420
Raw Jute MT	—	3425	15302	13581	19864	7009	6280	963
Jute Cuttings MT	—	3654	12145	8388	1465	445	445	(963)
Jute Goods MT	—	691	1392	13219	22749	17314	14374	10245
Hessian MT	—	(411)	(369)	(3081)	(7430)	(5730)	(4762)	(3373)
Sacking MT	—	(61)	(913)	(9408)	(13531)	(8670)	(7482)	(4407)
Twine MT	—	(219)	(110)	(730)	(1788)	(2914)	(2130)	(2465)

Source: Nepal Rastra Bank

Contd.

Table 4 (b)
Export Of Major Commodities To India

	Value (Rs. million)							
	1974/75	1979/80	1980/81	1981/82	1982/83	1983/84	1983/84	1984/85
<i>Exports to India</i>	512.5	213.7	524.0	440.3	372.8	499.7	362.3	449.2
Rice (husked)	283.2	2.9	117.6	136.5	11.3	75.2	16.0	182.1
Timber	116.7	136.1	226.2	87.2	28.8	7.9	6.4	1.3
Maize	—	2.7	24.5	26.1	0.3	0.4	—	7.3
Mustard & Linseeds	29.4	—	—	—	—	75.8	73.5	10.8
Herbs	2.2	13.5	16.5	6.4	5.9	8.0	4.1	19.8
Ghee	52.0	21.2	54.0	26.2	36.8	45.8	36.5	15.8
Dried Ginger	29.0	8.6	10.8	15.3	19.3	37.1	27.3	16.3
Raw Jute	—	12.9	46.4	43.4	85.5	36.5	30.0	9.7
Jute Cuttings	—	7.5	17.7	18.2	5.2	1.2	1.2	—
Jute Goods	—	8.3	10.3	81.0	179.7	211.8	167.3	186.1
Hessian	—	(6.5)	(3.6)	(27.1)	(79.1)	(91.7)	(71.4)	(76.2)
Sacking	—	(0.3)	(5.9)	(49.8)	(88.0)	(89.6)	(75.2)	(68.9)
Twine	—	(1.5)	(0.8)	(4.1)	(12.6)	(30.5)	(20.7)	(40.0)

Table 5
Export Of Major Commodities To Overseas Countries

(Volume in Metric Ton)

Commodities	1974/75	1980/81	1981/82	1982/83	1983/84	First nine months	
						1983/84	1984/85
Raw Jute	20637.0	26574.0	19488.0	4011.0	-	-	-
Jute Goods	-	3568.0	164.0	-	-	-	-
Sub-total	20637.0	30142.0	19652.0	4011.0	0.0	0.0	0.0
Pulses	1462.0	5063.0	7901.0	509.0	678.0	544.0	2840.0
Rice	1748.0	-	17061.0	-	-	-	-
Linseed	1713.0	-	-	-	-	-	-
Oil cake	-	150.0	-	-	-	-	-
Rice Bran cake	-	1181.0	-	-	-	-	-
Turmeric	-	-	-	-	-	-	-
Cardamom (large)	334.0	488.0	305.0	260.0	260.0	160.0	150.0
Dry Ginger	178.0	57.0	-	-	-	-	-
Medicinal Herbs	63.3	32.0	19.3	12.3	17.0	17.0	21.0
Catachue	208.0	8335.0	200.0	100.0	320.0	220.0	150.0
Bristle	10.5	-	0.5	-	-	-	-
Woollen goods	-	-	-	-	-	-	-
Nepalese paper & paper products	-	-	-	-	-	-	-
Hides & Skins*	277121.0	2118996.0	1953433.0	2454658.0	4033513.0	2618550.0	3059157.0
Carpets (Hand knotted wollen**)	18977.0	79623.0	98740.0	150622.0	262852.0	99499.0	161194.0
Reaymade Garments	-	-	-	-	-	-	-
Handicrafts	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Total without Jute & Jute goods	-	481332.0	-	-	-	-	-
Grand Total	-	604659.0	-	-	-	-	-

Note: * Quantity in Pcs

** Quantity in Sq.m;

Source; Trade Promotion Centre.

Table 5
Exports Of Major Commodities To Overseas Countries

(Rs. in Million)

