

Mercantile Exchange Nepal Limited
Invest - Trade - Earn
AN ISO 9001:2008 CERTIFIED EXCHANGE

MEX EXPRESS

A Smart Solution for Online Trading

www.mexnepal.com

Volume: 5 • Issue: 3 • Year: 2013 A.D

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From the CEO's Desk



I would take this opportunity to take you back to 18th November of this year when we came across the news headline “SEBON TO BRING COMMODITIES ACT” in the national daily The Himalayan Times. After the successful launch of new state-of-the-art technology based trading software AX1 with extremely wonderful feedback on the same from the trading society, we are keen enough to launch further more facilitating software for our investors and I am glad to share that the Market Making software of global standard would be launched soon after the required tests are performed.

Since the Constituent Assembly election is over now, we are extremely hopeful from the upcoming parliament and the government on getting some concrete document to regulate the commodity market in the country. And such news suggesting that the work on document is very progressive definitely encourages us to strengthen and upgrade our standards. The effects of the election are already seen in the capital market where the NEPSE Index has already reached above its four year high. The financial literacy of general public is also increasing; therefore SEBON has been positive enough to embrace the upcoming opportunities with the globally accepted commodity market principles. As in previous days, MEX Nepal is in regular discussions with the concerned authorities and is ready to extend any level of support for the document.

With our software for the Market Making to be launched soon in the market, we will be able to make the overall trading scenario more transparent. Besides that, such feature will also reveal that the Nepali market is prepared enough to flourish more. And with the development of such software, local agricultural products of the market can also be introduced in the trading with the full-fledged option of physical delivery too, which is an integral component of a successful commodity exchange worldwide. MEX Nepal is aware of this challenging scenario and this is the reason why it has been coordinating with other counter parties in the market to make the trading of local agro products possible in the platform with the option of physical delivery.

I would also like to inform that MEX Nepal is continuously working with all its efforts to materialize its endeavor of contributing to the Nepali economy in every way possible. MEX Nepal will always uphold the expectations of its valuable traders and will justify the same with all its hard work and efficient work-style. Progressions are always led by dreams and MEX Nepal dreams the best way!

- Jitesh Surendran
CEO, MEX Nepal

Cornered The Yellow Metal!

Indeed some of the best ideas come to us when we are in socially awkward times like in restroom or while driving in along to the office. However, this analysis came to my mind somewhere from the place, what exactly is “CORNERING THE MARKET”. I am confounded, how is market being cornered or I should say; how apple is cornering the market of mobile device, how china is cornering the urbanotomy mediator. What about Las Vegas magazine cornering the market?

Then I realized, as an employee in the Financial Institution I should corner all these ideas and start thinking about what happens when dragons in a den want to corner the particular proposition of the market. Let's go with example to see what is cornering the market: let's assume that a dragon wants a profit by cornering the market on ABC Company. First, he accumulates the shares of the company and with the continual buying of shares; the values of shares will go up in the current market. The rising of price will attract more buyers and the demand pushes prices up even more. Through a short squeeze, short sellers are thrown out of the market which again increases the price of shares in the company. Now, it's time for the dragon to sell the shares at the artificially ballooned price or can exit from the investment knowing that the price of the shares will fall once the normal supply and demand force return.



There are series of event held in the past names like rouge copper trader from Sumitomo and the hunt brothers who have cornered the markets. The only query could be whether the team did right or wrong to the market, being one of the market participants oneself. However, this kind of practice is still in the market today with the name of JPMorgan. They have been doing it in COMEX gold futures not only in these years but since five years. They acquired substantial gold and silver short positions of Bear Stearns in March 2008 which was published Commitments of Traders (COT) and Bank participation Reports. The pundits say JPMorgan is a serial market manipulator who remains in both sides in the cornering the market i.e. on the short side of the markets until the current long corner in the gold. Looking at the facts and figures for the last 4th of December JPMorgan had a net short position in COMEX gold futures of approximately 75000 contracts which represents 20.5% of the true net open interest on that date where gold was at \$1700. No one would say that there is any chance of manipulation and a corner on the short side of the market where 20.5% share of a major regulated futures market by a single entity. When the price of gold had declined by \$500 in the first half of 2013, JPMorgan booked profit of over \$ 2 billion. In total, what we can observe is that cornering the market is determined by what large percentage is cornered in the market? Like a diamond seller who knows where the market is heading.

