

National Agricultural Policy, 2004

1. Background

There are possibilities of achieving a sustainable economic growth and ensuring food security through the proper utilization of the opportunities provided by the country's geography, farmers' experience, and modern farming technologies. The decline being suffered by fertile agricultural land as a result of its inappropriate use and calamities of various kinds, the lack of access of people equipped with labour and skills connected with commercial basis with the help of modern technologies and failure to attract adequate investments in the infrastructures of agricultural development (irrigation, roads, electricity, communication, industry, marketing business and improved technologies), which form the basis of the development of the non-agricultural sector, are the main problems being faced in the process of developing agricultural sector.

The 1991 Policy Outlines of Agricultural Development and the Agricultural Perspective Plan, which have been brought into force with the objective of ensuring an overall development of the agriculture sector; have provided, to some extent a sense of direction to the process of development of this sector. Even then, against the background of economic liberalizations, the sustainable development agenda set for the country and its goals of millennium development, the need has been felt for formulating and implementing a new National Agricultural Policy that retains the basic aspects of the Agricultural Perspective Plan. Accordingly, Government of Nepal has promulgated this National Agricultural Policy, 2004. All commodity and subject specific policies, which have been of, shall be formulated in this sector shall be guided by this policy.

2. Vision

The long-term vision of the agricultural sector shall be to bring about an improvement in the standard of living through a sustainable agricultural

development to be achieved by transforming the current subsistence oriented farming system into a commercial and competitive farming system.

3. Objectives

For the purpose of contributing to the task of ensuring food security and poverty alleviation by achieving a high and sustainable economic growth a commercial and competitive farming system -

- 3.1 Agricultural production and productivity shall be increased.
- 3.2 The bases of a commercial and competitive farming system shall be developed and made competitive in the regional and world markets.
- 3.3 Natural resources, as well as the environment and bio-diversity, shall be conserved, promoted and properly utilized.

4. Policies

For the purpose of achieving the aforesaid objectives, the following policies shall be adopted by ensuring that the needs of farmers of both groups, that is farmers with access to resources and those with comparatively less access to resources and opportunities are covered:

4.1 Agricultural production and productivity

4.1.1 Agricultural production and productivity shall be increased by utilizing the local potentialities, comparative advantages and special opportunities, and ensuring the development, extension and utilization of appropriate agricultural technologies. Besides, additional opportunities of income and employment shall be created by laying emphasis on the commercialization and diversification of agriculture.

4.1.2 A scientific land-use system shall be used and the non-agricultural use of fertile agricultural land shall be discouraged. A scientific use of land shall be promoted by

making use of appropriate technologies to manage steep land in the hilly areas and to develop agricultural land in the terai and plain valleys.

4.1.3 Irrigation facilities, agricultural roads, rural electrification and appropriate agricultural technologies shall be developed and expanded. In areas with irrigation, road and electricity facilities, arrangement shall be made to ensure both intensive and extensive use of the available technologies.

4.1.4 Special priority shall be given to the development of pockets of high-value agricultural products in the feasible areas adjoining to the north-south highways and feeder roads. Production of low weight and high-value agricultural products shall be given priority especially in the remote areas.

4.1.5 The local bodies shall be entrusted with the tasks of formulating, implementing and monitoring agricultural plans suitable to the local needs and priorities and such bodies shall be made responsible and competent. Necessary support shall be provided in this regard through a system of conditional basis grants.

4.1.6 Comparatively large projects which cover more than one districts, promote potential agricultural production and enterprises and create the basis of commercialization shall be operated and supported as central projects along with the participation of the local bodies. For the purpose of implementing this policy the central level Departments and Directorates shall be made responsible and competent.

4.1.7 Farmer's groups shall be utilized to provide on-site extension services relating to food nutrition and agriculture technologies. Package programmes relating to

extension of agricultural technologies shall be conducted in a coordinated manner by the agriculture and forest colleges in the influence area. Besides, information technology and means of mass communication shall also be used in the agricultural extension activities.