Commodities	1974/75	1980/81	1981/82	1982/83	1983/84	First Nine Months	
						1983/84	1984/85
Raw Jute	45.9	94.7	62.6	13.7	—	—	—
Jute Goods	34.3	26.8	1.5	—	—	—	—
Sub-total	80.2	123.3	64.1	13.7	0.0	0.0	0.0
Pulses	8.0	40.1	58.2	3.0	6.0	4.7	2.6
Rice	3.8	—	86.1	—	—	—	—
Linseed	6.0	—	—	—	—	—	—
Oil cake	—	0.4	—	—	—	—	—
Rice Brancake	—	1.2	—	—	—	—	—
Turmeric	—	—	—	—	—	—	—
Cardamom (large)	6.7	18.0	7.4	5.8	6.5	4.0	7.8
Dry Ginger	5.3	0.1	—	—	—	—	—
Medicinal Herbs	9.9	0.9	0.5	0.5	0.6	0.6	0.6
Catechu	0.9	3.0	1.9	0.9	3.6	2.4	1.9
Bristle	2.3	—	0.1	—	—	—	—
Wollen Goods	6.7	10.2	5.1	4.8	3.9	0.5	1.3
Nepalese Paper & Paper Products	2.9	46.2	0.4	0.7	1.2	1.0	1.8
Hides & Skins*	6.0	137.4	93.3	95.1	155.6	99.0	176.2
Carpets (Hand knotted wollen**)	7.9	65.0	84.0	137.8	265.4	198.7	177.7
Readymade Garments	1.3	13.0	13.8	10.0	20.5	6.6	291.8
Handicrafts	17.5	100.2	12.2	9.4	12.6	9.2	9.7
Miscellaneous	1.2	45.1	35.2	8.0	3.5	4.9	2.8
Total without Jute & Jute goods	86.4	430.8	398.2	276.0	479.4	331.6	674.2
Grand Total	166.6	604.1	462.3	289.7	479.4	331.6	674.2

Table 6
Balance of Payments Summary

Description	1974/75	1979/80	1980/81	1981/82	1982/83	1983/84	(In Million Rs.)	
							First Nine Months 1983/84	1984/85*
Exports F.O.B.	884.8	1152.7	1612.7	1496.0	1135.8	1709.9	1262.1	1965.6
Imports of C.I.F.	2057.2	3569.3	4442.9	4948.0	6332.8	6533.5	4761.6	5810.8
Trade Balance	-1182.4	-2416.6	-2830.2	-3452.0	-5197.0	-4823.6	-3499.5	-3845.2
Services, Net	280.8	873.2	1117.0	1378.0	1634.9	1406.8	1038.2	1064.5
Receipts	(693.3)	(1719.0)	(2070.1)	(2292.5)	(2521.8)	(2580.4)	(1863.6)	(1999.2)
Trael	170.6	636.8	773.4	841.5	844.2	561.0	402.2	510.2
Investment Income	108.7	190.3	159.9	197.0	203.0	94.6	52.5	50.1
Others	414.0	891.9	1136.8	1254.0	1474.6	1924.8	1408.9	1438.9
Payments	(412.5)	(845.8)	(953.1)	(914.5)	(886.9)	(1273.6)	(825.4)	(934.7)
Transfers, Net	564.7	1188.2	1417.3	1681.7	1890.7	2073.4	1597.7	1730.5
Receipts	(598.7)	(1201.3)	(1435.5)	(1705.4)	(1923.8)	(2111.3)	(1628.3)	(1751.5)
Private Remittance	204.3	357.3	484.2	477.1	549.7	614.1	422.9	432.1
Official Grants	282.8	762.7	860.8	1157.0	1315.0	1381.2	1128.2	1220.6
Indian Excise								
Refund	108.2	36.9	57.3	40.3	8.6	59.5	43.1	77.4
Others	3.4	45.4	33.2	31.0	50.5	56.5	34.1	21.4
Payments	(34.0)	(13.1)	(18.2)	(23.7)	(33.1)	(37.9)	(30.6)	(21.0)
Current Acc.								
Balance	-336.9	-355.2	-295.9	-392.3	-1671.4	-1343.4	-863.6	-1050.2
Official								
Capital Net	86.7	577.3	633.8	774.1	924.4	1203.5	736.2	723.9
Foreign Loans	(104.0)	(598.0)	(664.9)	(806.5)	(963.9)	(1274.3)	(803.1)	(807.0)
Amortization	(-17.3)	(-20.7)	(-31.1)	(-32.4)	(-39.5)	(-70.8)	(-66.9)	(-83.1)
Miscellaneous								
Capital	-168.7	-195.7	-143.8	-119.7	72.0	13.9	168.8	-18.7
Change in								
Reserves, Net	-418.9	26.4	194.1	262.1	-675.0	-126.0	41.4	-345.0

*Provisional.

Source: Nepal Rastra Bank.

Foot notes

1. The Rising Nepal, January 8, 1986.
2. HMG/N, Ministry of Finance, *Economic Survey*, 1984-85 (Kathmandu: Ministry of Finance, 1985), p. 45.
3. HMG/N, Budget Speech of the Fiscal Year 1978-79 by the Finance Minister (Kathmandu: Ministry of Finance, 1978), p. 16.
4. HMG/N, Budget Speech of the Fiscal Year 1980-81 (Kathmandu: Ministry of Finance, 1980), p. 16.
5. HMG/N, Budget Speech, 1979-80, *Op. Cit.*, p. 4.
6. *Ibid.*, p. 4
7. Nepal Rastra Bank, *Twenty Five Years of the Working of Nepal Rastra Bank* (Kathmandu: NRB, 1981), p. 47.