Moreover, if we talk about cornering the market then we must have to make an analysis that how legal it is? There is saying “the big fish goes free and the small fish get fried”.

The sources say there are lots of parameters and legal proceedings to counter these situations. Though US president has introduced and supported the Volker Rule, these big fish have found the loopholes to piece into the market. Meanwhile, US planned to arrest two former JPMorgan chase employee in big Bank loss and another source said JPMorgan is close to reach a settlement with the securities regulators over the trading loss. The Obama administration is working hard to prevent insured banks from speculating with their money after the financial giant JP Morgan lost billions of dollars. Therefore, July came up with the final version of Volker rule which will allow the banks to make broad bets similar to the one that landed JPMorgan in so much trouble. Now, netting is iron-wired that big fish can also be in troubled. The post-rule effects are yet to be seen!



Sharad Koirala
Assitant Manager
Research and
Development
Department

Know Your Commodities

Coffee

Coffee, a soft commodity in current commodity market, was initially discovered in the 7th century and is now being produced by more than 70 countries globally. Coffee is also regarded as one of the important commodity and popular beverage where over 2.25 billion cups of coffee are consumed in the world every day.

- Mexico - Nicaragua - Panama - Papua New Guinea - Philippines - Rwanda - Sierra Leone - Tanzania - Thailand - Timor-Leste - Togo - Uganda - Vietnam - Yemen - Zambia - Zimbabwe

Major Importers

European Union (Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom) - Norway - Switzerland - Tunisia - Turkey - United States of America

Fundamental Facts

- Weather is the prime factor that affects the price of coffee. Unfavorable weather conditions in major coffee producing regions/countries affects production, which eventually affect the prices.

- Supply/Demand fundamentals significantly determines coffee prices. Similarly, any major changes in cropping patterns as it is closely integrated with demand of coffee, drastically impacts the prices.

- All the coffee in the world is grown in the bean belt. The bean belt is the region between the Tropic of Cancer and Capricorn.

- Brazil and USA, being the major producer and consumer of coffee respectively, any major fundamental changes in these countries significantly affect the prices of this soft commodity.

The major types of coffees that can be found at international markets are Robusta and Arabica, with the latter one believed to be of better quality compared to Robusta or any other coffees. Arabica, having bitter taste and fewer flavors, accounts for about 80% of all coffee produced in the world considering its popularity and demand internationally.

Brazil is the global leader in coffee production followed by Honduras, Colombia and Peru and the lead producer has been producing almost one-third of all worlds' coffee. Unprocessed or raw coffee are primarily supplied to multinational companies like Procter and Gamble, Kraft, Nestle, Sara Lee and other major related industries globally. Similarly, US, Germany and Italy are the top coffee consuming countries.

Regarding trading of coffee at international arena in future markets, New York and London are regarded as two major hubs for trading. However, considering the volume of coffee trading, New York Board of Trade (NYBOT) stands as a pioneer in trade facilitator.

Major Exporters

Angola - Bolivia - Brazil - Burundi - Cameroon - Central African Republic - Colombia - Costa Rica - Côte d'Ivoire - Cuba - Ecuador - El Salvador - Ethiopia - Gabon - Ghana - Guatemala - Honduras - India - Indonesia - Kenya - Liberia - Malawi

