



Linkages among Expatriates for Agribusiness Promotion in Nepal: Present Scenario

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Received: May 08, 2019; Published: May 24, 2019

DOI: 10.31080/ASAG.2019.03.0497

Abstract

High growth of commercial agriculture production with its minimum cost of production is the prerequisite for the promotion of agribusiness and marketing in Nepal. For this, among other things, strong linkages and smooth coordination among the expatriates is indispensable for the effective and efficient results of agro-industry sector. However, in Nepal, in spite of the different approaches used at different time interval for the improvement in these areas, lots of things have left behind for necessary actions. For this, it is visualized that there is a great need to modify the system of conventional type of linkages to satisfy the present need of stakeholders involved in the developing process of agriculture production as well as agribusiness.

Keywords: Agri-Business; Present Scenario; Research; Private Sector; Constraints; Policies

Introduction

Agriculture is the main source of livelihood for the majority of population in Nepal. About 65 % of the rural population is engaged in agriculture. Agriculture sector still contributes 30.3 percent in the total Gross Domestic Product (GDP) [1]. Agriculture is central to national economy. Nearly 65.6 percent of the households are principally engaged on the agriculture sector for their livelihoods. But urban-rural disparities are high, and over 80 percent of Nepal's poor people live in rural areas [2]. Gross Domestic Product (GDP) in Nepal has grown more slowly than in any other country in South Asia- 5.4 percent in 2014, with an annual average of 4.43 percent between 2006 and 2014. As of 2014 the country had the lowest per capita Gross Domestic Product (GDP) in South Asia. More than half of all Nepalese households have a family member who has migrated for work. An estimated 2 million people are working abroad and their remittances make up 20 percent of Gross Domestic Product (GDP) [3].

For the backstopping of agribusiness and marketing, the prime concern is the high growth of agriculture production with its minimum production cost. For this, due attention should be paid to improve the present scenario of agribusiness sector. Now, besides

the government efforts, many stakeholders like Non-Governmental Organizations (NGOs), International Non-Governmental Organizations (INGOs), and Universities are playing key role in field of agribusiness research and extension. However, the efforts made in these areas in the past years are far from efficiency to increase agriculture production as well as to promote agribusiness as expected. So there is an urgent need to modify in the present research and extension systems with a view to meet the needs of the target groups. Additionally, there is a need to apply several suitable techniques to educate agri-entrepreneurs by applying available improved technologies effectively [4].

As the global agriculture has become more industrialized, research needs within agricultural economics have changed, with a greater emphasis in agribusiness. In particular, there is an increasing need for research on the operations of the agribusiness sectors as supply and value chains become more tightly aligned, business becomes more consolidated with mergers, acquisitions, joint ventures, and strategic alliances.

Agriculture extension services are established for the purpose of changing the knowledge, attitudes, practices and skills of farming people through the dissemination of improved

technology. However, the extension is basically an educational function. Research has very crucial role to generate an appropriate technology, which needs wider participation of farmers and extension workers. No technology is adopted by the farmers unless it is easy to access and is compatible with their socio-cultural values and resources. Education itself is very vital in the human being for making appropriate decisions in various parts of life, whether it is social, economical, cultural, or political. Similarly, the degree of technology adoption is also highly influenced by the level of education of farming communities, and it is no matter whether university degree or an informal education. This paper aims to focus towards present status of expatriates of agribusiness sector: education, research and extension linkages, basically the past scenario, present situation and some suggestions on the part of coordination.

Methodology

This study is solely based on the secondary data and literature review. The author has also utilized his personal experiences working in agribusiness sector in Nepal.

Discussions

Agribusiness and marketing policies in Nepal

The highlights of different agri-business policies in Nepal are:

- The central theme of Agriculture Prospective Plan (APP) is agri-business which includes agricultural markets and marketing of high value crops and livestock which obviously is the “Engine of Agricultural Economic Growth” [5].
- The government has issued the model (Agribusiness Promotion Act [6] for the promotion and professionalization of agriculture by strengthening relations between farmers and agribusiness persons.
- National Agriculture Policy (2004) has provision of Terms of Trade and Large commercial production packets.
- Agriculture Development Strategy [7] has provision of profitable commercialization of agri-business sector [7].
- Nepal as a member of World Trade Organization (WTO) and its agreements: Sanitary and Phyto-Sanitary (SPS) and Technical Barriers for Trade (TBT), South Asian Association for Regional Cooperation (SAARC) and Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) regulating its plans and policies.

