

Impact of Agriculture Products and Market Development Build up Nepalese Economy

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Abstract

Agriculture has long been the backbone of Nepal's economy, providing livelihoods for a significant portion of the population, particularly in rural areas. Agricultural products, especially staple crops like maize, paddy, wheat, and other food staples, play a central role in Nepal's socio-economic development. Strengthening agricultural markets is not only crucial for improving food security but also for fostering economic growth, reducing poverty, and promoting self-sufficiency. This Research examines the role of agricultural products and market strengthening in contributing to Nepal's economic growth. Research efforts on the part of Agriculture commodity marketplaces promoting productive financial growth of Nepal, specifically examining main market place in Bagmati Province, including Banepa, Narayanghat, and Nuwakot. The findings highlight maize, paddy, and wheat as the main commodities grown in the region, which are in high demand due to their daily consumption and staple nature. The study also notes that the Terai region and Indian supply channels are critical to the local economy, with much of the supply coming from these areas. A key finding of the study is that approximately 60% of local agricultural production is available for only 2-3 months, indicating a potential gap in year-round self-sufficiency. To address this issue, the study recommends enhancing the promotion and management of local production, which would not only reduce dependency on external supply chains but also improve the overall economic stability of the region. Promoting self-sufficiency through better agricultural practices, infrastructure improvements, and effective policy interventions could help balance the supply-demand disparity, ensuring more consistent availability of key commodities.

Keyword: Agriculture, market, cereal production, economic development, supply system.

Introduction

Nepal's economy is deeply rooted in agriculture, which remains the primary livelihood for a significant portion of the population and contributes substantially to the nation's GDP. With agriculture accounting for approximately one-third of the country's GDP, it is the backbone of

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Nepal's economy. (Sharma, 2000). Studies to government statistics reveal that approximately **60% of people are fully dependent on farming** for their livelihoods. This reliance underscores the centrality of agriculture to the socio-economic well-being of the country. This monsoon-dependent system is both strength and vulnerability for Nepalese farmers. During this period, farmers produce a significant portion of their annual crops, including staples like rice, wheat, and maize. (Manandhar et al., 2011)

According to Sharma (2000), around **two-thirds of the population** is engaged in agriculture then the **administration of based on market matters** is vital for ensuring continuous **worldwide development and wealth**, particularly in the context of **Nepal's agrarian-based economy**. One of the key challenges faced by economies like Nepal's, which are highly dependent on agriculture and commodity markets, is the fluctuation in **energy and commodity prices**. These fluctuations can have a significant macroeconomic impact, including on inflation rates, income distribution, and overall economic stability. (Gaire, 2011)

Commodity markets are essential components of the global economy, influencing everything from **economic growth** to **nutrition safety**, then even the **extenuation of weather variation**. These bazaars, which deal with trade of raw materials and agricultural products such as oil, natural gas, metals, grains, and livestock, have wide-reaching implications for both developed and developing countries. Understanding the dynamics that drive commodity markets is critical for governments, businesses, and international organizations to design policies that foster **workable growing, increase constancy, Decrease poverty, nutrition safety, Weather resilience**. (CBS, 2012).

Agriculture Product markets and the worldwide cheap are intricately linked. **Developments in commodity markets** whether in energy, metals, or agricultural goods can have profound impacts on economic growth, inflation, trade balances, and geopolitical stability. Conversely, changes in the global economy, such as **economic growth cycles, technological advancements, or geopolitical shifts**, can directly influence commodity markets. Understanding the **determinants of supply and demand** for commodities is crucial for analysing the drivers behind commodity price movements and their broader macroeconomic implications.

This understanding is particularly important when assessing how **commodity price shocks**, as like **oil value increases**, impact Agriculture **foods spreading** and agriculture **foods introducing**

nations differently. Below is an in-depth look at how commodity prices are shaped by both supply side factors **and** demand side factors, and how fluctuations in these markets influence global economies (John & Nagle, 2022).