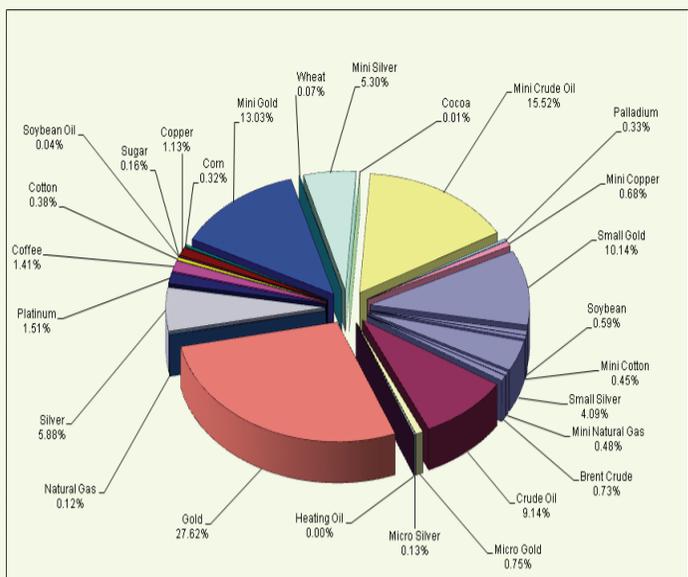


TOP TEN LEADING PRODUCING COUNTRIES IN 2011/12		
Countries	Production (in thousand bags)	% share of world total
Brazil	43484	32.4
Vietnam	24058	17.9
Indonesia	8620	6.4
Colombia	7653	5.7
Ethiopia	6008	4.5
Honduras	5705	4.2
Peru	5581	4.2
India	5233	3.9
Mexico	4546	3.4
Guatemala	3840	2.9

COFFEE CONTRACT SPECIFICATION	
Name	Coffee
Symbol	COF
Contract Size	2500
Unit	Kilogram
Price Quoted	NPR/Kilogram
Trading Hours	00:00-00:45; 14:15-00:00
Contract Months	Mar (H), May (K), Jul (N), Sep (U) & Oct (V)

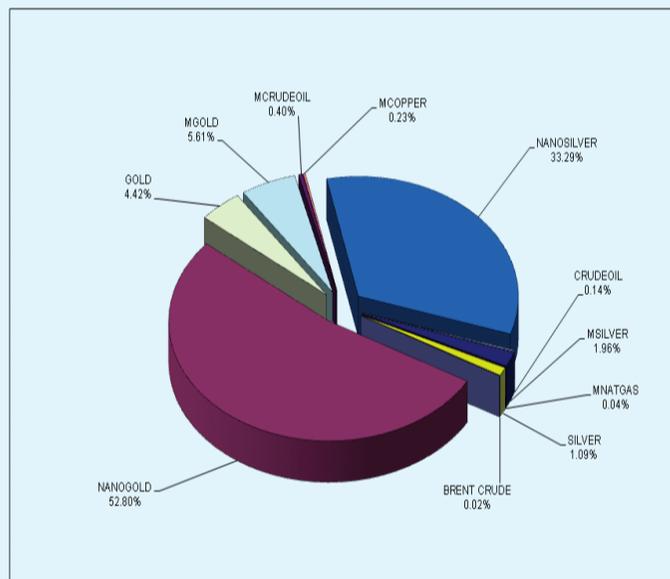
Market Capitalization - Futures Contracts

From July 2013 - September 2013 (in %)

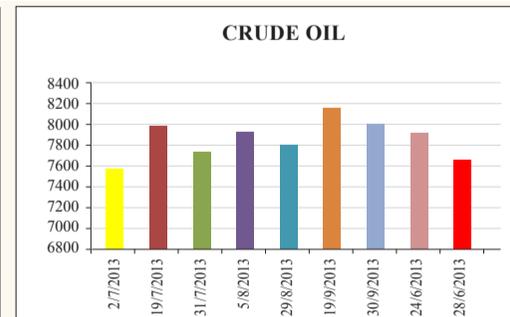
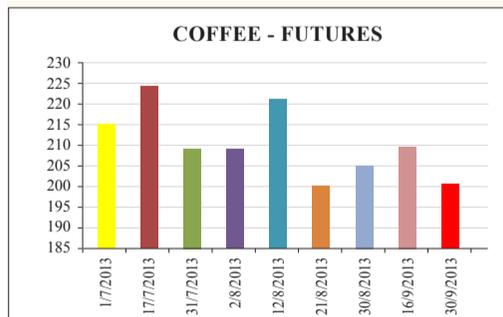


