

AGRICULTURE



GOVERNMENT OF NEPAL
INVESTMENT BOARD NEPAL

APRIL 2024

1. OVERVIEW



Three major topographical zones: Terai (warm plain region), Mid Hills (varied microclimates) and Mountains (high altitude zone).

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Variation in altitude: Elevation ranging from 59 meters to 8,848.86 meters (Mount Everest).

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Strategic location for agri-business: Bordering China and India, two of the largest markets in the world.

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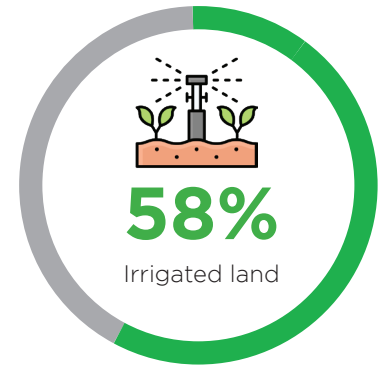
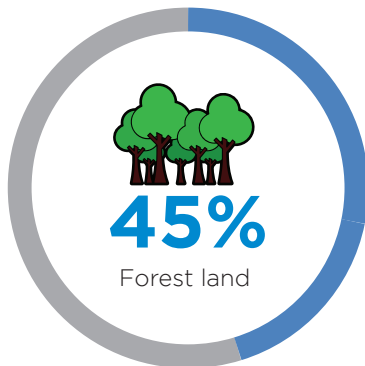
Climate and vegetation: Large variations within very short distances.

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Economic growth rate: 5.84% (2022/23).
Contribution of agriculture to GDP: 24.1.
Population engaged in agriculture: 50.4%.

Land use

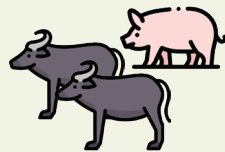


Major livestock



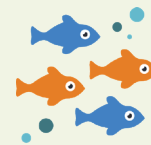
Mountains

Yak, sheep, goat



Hills

Cow, buffalo, goat, pig, poultry, rainbow trout



Terai

Cow, buffalo, goat, pig, fish, poultry



Major crops

Staple food crops: Rice, maize, millet, wheat, barley, buckwheat and potato.

Major cash crops: Oilseeds, potato, tobacco, sugarcane, tea, coffee, flower, vegetables, temperate fruits, large cardamom, jute and cotton.

Pulses: Lentil, gram, pigeon pea, black gram, horse gram and soybean.

Major crops: Topographical zones



Mountain

Potato, kiwi, apple, apricot, buckwheat, barley, millet, hog plum



Hill

Maize, ginger, citrus fruits, oilseeds, coffee, wheat, potato, tea, large cardamom, kiwi, vegetables, barley, hog plum



Terai

Paddy, wheat, sugarcane, maize, jute, mango, banana mustard, sunflower, sugarcane, lentil, vegetables, potato, cotton

Agricultural products with high comparative advantage



Spices

Ginger: 4th largest producer globally

Large cardamom:

World's largest producer, 52% of global production

Turmeric: High medicinal value



Medicinal and aromatic plants:

Availability of rare and high-value plant species such as *Chiraito* and *Jatamasi*



Tea and coffee:

Established international market for quality products and room for expansion



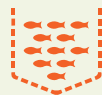
Honey:

Opportunity to expand production of multi flora honey; high demand in both national and international markets



Vegetables:

Important primary produce that can provide quick returns. Nepal is almost self-reliant in fresh vegetables, some also exported



Livestock and fish:

Opportunities to produce various breeds/species of livestock and freshwater fish species



Floriculture/ ornamental plants:

Large plant diversity with scope for exploration



Organic product:

High hill and mountain regions are suited for organic and niche products

2. INVESTMENT OPPORTUNITIES



Agro Processing Industries

Tea, coffee, foodgrains, pulses, meat and dairy



High quality edible oil

Mustard, sunflower and soyabean



Processing of NTFPs

Cosmetics, herbal medicine, bio-pesticides



Agro based infrastructure and irrigation projects



Integrated agro-processing zone (industrial zone):