Nepal's urban economy is largely based on trade and manufacturing, with 30% of the population aged 10 and above working in the primary sector. Rural areas have over 70% engaged in primary production, with trading accounting for 16.2% of the workforce and manufacturing accounting for 15.4%.” (ADB, 2010, p. 5).

Nepal introduced Special Economic Zones and Export Processing Zones in 2003 to enhance export competitiveness and reduce production costs. Four zones are export processing zones, with 11 industrial districts in major urban areas (ADB, 2010, p. 49)

When the growth-pole strategy was introduced in the early 1970s, planned development began to extend into Nepal's metropolitan centres. Planning efforts were transferred to four development regions (NPC 1970) under the Fourth Plan (1970–1975), following the limited effectiveness of national economic planning (ADB, 2010). Concept called for a regional headquarters in each of the macroeconomic development regions. In order to address a variety of regional needs (such as marketing, agricultural transformation, and services for industrial activities and other socioeconomic challenges), as well as to lessen inequalities between urban and rural areas and among the three ecological regions, these centres were recognised as poly-functional settlements and furnished with the necessary infrastructure and amenities. Since the inception of Nepal's (ADB, 2010, p. 61).

The cultivation of cereals The main stable commodity items are rice, maize, and wheat, and the maximum output in Bagmati Province was reported District in the areas of Nuwakot, Dhading, Narayanhata of Chitwan, Kavrepalanchok, Makwanpur, Kavre, Sindhuli areas (ADD, 2021).

According to several review studies, India covers the remaining 53% through the import system, with just 47% of local output being adequate from domestic production. (MoLMAC, 2021).

The supply chains for rural agriculture are linked to Nepal's economy. The supply of paddy and main grains is not limited to the different regions that provide local food sufficiency. Local agricultural production is essential to maintaining the supply system's equilibrium since the farm gate price is a significant source of income for farmers who meet household demands. This sum also contributes to the national economy through cooperatives and other financial institutions (AKC, 2020).

According to a FNCCI analysis, the on-going supply of different commodities from China and India ensures Nepal's commodity supply is stable. Rice, lentils, oilseeds, and other important food staples are necessities for about 50% of Nepal. Nepal's adequacy leaning near livestock manufacture, generally meat and milk is enough, but various weights are delivered from side to side neighbouring nations (FNCCI, 2021).

The aforementioned research came to conclusion that grain commodities in Nepali Bazaars primarily rice, maize, wheat covered a huge part marketplace arrangement. However, it is unclear from this analysis whether or not this contributed to economic strengthening. Therefore, in order to maintain objectivity, this statement is further made up to explain the importance of commodities in Nepal's economic development.

Methods

A mixed-methods strategy was employed to design this study, utilizing both qualitative and quantitative analysis. The executive creates, tests, and finalizes a trader's questionnaire. The three districts selected for this study are indicative of the three ecological zones (mountain, Terai-Hills, and Bagamati province). The markets of Banepa from the Kavrepalncchok district, which represents hills; Battar from the Nuwakot district, which represents mountains; and Narayanghat from the Chitwan district, which represents the Terai zone, were specifically selected for this study. About 45 merchants' interviews, 20 from selected area, then about 9 FGD- 3 from selected area be there selected its research in order to improve its methodological accuracy. KIIs conducted by the Ministry of Agriculture and Livestock with a few key informants

Results

This section includes a table and many key comments that use FGD and KII techniques to further explain the study's findings. Through the conversation mode, some information from secondary sources will be contributed to readers' comprehensive knowledge.