Market Capitalization - Spot Contracts

From July 2013 - September 2013 (in %)



Major Market Movers for Coffee-Futures and Crude Oil-Spot



Note:

Date	News
1/7/2013	Opening Price as of 1st July 2013
7/7/2013	Improvement in weather concerns
31/7/2013	Return of the companies went at lower ends
2/8/2013	Decreased resistance level
12/8/2013	Strong technical bullish signal
21/8/2013	Exports up by almost 7%
30/8/2013	Warehouse stocks decreased
16/9/2013	Increased demand due to the flexible import duties
30/9/2013	Closing Price as of September 30 2013

Note:

Date	News
2/7/2013	Opening Price as of 1st April 2013
19/4/2013	Weaker job data in USA
31/7/2013	Pessimism spread throughout the energy market
5/8/2013	Strong demand of crude oil
20/8/2013	Rise in the oil inventory
29/8/2013	Decrease in the demand of the crude oil
11/9/2013	US Federal Reserve Policy Meeting
19/9/2013	Stock reached 30-year high
30/9/2013	Closing Price as of 28th June 2013

Complete migration of all our valuable brokers

On 1st July, 2013, all active brokers under **Axis Broking Solution Pvt. Ltd.** have successfully been migrated to the **New Software & Business Model**. On **8th July, 2013** all active brokers under **Himalayan Commodity Brokers Pvt. Ltd.** have been migrate to the New Software and Business Model. On 22nd July, 2013, all the remaining brokers were migrated to the New Software and Business Model.

MEX Nepal crosses the Extraordinary Milestone in Nepalese Commodity Market

MEX Nepal proudly announce the great achievement of having 11, 19,811 contracts of cumulative trade volume in its trading platform as of May, 2013. This would not have been possible without the continuous support and dedication from our stakeholders and associates.

Hence in high spirits, MEX congratulates and express deepest gratitude to the entire eco-system of Nepalese Commodity arena.

Introduction of AX1 MEX Broker Manager Console

After the successful migration and launch of AX1 and commencement of the Live "AX1 MEX Trader", on 17th July, 2013 MEX Nepal had introduced **AX1 MEX Broker Manager** to empower our valuable brokers.

MEX Nepal on Katipur Television

MEX Nepal had sponsored "**Bazar**" Section airing at the television program entitled "**UDHYAM**" from Nepal's leading broadcasting channel **KANTIPUR TELEVISION** for 5 Episodes. In these 5 Episodes basically, we have covered our 5 different brokers namely:

1. Expedient Securities Pvt. Ltd.
2. Money Plus and Securities Pvt. Ltd.
3. Jambhala Investment Pvt. Ltd.
4. Norex Pvt. Ltd.
5. Simrik Investments Pvt. Ltd.

Market in your POCKET

MEX Nepal has launched its AX1 MEX Trader - version for iPhone/iPad. This will help our valuable traders to manage their trading activities in the palm of their hand. This new application can be downloaded from App store where user can find the application by typing "**mexnepal**" in the search option. For users to practice & get accustomed, DEMO Version of the same was launched on 29th August, 2013. After successful launch of DEMO Version, LIVE Version of the same was launched on 16th September, 2013.

Micro Trades for Micro Investors

MEX Nepal introduces Micro Gold and Micro Silver for trading in its platform effective from **Monday, September 23, 2013** owing to the overwhelming trading demand for Gold and Silver. The contract size of Micro Gold is 10 grams and the initial margin for the product is set at Rs. 1,000. The trading hours for this contract is 00:00-02:45 and 03:45-00:00. Moreover, there would be six contracts available in a year. The contract size of Micro Silver is 25 grams and the initial margin for the product is set at Rs. 750. The trading hours for this contract is 00:00-02:45 and 03:45-00:00. Moreover, there would be five contracts available in a year.