4.1.8 National Agricultural Resource Centres shall be developed and strengthened as resource centres for high-quality inputs for those who produce local seeds, seeding, plants and breeds, and as resource centres for special technological services for entrepreneurs and business persons engaged in such activities as collecting, processing, string, and transporting agricultural products, on the basis of development regions and geographical sub-zones. Every such resources center shall be gradually developed as an integrated centre capable of operating survey/surveillance and laboratory services in such fields as soil analysis, seed certification crop protection and diagnosis of livestock disease and providing capacity development training to the entrepreneurs, business person, cooperative workers and agriculture activities workers.

4.1.9 A participatory and competitive agricultural research and development system shall be promoted with participation also of the private and non-governmental sectors in order to undertake such agricultural research activities (food and nutrition technology and other operations such as production, collection, grading, storing, processing, packaging etc. of agricultural products) as are needed from the viewpoints of geographical potentialities, comparative advantages and area specific structure. Agriculture research and development system shall be promoted to

arrange for the investment required such system for the arrangement of investment required for such system, a highest institutional body of research shall be improved and systematized in accordance with the concept of the agricultural research and development fund. The process of cooperating and exchanging technology and experts with international organizations connected with agricultural research and development activities shall also be encouraged.

4.1.10 Private and foreign investments in the field of agricultural research and development shall be encouraged by providing for such appropriate incentives as allowing private and nongovernmental sectors to deduct as expenses for the purposes of tax the funds spent by them on agricultural research and development activities.

4.1.11 The supply of the main production inputs (improved livestock, fingerling, chemical fertilizer, seeds etc.) shall be guaranteed by regularly monitoring their imports, production and stocks.

4.1.12 The flow of agricultural credit needed for the promotion of agricultural production and enterprises shall be guaranteed by linking the same with the returns of production and enterprises.

4.1.13 A survey/surveillance system shall be established and activated in order to assess (the impact) of excessive rains, droughts, diseases, insects and other natural calamities, and mobilize agricultural reliefs.

4.1.14 Special emphasis shall be laid on the farmer's training programmes in order to improve the efficiency of farmers at the local level.

4.1.15 Agricultural and forestry Universities shall be established and agricultural colleges shall be promoted in order to produce agricultural human resource. The quality of agricultural human resource shall be raised by arranging for cooperation and exchange of technicians and experts among universities/colleges, the Agricultural Research Centre and National Agricultural Resource Centres. For the purpose of commercializing the agricultural sector, emphasis shall also be laid on the production of human resource connected with the promotion of agricultural markets and enterprises.

4.1.16 The system of collecting, analyzing and projecting data required for the formulation of plans, determining policies and carrying out monitoring and evaluation activities related to with the agricultural sector shall be strengthened. Besides, monitoring activities shall be carried out on a regular basis in order to ensure favourable terms of trade relating to the agricultural sector.

4.1.17 The involvement and participation of women in all possible fields of the operation of agricultural programmes shall be raised up to 50 percent. With respect to women farmers' training, arrangements shall be made, as far as possible, to conduct mobile training programmes and take such training programmes closer to villages and households. The flow of information and data relating to the involvement of women in the programmes shall be ensured.

4.1.18 Such resource-poor farmers as those having less than four hectares of land shall be indentified and classified and provided with the prescribed facilities.

4.2 Special Facilities for Target Groups

The following policies shall be adopted with a view to classifying farmers having less than half a hectare of land and lacking irrigation facilities, farmers belonging to *Dalit* and *Utpidit* classes and other marginal farmers and agricultural workers as target groups and providing them with special facilities;

4.2.1 Opportunities of gaining access to lands shall be created by effectively implementing and monitoring the current legal ceilings on landholdings and exemptions given with respect thereto and identifying various alternatives such as a progressive taxation system and a legal provision for contractual farm lands in order to ensure that the landless, marginal and small farmers skilled in agricultural operations have access to lands.

4.2.2 A land bank shall be established and arrangements shall be made with the participation of the local bodies to provide information services relating to the availability of agricultural lands to those who wish to buy/sell such lands for agricultural operations, as well as to provide credit facilities to the needy ones. Special credit facilities shall be provided through this bank at concessional rates to the target groups in order to enable them to purchase lands for agricultural production.

4.2.3 For the purpose of upgrading forests and other lands and providing support to the task of alleviating poverty, marginal lands, pastures, degraded forests and waste public lands shall be handed over to the target communities under lease agreements for being used, based on their feasibility, as farms to cultivate such cash crops as grass, fodder, agro-forests, medicinal herbs, and silk and other permanent plants and trees, or as horticultural farms.