(Table ,1 Buyers purchasing tendency in the study region)

Legend	Bought ,1		Bought ,2		Bought ,3	
	Number	%	Number	%	Number	%
Local markets/ mills/ farm gate-Direct purchase	29	61.7	7	14	1	2
Neighbor district	6	12	13	28.26	15	30
Terai based market	3	6	7	15.21	13	26
India	3	6.38	3	6	12	24
Booking agent do deliver me in the shop	9	19.14	20	43.47	9	18

Total	50	100	50	100	50	100
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(Source: Field survey, 2023)

Above data shows (table-1) basis of regular purchases (April–November) is the local shops in corresponding regions, with approximately coming from resident grinders about directly as of farmers or cooperatives at the farm gate area. According to the majority of the survey conducted at the sample site (Annex 1), roughly 61.7% of traders purchase resident manufactures their primary favourite to remaining in 30 days, while dealers find it informal to purchase commodities since mediators whose deliver at their doorsteps. These bookings are contingent on a price that includes transportation costs, and this trend occurs when demands are met and certain essential goods are needed. Kirana Pasal, or grocery stores, make up the majority of retailers (Annex-1). The majority of vendor's mention that 28.26% of customers buy from the neighbouring district, which suggests they buy from the district-based markets that are close by. Hetauda, Kathmandu, Bhairahawa, and a few other district-based markets are the markets that are the closest to the ones that were examined. The data also reveals a pattern whereby marketplaces situated in the Terai region, such as Birgunj, Janakpur, Bhairhawa, Bhutan, and Biratnagar, are located close to the Indian border and primarily source from India. Due to a variety of trade policies and customs, direct imports from India are restricted for traders. However, the majority of malls and wholesalers have reported that they have direct access and import directly from India during their preferred times.

Local production is difficult these days due to agriculture production, and growers are being unfocussed to current living modes and making over commercial and local Business, according to similar statistics released in the Federation of Nepal Chamber's annual book. (MCCI, 2022).

FGD and KII Clarifications from FNCCI, Governments and Agriculturalists

Aside from the home-grown period, Terai and Indian markets meet all of the cereal demands since Terai output helps some markets operate for an extra two to three months, but the market is mostly dependent on Indian supply management for the next six months.

Table 2 ,Agriculture product Sufficiency Viewpoints of Merchants from many bases -

Legend	production Local		production Neighbour		production Terai		production India		from Agent	
	Number	%	Number	%	Number	%	Number	%	Number	%
Less than 1 months	4	8	33	66	19	38	2	4	43	86
2-3 months	29	58	7	14	15	30	42	84	2	4
3-6 months	14	28	8	16	14	28	3	6	3	6
6 to 9 months	3	6	2	4	2	4	3	6	2	4

Total	50	100	50	100	50	100	50	100	50	100
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(Source: - Field survey, 2023)

The market has stock of about two to three months (58%) that comes from local manufacture, according to traders polled (Table 2). It indicates that the local farmers sell crops such paddy rice, maize, and wheat that last two to three months while preserving their own stock for survival. According to market trends, the examined market, which sources from either the local area or outside, does receive supplies from neighbouring markets including Hetauda, Kathmandu, and Bhairahawa. According to market trends, traders purchase stock from their neighbors for a period of one month, and then they manage stock from many sources following the sale. Since markets rely on Terai supply from September to December as a cyclical order after local production is finished, most people from the Terai region have also indicated that they will buy and stock for two to three months and six to six months. Since local production is insufficient and the market supply is at least entirely dependent on Indian cereal commodities for about six months, it was discovered that about 84% of the supply system comes from India. The fact that 86% of respondents firmly selected 1-month source shows merchants take sufficiently chance to demand nutrition commodities and End seasons, making the job of the agent even more crucial over the market's.

Chamber of commerce, Businesses of the particular and KII region detailed

"In Bagmati Province, local production is only adequate for a few months. The supply system is brought in from the Terai region, which may be an Indian source, and for the remaining months, India serves as the most practical means of meeting the needs of the cereal crop selected for the study."