Star Grading of our Brokers – 2013

MEX Nepal has evaluated its Brokers for Star Grading-2013 on basis of "**Good infrastructure and Overall business operation and management**". This time our 20 Brokers are listed as Three Star, 13 Brokers are listed as Two Star, 12 brokers are One Star and 13 Brokers as New Brokers.

MEX Nepal: Top 5 Nominees in 2 categories for the Prestigious FNCCI National Excellence Award 2010



Mercantile Exchange Nepal Limited has attained another feather in its cap by becoming the first commodity exchange in Nepal to have been nominated in the top 5 for the FNCCI Awards for Excellence in 2 categories. There were numerous companies which had competed for the award and the companies were evaluated on various criteria's. MEX Nepal was nominated amongst the top 5 for the **FNCCI Award for National Excellence**, i.e. the apex award, and the **FNCCI Award for Services Excellence**, in the medium category.

MEX Adds NIBL as its 3rd Designated Bank

MEX Nepal, to cater better and more enhanced banking transactions for trading purpose and to fulfill the needs of its Brokers & Clients, happily announces "**Nepal Investment Bank Limited**" as its 3rd designated Banking Partner starting from **26th September, 2013**. In an attempt to ease choice of banks to Members, Brokers & Clients in the market, MEX Nepal has added up one more Banking Partner after Laxmi Bank and Bank of Kathmandu. MEX Nepal will continuously work to flourish this endeavor and satisfy the demands of its Members, Brokers & Clients in the market. Now, brokers willing to transact through NIBL can open required bank account and allow the clients to do trade transactions through NIBL.

Visit from Delegates of Royal Securities Exchange of Bhutan Ltd. & Governor of the Royal Monetary Authority of Bhutan in MEX Nepal!



An entourage from Royal Securities Exchange of Bhutan Ltd. along with the Governor of the Royal Monetary Authority of Bhutan, comprising a panel of 10 Delegates from the Kingdom of Bhutan visited MEX Nepal on 27th September 2013 to comprehend the workings of a commodity exchange. The dignitaries included the Governor of the Royal Monetary Authority of Bhutan, Mr. Daw Tenzin and the CEO of Royal Securities Exchange of Bhutan Ltd., Mr. Dorji Phuntsho. The program included a presentation, which furnished details relating to the various aspects of the commodity exchange, the obstacles and the future plans of the exchange amidst the challenges involved. There was a comprehensive discussion session initiated by the CEO of MEX Nepal with conversations enveloping the intricacies relating to the various aspects of the commodity market and huge scope for mutual interaction, corporation and sharing between the entities was found possible during the interaction.

नेपाली अर्थतन्त्र र हाम्रो बस्तु बजार

नेपालमा आर्थिक विषयको बारेमा थोरै जानकारी राख्नेहरूलाई पनि यो कुरा थाहा छ कि, नेपालको अर्थतन्त्र उर्वर भएपनि सुशासनको कमीले जर्जर देखिन्छ। नेपाल अहिले विश्वमा अति कम विकसित मुलुकहरूमा पर्दछ तर लामो अवधिसम्म यो अवस्थामा रहिरहनु पक्कै पनि देशको विकासोन्मुख पाइलाहरूमा बाधक हुनेछ। आजको दिन सम्म हाम्रो देश नेपाल आर्थिक दृष्टिकोणले लगभग परतन्त्र भैसकेको अवस्था छ। तर यति हुँदाहुँदै पनि नेपालमा अवसरहरूको भने कमी छैन। तर अवसरहरूको उपयोग हुन नसकिरहेको अवस्था छ। मुलुकको आर्थिक असफलता तथा पराधिनतालाई हाम्रा दिदी बहिनी दाजु भाइहरू विश्वका विभिन्न मुलुकमा खतरनाक श्रम गरी पठाएको रैमटेन्सले लाज ढाकी रहेकोले मात्र हो।