- 4.2.4 Special facilities shall be provided to the target groups to build and install such infrastructures of small irrigation as pedal pumps, rower pumps, sprinklers, drips and water harvesting ponds.
- 4.2.5 Potential means of increasing production and income shall be utilized in order to increase the availability of food in food-deficit areas. Besides, a network of strong and mobilizing food shall be developed with the participation of the local bodies in such tasks as transporting, storing and distributing food when it becomes essential to ensure the supply of food from elsewhere.
- 4.2.6 The foodstuff, transportation, commodity price, interest and other facilities to be provided by the government shall be provided on a priority basis by identifying areas and groups facing a risk from the viewpoint of food security.
- 4.2.7 Food safety nets shall be gradually developed for farmers with less than half a hectare of land farmers lacking year-long irrigation facilities, and landless and marginal farmers lacking other sources of income, in order to help them to cope with situations of climatic fluctuations and other calamities.

4.3 Development of a Commercial and Competitive Farming System

- 4.3.1 Large production pockets shall be developed to produce agricultural products in quantities and of qualities that match the demands of the market. In such pocket areas, priority shall be given to the production of such agricultural products as have comparative advantages. Besides, technologies and technical services, as well as such facilities as agricultural roads, rural electrification, irrigation, agricultural credit and marketing arrangements, shall be mobilized in an integrated manner in such pockets.
- 4.3.2 In areas adjoining food-deficit hilly regions where the food supply programme is to be operated, the local production of food

grains shall be encouraged by purchasing locally produced food grains at market prices under the food supply programme.

- 4.3.3 A double track management system shall be adopted in governmental farms/centres with a view to ensuring the maximum possible utilization of resources available with them by launching commercial programmes also without affecting their prescribed objectives.
- 4.3.4 The livestock insurance programme shall be extended. Besides, poultry, seeds of selected crops and high-value agricultural products shall be gradually insured.
- 4.3.5 Organic farming shall be encouraged. Necessary support shall be provided for the certification of the standard of exportable agricultural products produced in production areas based on organic farming.
- 4.3.6 The production and use of high-breed seeds and improved breeds shall be encouraged, and the use of genetically-modified organism shall be regulated.
- 4.3.7 Traditional, local original agricultural products and the related technologies shall be registered and promoted. Special products and production technologies of the local origin shall be identified and the related rights shall also be secured.
- 4.3.8 Agricultural training shall be classified into two categories, namely, capacity-improvement training and enterprise-promotion training. Capacity improvement training programmes shall be used to improve the capacities of agricultural workers and raise the production capacities of farmers. Enterprise-promotion training shall be provided in the light of the concerned post-training enterprise package and made demand base.

- 4.3.9 Arrangements shall be made to train educated but unemployed youths in the establishment and operation of agricultural enterprises so as to attract them to agricultural occupations.
- 4.3.10 The local production, sale and distribution of improved agricultural resources inputs (seeds, plants, saplings, breeds, fingerlings etc.) as well as the sale and distribution of manure, insecticides and pesticides, shall be regulated, and quality shall be maintained in their supply. Private agricultural laboratory services and high-quality product processing services shall also be regulated and granted accreditation.
- 4.3.11 The agriculture and livestock quarantine services shall be systematized and strengthened in order to ensure the production of high-quality agricultural products and raise their credibility in the local and external markets.
- 4.3.12 The participation of the local bodies shall be mobilized in such tasks as determining, controlling, certifying and regulating the quality-standards of the food stuffs.
- 4.3.13 Regulatory services relating to agricultural products shall be gradually updated as per the provisions of international treaties and agreements and the national requirements.
- 4.3.14 Priority shall be given to the promotion of cooperative-based agricultural industries and enterprises.
- 4.3.15 The process of commercializing the agricultural sector shall be provided with necessary support by effectively mobilizing the Agricultural industry and Enterprise Promotion Board to analyze and provide outlets to the complaints and suggestions of agricultural entrepreneurs, industrialists, progressive farmers and related organizations and associations and to fulfill the commitments made to such external export-market related

organizations as the World Trade Organization and regional trade organizations, and actively work for import substitution and export promotion.