Table 3, View on selected District agriculture food Enough from local production period

Legend	Rice Enough		Maize Enough		Wheat enough	
	Number	percentage	Number	percentage	Number	percentage
Less than 1 months	1	2	2	4	21	42
2-3 months	30	60	36	72	25	50
3-6 months	15	30	11	22	4	8
6 to 9 months	4	8	1	2	0	0
Total	50	100	50	100	50	100

(Source: Field study, 2023)

Table 3 showed that, in terms of food sufficiency commodity-wise, local production is adequate for two to three months in the home-grown parts although growers sell through the period. These commodities include oil germs, pulses, maize, wheat and rice, which are then further collected by mills and traders who pack and sell them in the marketplaces. This value chain structure benefits both the traders and the nations economically, and the traders have a fantastic potential to create jobs and income for the nation. Therefore, the study demonstrates in a

moderate way that the nation's economy is supported by farm produce through the market. Since maize is mostly used for self-consumption and cattle feeding, local sufficiency for market support for both wheat and maize lasts for one to two months. Likewise, wheat, another edible crop grown in homes, has a small market share and a low rate of sale.

Table 4, Numerical rapid of manufacture ,In Bagmati province

District	Area Paddy (Ha)	Paddy Production (MT)	Yield (MT/ Ha)	Maize area (Ha)	Maize Production (MT)	Yield (MT/ Ha)	Wheat area (Ha)	Wheat Production (MT)	Yield (MT/ Ha)
Chitwan	26005	104075	4	5986	24083	4.02	5088	19360	3.81
Nuwakot	16129	70535	4.37	16218	62235	3.84	4165	13745	3.3
Kavre	10755	42101	3.91	24823	80137	3.23	8860	26591	3
Total	52889	216711		47027	166455		18113	59696	

(Source : Department of Agriculture and Livestock Growth arithmetical information of 2021)

Arithmetical rapid for the economic year 2121 output has been released of part then by Bagmati Province, in accordance with the Ministry of Agriculture and Livestock Development's statistics report. Table 4 indicates that rice is the most widely consumed food in the majority of the region and that paddy output is higher there.

According to farmers and municipal officials, over 60% of the cereals produced at the farm gate are sold in markets, with the other 40% being consumed by HHs.

According to these viewpoints, the total manufacture of table -4 can be increased, multiplied by normal sale value of around 3 harvests, which is fifty rupees per kilogram (Maize-40, Rice-40 and Wheat-55 Rupees). This amount canister included in the 55% whole profitable manufacture. Based on a variety of sources, we can calculate that the farm gate price for farmers in the research area is around 10628 million NPR. Consequently, it can be said that the size of the national economy had a major impact on the economic development in Nepal.

Table 5, Buying tendency of Public through various time

Legend	Normal Buying		Buying immediately		Buying Holidays	
	Number	%	Number	%	Number	%
for Few Times	37	74	1	2	1	2
for a 2 or weeks	3	6	3	6	37	74
for a month or two	10	20	22	44	12	24
Stock for 3 or more than that	0	0	24	48	0	0
Total	50	100	50	100	50	100

(Source: - Field Study, 2023)

According to the study, the majority of people's market buying pattern lasts for a few days during regular times, but during times of crisis or emergency, respondents stated that they stockpile for three months or more during the COVID-10 pandemic. Because the local markets run smoothly during festival season, most people stock up for a week.

According to a similar response from the FGD, residents buy cereals since the resident bazaar for a few months and some days, then persons who live far away take a few more days to buy them. In contrast, urban residents buy for a brief amount of time because food items are readily available and the market is functional.

Conclusion

According to the study's findings, the studied area's local production of agricultural cereals such wheat, maize, and paddy is adequate for two to three months. Due to continuous supply from Terai, local production, and the Indian supply chain system, the market supplies persisted. The agent's supply is particularly noteworthy. In order for the commodities transaction to satisfy people's needs, the market is crucial. India and the Terai district's contribution are essential to meeting people's sustainable needs.

According to the overall production data, paddy is a crop that may be used and is highly significant for consumption. The farm gate income and other income probabilities indicate that commodities play a large role in the national economy. Generally speaking, buyer acquisition patterns are typical, but during times of crisis, they grew as the market's functionality was restricted.

Annex-1, Sample summary of study area

Types	Frequency	Percent
Kirana Shop	36	72
Mart	7	14
Shopping Complex	4	8
Roadside mobile shop	3	6
Total	50	100

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