- High priority on diversification, modernization, commercialization and promotion of agriculture sub-sector.
- Important role of private sector to promote commercial farming.
- Promotion of internal and external markets.
- Boosting agricultural trade through developing partnership mechanism through Public Private Partnership (PPP).
- Agri-business service centers establishment for quality agriculture inputs and services.
- Emphasis on special economic zones for agro-industry development- Commercial, Organic and Export areas.
- Infrastructure development for processing and marketing as a foundation for commercialization and diversification.
- Promotion of partnership approach between government and private sector for agriculture development.
- Private sector involvement for the export of quality goods and market network.
- Focused on market oriented and competitive agriculture.

Problems of agribusiness and marketing in Nepal

The major constraints are; lack of good infrastructure- storage facilities, market center, roads, and communication. There are scattered and small production units. Obsolete and inefficient technology, lack of farm managerial skills, difficulty in assessing financing support, fragmented land and small land holding. The major marketing problems are; basically the market is close to perfectly competitive while marketing firms are oligopolistic or monopolistic, there is less bargaining power of farmers, poor marketing facilities and sales networking, high transportation and distribution loss, inadequate market infrastructure and market information system. The highlights of different agri-business and marketing problems in Nepal are:

- Inadequate modern farm machineries, tools and technologies.
- Lack of genetic engineering technology.
- Absence of resource centers providing consultation related to agriculture.
- Poor government support and subsidy.
- Inadequate manpower for scientific research and innovation related to agriculture.

- Lack of skilled manpower (labors, engineers, researchers, scientists, entrepreneurs and investors).
- The goods produced within the country have tough time competing with the products imported from India.
- The lack of technology to control the diseases in agricultural crops, fowls and animals could pose serious threats to the respective businesses (e.g. Bird flu in chickens).
- The volatile political environment of the country has resulted serious threats.
- Lack of visionary manpower and ineffectiveness of the education system has poor commercialization of agriculture.
- Yield gaps, food shortage and subsistence farming.
- Poor linkages between technology generation and dissemination.
- Subsidy removal on agricultural inputs
- Fast depletion of natural resources.
- Labor scarcity and limited trained human resources.
- Vegetable processing, floriculture, fruit, flower seeds, vegetable seeds, NTFP products, tea, sugarcane, spices, livestock industry, dairy, coffee, cardamom, apple and citrus are suitable for foreign investment.
- Increasing population, thus higher number of consumers.
- Decreasing manpower in agriculture, thus rise in potential number of buyers.
- No problem of market to sell a significant portion of agricultural production as we have to import a lot of agricultural products from India currently.

Importance of linkages among the education, research and extension in agribusiness promotion

Research

In Nepal, research is the mandate of National Agriculture Research Council (NARC) under which various research stations and commodity programs are carrying out research in order to generate new technology and innovation. It coordinates research activities through its regional headquarters and several research stations in the country.

Extension

Government of Nepal (Department of Agriculture) conducts agricultural outreach through its regional, provincial and knowledge centers in the nation. Similarly the extension part is the mandate of Department of Agriculture, which covers all the provinces, districts and local wards in its networking. Nepal agriculture sector has witnessed tremendous growth in NGOs, private sector and agricultural enterprises, and cooperatives improving agriculture production, poverty alleviation and agricultural sustainability.