यो हुनुका प्रमुख कारणहरू मध्ये एक हो मुलुकमा उत्पादन लगभग ठप्प भएको अवस्था। कृषि तथा औद्योगिक उत्पादनमा मुलुक अहिले घोर रूपमा समस्या ग्रस्त छ। किनकि, नेपालमा अधिकांस उत्पादन महगो र जोखिमपूर्ण देखिएको छ। त्यति गरेर पनि उत्पादन गरेको बस्तुको बजार नहुनु वा प्रतिस्पर्धा गर्न नसक्नुले अझ टड्कारो स्थितिको सिर्जना गरेको छ।

यसका जिम्मेवार पक्ष हुन्, सरकारमा बसेकाहरूको स्वार्थी नितिनियम तथा व्यवहार र आम जनताको मेहनत प्रतिको उदासिन प्रवृत्ति। मुलुकको यो अवस्थालाई बस्तु बजारको इमान्दार व्यवस्थापनले केहि हद सम्म सुधार गर्दै मुलुकमा उत्पादनको यथेष्ट मात्रा बढाउने काममा मद्दत गर्न सक्ने छ।

विश्वका अति विकसित तथा विकसित मुलुक संयुक्त राज्य अमेरीका, संयुक्त अधिराज्य, जापान, जर्मनी, क्यानाडा, फ्रान्स, इटाली, आयरलेण्ड, अष्ट्रेलिया, चीन, ब्राजिल, रूस आदिमा तीन, चार सताब्दी तथा दशकौं देखि यो बस्तु बजार संचालित छन् र देश र जनतालाई योगदान नै पुऱ्याइरहेका छन्। हाम्रो दक्षिण निकट छिमेकी भारतमा मात्र पनि लगभग बाढ बर्ष देखि यो बस्तु बजार संचालित हुँदै आएको पाइन्छ। यो बजारले भारतीय अर्थतन्त्रलाई सकारात्मक टेवा दिइरहेको कुरा अर्थशास्त्र बुझ्ने सबैले देख्न सक्ने कुरा हुन।

नेपालमा पनि यो बस्तु बजारको सुरुआत भएको लगभग आठ बर्ष भैसकेको छ। तर, नेपालमा बस्तु बजारको व्यवस्था गर्ने सम्बन्धित व्यावसायीहरूले सरकार संग यसको निति नियम ल्याएर हाम्रो व्यावसायको अनुगमन गर्न सरकारलाई आब्हान गरेको पनि धेरै भैसक्यो। सरकारले चासो देखाएर कदम चालेको धेरै भइसक्यो पनि कुनै ठोस परिणाम आउन सकेको छैन। अझ यस व्यवसायमै आघात पार्ने गरि केहि लेखहरू छापिएर सहि कुरा आफैले पारि गलत कुरा जनतामा पुर्याएकोले व्यवसाय प्रति हिलो छयापीएको अवस्था छ।

वास्तवमा यो बस्तु बजारको व्यवस्थापनमा व्यवसायीहरूले पनि इमान्दार भएर आफू र आफ्नो कम्पनीको मात्र फाइदा नहेरी मुलुकमा यो व्यवसायको व्यवस्थित स्थापना र समुल व्यवसायकै फाइदालाई ध्यानमा राखेर काम गर्ने हो भने, व्यावसायिहरूलाई दिर्घकालिन लाभ दिने छ र यसले देशको अर्थतन्त्रको नै काचुली फेर्ने छ भन्ने कुरा निश्चित साथ भन्न सकिन्छ।

सरकारले अनुगमनको निति नियम ल्याउन नसके पनि, मुलुकमा यस व्यवसायमा आवद्ध भएका नेतृत्वदायी एक्सचेन्जहरूको अगुवायीमा एउटा महासंघ तथा व्यावसायिक बोर्डको व्यवस्था गर्न सहयोग गरे त्यसको माध्यमले एक्सचेन्जहरू आफै यो बजारलाई पारदर्शी तरिकाले व्यवस्थित गर्न पनि सक्छन्। व्यवसायीले लगानी गरेको छु तुरन्त मुनाफा खोज्नु पर्छ भन्ने छैन। यसलाई दीर्घकालको लगानी सम्फेर बजारलाई व्यवस्थितरूपमा स्थापित गरेर सम्भावित लगानीकर्ता हरु सम्म बजारको विस्तार भएर बजार माथि विश्वास भए पछि त, मुनाफा स्वतह आर्जन गर्न सकिनेछ। यो मुनाफा दीर्घकालिन हुनेछ र न्यायोचित पनि हुनेछ।