Bringing a wide range of agricultural products from across the country for storage, processing, and distribution



Agro-machinery and tools:

Production of farm management tools such as harvesting and threshing, and post-harvest processing tools and machinery

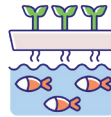


Chemical/ organic fertiliser industry

Smart practices in agriculture



Agro & food laboratory and propagation units



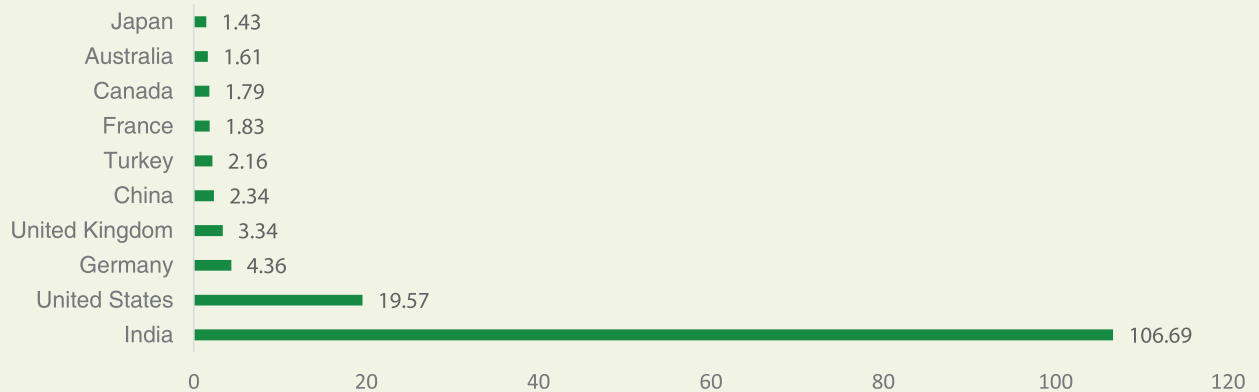
Aquaponics, hydroponics, green house, precision agriculture



Climate smart technologies

Market Opportunities

Major exports 2023 (NPR billion)



Processed agricultural products such as refined palm oil, soyabean oil, cardamom, fruit juice and jute woven fabric from plant material contributed more than 30% of exports in 2023.

3. SUPPORT SYSTEM



Agriculture Policy

2004: Emphasis on enhancing local production and productivity, development of commercial and competitive agricultural systems



Agriculture Development Strategy (ADS)

(2015-2035): Focuses on agricultural transformation of Nepal



National Seed Vision:

Seed sector development strategy (2013-2025)



Prime Minister Agriculture Modernization Project (PM-AMP):

Envisages pockets, blocks, zones, and super zones for agriculture products

Provisions for agro based investments

Industrial Enterprise Act (2020):

- Department of Industry (DOI) registers all industries approved
- Registration, renewal, and regulation of industries that do not come under the jurisdiction of DOI come under the provincial governments (applicable for domestic private investors in agriculture)

Foreign Investment and Technology Transfer Act 2075 (FITTA 2019):

- Agro-processing is open for FDI
- FDI permitted in agriculture for exporting over 75% of the farm produce

Taxes and incentives

70% exemption of applicable rate for agriculture-based industry that provides direct employment to at least 100 nationals during a whole year



Exemption of dividend tax in case of special industry and those in the agriculture and tourism sectors that capitalise their profit (issue bonus shares) for the purpose of capacity expansion



No value added tax (VAT) is levied on the primary and basic agricultural goods



VAT exemption for agro-based cold storages



VAT exemption for spare parts imported by jute industries on recommendation of DOI

25%

VAT square off facility for all-purpose flour industries

40% VAT square off facility for mustard oil, Vanaspati ghee, dairy and tea producing and refining industries

90%

VAT square off facility for sugar industries

Scan for full sectoral profile, including the data sources.



For this document



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