Education

Higher education in agricultural sciences in Nepal began in 1972 with the establishment of Tribhuvan University (TU) Institute of Agriculture and Animal Sciences (IAAS) in Rampur, Chitwan. Currently, Nepal has three agricultural universities Institute of Agriculture and Animal Sciences (IAAS) under TU, Himalayan College of Agricultural Science and Technologies (HICAST) and Nepal Poly-technique Institute (NPI) under Purwanchal University (PU) and Agriculture and Forestry University (AFU). Beside these, there are various other non-academic technical schools and training centers that are providing informal education. Similarly, various other institutions like I/NGOs, private sectors are

Opportunities for agribusiness promotion in Nepal

Nepal being rich in agro-biodiversity, niche specific commodities that have comparative advantage could be produced in fair quantity to meet the demand of huge market of neighboring India and China as purchasing capacity of people in those countries has improved markedly mainly for quality agriculture commodities. The opportunities for agribusiness promotion in Nepal are:

- Differing socio-economic development and the effect of globalization-diversified lifestyles and food preferences-demand increasing for processed food.
- Export structure change from raw material to processed industrial goods.
- Introducing modern technology and management system from developed countries.
- Opportunity to establish joint ventures with foreign countries.
- Growth of financial institutions in Nepal.
- Government priority area.
- Technology adaptation- technical potential to increase yield.
- Organic products.
- Higher competitive of niche products.

involved in the process of community development. In fact, they have contributed a lot in agriculture sector, but the linkages and coordination system is unsound, so the implemented programs could not help the target group in increasing income as expected. Therefore, it is urgent to make effective and efficient use of their huge amount of resources and to make transparent among the stakeholders through the mainstreaming of strong linkages and smooth coordination. In general, Nepali agriculture graduates are academically prepared to solve challenges of agribusiness promotion in Nepal. Unfortunately, despite the growth of higher educational institutes, they have remained stagnant in carrying out research projects efficiently. Extreme political interference has hindered the quality of education. AFU’s establishment of regional colleges in one in each province is the positive step toward university’s long-term vision. TU’s and PU’s newly affiliated colleges need greater resources facilitating the students to carry out effective research programs. Coordination among universities and government agricultural institutions is unsatisfactorily weak. There is need of synergistic alliance amongst all agricultural enterprises, institutions for promoting agribusiness in Nepal. There is various lacking with respect to the research and the extension linkages [8]. Inefficient research results are due to the following reasons:

- Research without real participation of farmers.
- Poor facility of credit with respect to high demand of new technology for research.
- Technical efficiency of researcher and technician is very low.
- Low allocation of budget in agriculture research sector.
- Negligible participation of stakeholders from programs designing to evaluation.

- Both the researcher and extension workers have no confidence on their outputs.
- Lack of commitment and accountability of implementer (both GOs/NGOs and private sector).
- Use of homogeneous technology does not meet the demand of micro-diversified agriculture system.
- Various research studies are yet to be done in agribusiness sector in Nepal.
- Agriculture colleges and universities are not strongly linked up with the main stream of research and extension.

The priority areas to be focused by the research, extension and education sector are

- Advantageous varieties of crops.
- Technology on organic farming.
- Appropriate extension methodologies.
- Cost effective technologies.
- Research on agro-industry based commodities.
- Finding and promotion of niche crops.
- Development of offseason varieties.
- Technology based on local resources.
- Market oriented technology.
- Appropriate technology such as ICT and mechanization for attracting young generation.

Scenario of agricultural statistics in Nepal

Land use statistics in Nepal

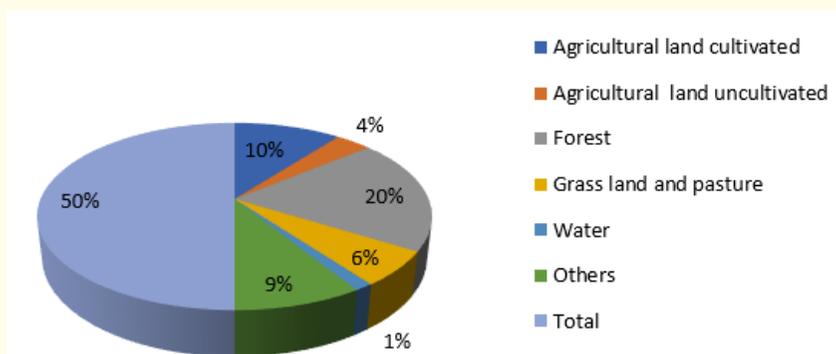


Figure 1: Land use statistics in Nepal (%)

Source: MoA [1].