यो बजारको राम्रो व्यवस्थापन र विकाश गरी स्थानीय उत्पादनहरूलाई समावेश गर्न सक्दा आन्तरिक उत्पादनलाई प्रोत्साहन गर्नेछ। बस्तुको उत्पादकलाई उचित मुल्य दिलाउने छ। परिणामस्वरूप यस बाट अन्य सम्भावित उत्पादकहरूलाई पनि उत्पादनप्रति आकर्षण बढ्नेछ। यसले मुलुकमा आम जनमानसको आन्तरिक माग देश भित्रै बाट पूर्ति हुनसक्ने सम्भावना बढाउनेछ। फलस्वरूप देशमा दुर्लभ विदेशी मुद्राको आर्जन बढ्नेछ र मुद्रा तरलता भैरहनेछ। उत्पादन बृद्धिले उत्पादकको आम्दानी बढ्ने छ। यसरी आम उत्पादकको आम्दानी बढ्दा राष्ट्रिय आम्दानी बढ्न गई मुलुककै अर्थतन्त्रमा उन्नती हुनेछ। यो उत्पादन प्रतिको आकर्षणलाई अन्तर्राष्ट्रिय मागको पहिचान गरी उत्पादन गर्न सके, अहिलेको आयातकर्ता भएको मुलुक निर्यातकर्ता बन्नेछ।

आन्तरिक उत्पादनले उत्पादन बढाएर र बेचेर मात्र मुनाफा दिने होइन कि, आन्तरिक रोजगार प्रवर्धन गरेर पनि हाम्रा युवालाई विदेशिन बाट जोगाउदै, विदेशी भूमिमा अकालमा मर्न बाट पनि बचाउने छ। औद्योगिक विकास हुन नसकेको हाम्रो देशमा कृषि उत्पादनको विकासले व्यापक सामाजिक आर्थिक विकासलाई राम्रो टेवा दिन सक्नेछ। उदाहरणको लागि हामीले आसियानको नव विकासशील राष्ट्र भियतनामलाई लिन सक्छौं।

नेपालको जर्जरिएको आर्थिक अवस्थालाई सही दिशा दिन र समुल सामाजिक आर्थिक विकासको लागि बस्तु बजार निकै सहयोगी हुनेछ। नेपालको अर्थतन्त्र संग बस्तु बजारको अन्योन्याश्रित सम्बन्ध छ भन्ने कुरा नेपालको वर्तमान जर्जर आर्थिक अवस्था र यस बस्तु बजारको व्यवस्थापनले अन्य विभिन्न मुलुकको अर्थतन्त्रमा छोटो समयमा प्रदान गरेको सकारात्मक कान्तिकारी परिवर्तन जस्तै नेपाली अर्थतन्त्रको पनि काचुलि फेर्ने छ। यो अवस्था नेपालको सम्पूर्ण अर्थजगतको लागि नै पोसिलो आर्थिक क्रान्ति प्रमाणित हुनेछ।



बिनोद प्रसाद तिमिसिना
प्रबन्ध निर्देशक
श्रीराजश्यामाजी इन्भेष्टमेन्ट एण्ड ट्रेड सेन्टर प्रा ली
कीर्तिपुर, काठमान्डौ।

Green Way to Prosperity!

Nepal is portrayed as an “agricultural country” and we have been reading this since our school days. The statement holds as there are many communities dependent on agriculture and agriculture significantly contributes to the GDP of Nepal. These agricultural communities plough, feed and nurture their land and grow crops and vegetables.