4.3.16 Commodity and subject specific policies equipped with incentives shall be developed in order to attract the cooperative and private sectors to make investments in commercial production, processing and marketing of agricultural products.

4.3.17 A separate agricultural industry development policy shall be formulated and implemented in order to interlink agricultural research, agricultural production, agricultural processing industries and internal and external export markets, and attract external investments, in accordance with the priorities of the agricultural sector.

4.3.18 The agricultural technology extension services shall be made fee-based in the potential areas of commercial agricultural production; and the private, cooperative, and non-governmental sectors shall be attracted to that field.

4.3.19 The private sector shall be encouraged to operate suitable farms/centres through a contract/lease agreement.

4.3.20 The tasks of developing and extending the market information system and disseminating such information shall be carried out in partnership with the private and cooperative sectors and the local bodies.

4.3.21 For the purpose of guaranteeing opportunities for marketing of the commercial production of agricultural products, the establishment of collection centres close to the potential production centres shall be encouraged, and, for the purpose of guaranteeing organized markets *Heat bazaar* near large numbers of potential consumers, the process of developing and expanding

well-equipped wholesale and seasonal markets under the cost-participation and management of private cooperative sectors shall be encouraged.

4.3.22 Industries and entrepreneurs bringing internal agricultural producers together under a contractual production system and substituting imports or promoting exports shall be provided with capital and other incentives/facilities in the recommendation of the Agricultural Enterprise Promotion Board.

4.3.23 Groups of potential farmers and entrepreneurs shall be gradually developed along the line of cooperatives in order to ensure an institutional development of cooperatives by mobilizing and promoting local small capital and other resources. Besides, such cooperative societies in rural areas shall be developed as local delivery points to provide production inputs and services to farmers' groups and send their productions to the market system.

4.4 Conservation, Promotion and Utilization of Natural Resources and the Environment

4.4.1 The negative impact of the use of agro chemicals on the condition of soil and reservoirs, and other environmental problems resulting there from, shall be minimized.

4.4.2 The production, use and promotion of organic fertilizers shall be encouraged.

4.4.3 Arrangement shall be made for gene banks and in situ conservation shall be encouraged in order to conserve biodiversity. Participatory biodiversity parks shall be established in feasible areas.

4.4.4 Bio-diversity shall be conserved, promoted and utilized and the agro-forestry system shall be developed in such a way as to improve the condition of degraded forests and natural reservoirs.

- 4.4.5 A conservation-oriented farming system shall be gradually developed by managing watersheds and controlling erosion of soil by rivers on the basis of local participation.
- 4.4.6 The process of checking the fragmentation of cultivable land and ensuring the scientific management (consolidation of plots) of such land shall be systematized with the cooperation of local bodies as well.

5. Implementation and Monitoring Arrangement

- 5.1 A participatory method shall be promoted by ensuring the involvement of the stakeholders at the concerned level (village; district, region or center) in the processes of formulating, monitoring and evaluating plans connected with the agricultural sector from the local level to the central level. Data and information relating to women and *Dalit* and backward classes shall also be brought under the information system.
- 5.2 For the purpose of ensuring the implementation of this Policy by having the agencies connected with agricultural sector formulate plans and monitor programmes in a participatory and coordinated manner, arrangements shall be made for the formation of a National Agricultural Development Board at the nation level. A Central Agricultural Development Committee shall be formed at the centre level and Regional Agriculture Development Committee at the regional level in order to assist the Central Agricultural Development Board. At the local level, Village Development Committees and District Development Committees shall be made responsible for such functions as to the formulation, implementation and monitoring and evaluation of plans in accordance with the Local Self-Governance Act. A District Agricultural Development Committee shall be formed at the district level and Agriculture Committee shall be there in the

Village Development Committee such committees shall help to the local bodies in implementing and monitoring this policy. Agricultural Resource Centres shall provide technical feedback to the National Agriculture Development committee and Local Bodies.

- 5.3 For the implementation of this National Policy, concerned ministries shall implement this policy on their related sectors. National Agriculture Development Board shall monitor the implementation of this National Policy. The matters relating to strategies, programmes and responsible bodies shall be implemented by the concerned ministries upon approved. Similarly, formulation of commodity and sectoral policies shall be formed without overlapping this national policy.