GDP contribution by agriculture sector

Particulars	2015/16		2016/17		2017/18	
	Price	Percent	Price	Percent	Price	Percent
Agriculture and Forestry	583692	30.3	611705	20.8	651469	29
Fishing	8659	0.4	9261	0.4	10487	0.5
Non Agriculture	1336166	69.3	1503684	70.8	1586735	70.5
Total	1928517	100	2124650	100	2248691	100

Table 1: GDP contribution by the sector in Nepali Rupees (NRs) million.

Source: MoF [9].

Percentage of people engaged in agriculture

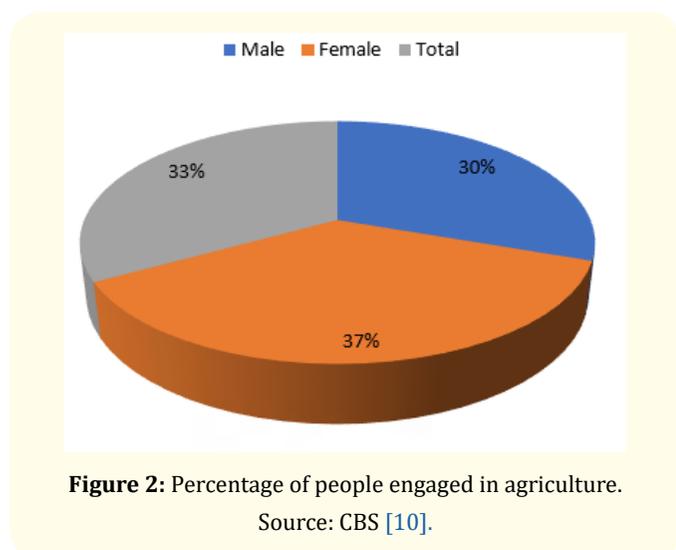


Figure 2: Percentage of people engaged in agriculture.

Source: CBS [10].

Share of commodities to agricultural gross domestic product (%)

Particular	Weight	Particular	Weight
Cereals and other crops	49.41	Eggs	0.81
Paddy	20.75	Hidden and Skin	0.35
Maize	6.88		
Wheat	7.14	Other organic farming	2.43
Millet	1.37	Forestry	8.10
Barley	0.22	Mango	1.56
Potato	4.67	Orange	0.97
Sugarcane	1.24	Banana	0.40
Jute	0.17	Apple	0.42
Tobacco	0.06	Spices	1.79
Soyabeans	0.19	Tea	0.05
Pulses	4.42	Coffee	0.02
Others	2.29	Others	1.85
Domestic animals and dairy	23.25	Total vegetables and nurseries	9.70
Buff	4.42	Vegetables	9.70
Mutton	3.24	Others	0.01
Milk	12.36		
Pork	0.50		
Chicken	0.67		

Table 3: Share of commodities to agricultural GDP (%).

Source: MoA [1].

Scenario of agriculture service delivery in Nepal

Particulars	Number/ Ratio
Total agriculture technician posting	2875
Number of agricultural household	3831093
Ratio of JT/JTAs to agricultural households	1:2300
Agriculture Knowledge Centers	55
Ratio of technician to agricultural households	1:1300

Table 2: Number of agri-extension workers in Nepal.

Source: DOA [11].

Potential collaborating agencies, projects and programs for agribusiness promotion

Research Programs	Stations
National Rice Research Program	Hardinath, Dhnusha
National Maize Research Program	Rampur, Nepal
National Wheat Research Program	Bhairawa, Rupandehi
Grain Legumes Research Program	Khajura, Banke
National Sugarcane Research Program	Jitpur, Bara
National Citrus Research Program	Dhankuta
National Potato Research Program	Khumaltar, Lalitpur
Oilseed Research Program	Nawalpur, Sarlahi
National Commercial Agricultural Research Program	Pakhribas, Dhankuta
Jute Research Program	Itahari, Sunsari
Ginger Research Program	Kapurkot, Salyan
Hill Crops Research Program	Kabre, Dolakha
Coffee Research program	Gulmi
National Buffalo Research Program	Tarahara, Sunsari
National Cattle Research Program	Rampur, Chitwan
Sheep and Goat Research Program	Jumla
Swine and Avian Research Program	Khumaltar, lalitpur

Table 4: National Commodity Research Programs under NAARC.