For a country like Nepal, increasing investments in agriculture and enhancing agricultural production can contribute to the economic upliftment of the country. It is estimated that 1 percent per annum increase in agricultural growth, on average, leads to a 2.7 percent increase in income in developing countries (World Bank 2007; De Janvry and Sadoulet 2009; IFAD 2013). World Bank also suggests that investment in agriculture 2.5 to 3 times is more effective in escalating the income of the poor than is the non-agricultural investment and agricultural growth is typically found to be the primary source of poverty reduction. Despite these facts, many people who are agricultural dependent are suffering from poverty in Nepal.

The agriculture sector made the contribution of 35.36 percent in Fiscal Year (FY) 2011/12 and estimated to remain 34.33 percent in 2012/13 (Economic Survey, MOF 2012). Thus, agriculture remains as one of the major pillars of economy in the country. In current FY 2012/13, GDP of the agriculture sector is estimated to grow by 1.13 percent as compared to previous fiscal year. However, the production of food grain shrunk by 11.3 percent in the current fiscal year which resulted to 8 percent decline in production of major food crops. The survey also states that the total cultivated land covered under these food crops is estimated to shrink to 3,344,000 hectares with a decrease of nearly 140,000 hectares resulting in productivity decline by 4 percent as compared to that of previous fiscal year.

When it comes to imports and exports of food items, imports exceeds exports. In the first eight months of FY 2012/13, Nepal exported food items and live animals worth about Rs.12.23 billion while imports was worth about Rs. 39.57 billion. Imports of these items are higher by 58.9 percent as compared to FY 2011/12. The survey shows that imports of food item and live animals that had registered an average growth of 22.1 percent in ten years have increased by 39.4 percent in FY 2011/12.

The scenario reveals that the agricultural production is declining and our imports exceed the exports. In long run, economic growth of the country is definitely going to be affected as agriculture is one of the important determinants of GDP. Well then, it is very important to dig out the reasons behind decreasing agricultural production, increasing imports of food items and thus, look for the solutions--the sustainable and effective ones.

Use of fertilizers, weather and climatic conditions, improper use of land, absenteeism of landlords, increasing fallow lands, ownership of land, land tenure system are the few and important factors among many to name. While weather and climatic conditions are beyond the domain of human control, others are. There has been rampant use of chemical fertilizers in Nepal. The usage increased anticipating rapid increase in production. In long run, however, these have and will adversely affect the fertility of soil. Health hazards will be tedious to deal with. Also, with the increased migration from rural to urban areas, there has been rise in landlord absenteeism. Ultimately, the productive lands remain fallow affecting the agricultural production. Land rights and ownership is another raising concern. In Nepal, there are groups like Haruwa, Charuwa, Haliya, Kamaiya to name the few, who are deprived of the land despite working on it for their livelihood. Women, on the other hand, are also deprived of ownership to land though they contribute as agricultural labourers. The National Population and Housing



Census 2011 states that approximately 9 percent of women have access to land. This indicates that the “actual labour forces” behind the agriculture or the “genuine farmers” are deprived of land ownership which has been hindering to the economic growth of poor farmers.

The policy part has been weak as in most of the cases. The strategies, policies and acts are merely limited to papers, not into action. Agriculture Perspective Plan and National Land Use Policy are some of the instances of such policies. It is very important to ensure the use of quality fertilizers and seeds in agricultural lands. Organic fertilizers can be best option. May be Nepal Agricultural Research Council (NARC) should conduct intensive research on this and thereby suggest appropriate measures and ensure that they are actually brought into implementation in agricultural fields. While on the other hand, it is equally important that there should be land reform measures-- well justified and suitable for Nepal's context. Until and unless, the genuine farmers get access to land, even the concepts like commercialization of agriculture may turn to be a failure. Yes, it is important to increase investments in agriculture,

but at the same time, it is important to secure the land ownership of the farmers. Besides, there should be optimum utilization of the fallow productive lands.

Though Nepal is potential enough to develop itself through agriculture, the prioritization is the lag - once got over it, the future seems bright.



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