Source: NAARC [12].

Projects under MoA	Duration	Donor agency	Budget	Area
Agricultural and Food Security Project (AFSP)	2013/14-2018/19	Global Agriculture and Food Security Program	US\$ 58 million	Province 6 and 7
High Mountain Agribusiness and Livelihood Project (HIMALI)	2010-2017	Asian Development Bank (ADP)	US \$ 30 million	Jumla, Mugu, Humla, Dolpa, Mustang, Solukhumbu, Sankhuwasabha, Rasuwa, Dolakha
Pilot Program for Climate Change (PPCR)	2012-2018	World Bank (WB)	US \$ 6 million	Province 1 and 2
Project for Agriculture Commercialization and Trade (PACT)	2009-2018	World bank (WB)	US \$ 81.8 million	All provinces
Kisan ka lagi Unnat Biu-Bijan Karyakram (KUBK)	2012-2019	International Fund for Agriculture Development (IFAD)	US \$ 52 million	Gulmi, Arghakhanchi, Rukum, Rolpa, Salyan, Pyuthan
High Value Agriculture Project in Hill and Mountain Areas (HVAP)	2010/11-2015-16	International Fund for Agriculture Development (IFAD)	US \$ 18.9 million	Province 6 and 7

Table 5: Projects under Ministry of Agriculture and Department of Agriculture.

Source: MoA [13].

Suggestions

The private sector should be more active in the promotion of commercial farming, focus on export of quality goods, and maintain marketing networks. There should be more focus on market-oriented and competitive agriculture. The marketing systems and channels for distributing information to all personnel involved in the process of agriculture, from the farmers to distributors and stakeholders of the market, need to be improved. Production of different crops are scattered across the country; if this problem of segregation were solved, production would increase tenfold. It would considerably eliminate the cost of production; the reduced price could go into measures for more effective production. A lot of the cost cut down if unwanted steps are excluded. Many of these problems can be overcome by improving the functioning of agribusinesses in Nepal. The following measures are suggested to follow:

- The policy of farmers oriented research process.
- Research and extension program on need based and participatory approach.
- Research output with complete package and its practicability.
- Priority for the satisfaction of consumer's needs.
- The education system as per changed context.
- Priority to marketing extension programs as an integral part of the extension programs.
- Agribusiness centers should be established in each district for the supply of farm inputs on regular basis.
- The concept of Public Private Partnership (PPP) must be incorporated in the linkages of education, research and extension for the promotion of agribusiness and marketing aspects.
- Create conducive political environment as it is a prerequisite of development.

Conclusion

Agriculture sector is the main business in Nepal earning livelihood of major population in the country contributing greater role in nation's economy. Agriculture in Nepal needs modernization, diversification, commercialization and promotion for creating crops to sustain the country and to increase export. There is a massive shortage of distribution, extension channel,

knowledge, production and competition. Additionally, there is also a lack of proper agricultural infrastructures like storage facilities, market centre, roads and communication. Technology should be incorporated for improving the quality and quantity of crop production. Proper storage systems should be installed to prevent spoiling food and the need to introduce off-season fruits and vegetables production. People are complacent to start agribusinesses because of the lack of statistical information. If the logistical data were available, it would intrigue many people to join agribusiness. The government policies put inadequate constraints on agriculture practices. The state of production of agriculture is affected by scarce or small productions, obsolete technology, lack of farm managerial skills, fragmented and small-sized land, policy level constraints, and most importantly lack of information services.

It is earnest to increase the wider participation of all concerning stakeholder in the networking of linkages and coordination in order to get high productivity and sustainability of agriculture sector. For developing effective system of linkages among expatriates with a view to commercialize agriculture on a profitable basis and thereby promote agribusiness the concerned stakeholders should primarily increase the investment. This is, in fact the era of agribusiness and marketing; where the competition in price and quantity always exists. Therefore, the final goal of the linkages must be directed towards the increment of high quality production and productivity by decreasing as much as the production cost. For these both extensive as well as intensive researches are needed.

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Volume 3 Issue 6 June 2019

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