

Role of Cooperatives in Import Substitution & Overall Agricultural Development in Nepal

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Rural reality -1

- In terms of employment agriculture is by far the most important sector of Nepal's economy engaging about 64% of the labour force,
- Nepal is richly endowed with agro-biodiversity. Rice, maize, millet, wheat, barley and buckwheat are the major staple food crops. Similarly, oilseeds, potato, tobacco, sugarcane, jute and cotton are the important cash crops whereas lentil, gram, pigeon pea, blackgram, horsegram and soybean are the important pulse crops.
- Agricultural holdings are generally small and scattered, family is often of the subsistence variety characterized by simple tools and shifting cultivation. These small farms produce around 70% of the total foods.
- According to a WFP, at the provincial level, the highest percentage of households suffering food scarcity was found in April 2020 in Karnali Province (17.5%), followed by Province Lumbini (7.6%) and Sudurpaschim Province (7.3%).

Rural reality-2

- Young and energetic manpower generally not interested in agriculture,
- Around more than 70 percent of farmers would in reality, prefer to engage in some other means of earning a livelihood,
- More than 60 percent of the farmers would like to be employed in urban area owing to better opportunities available there in terms of health, education and occupational avenues,
- Agriculture has been increasingly becoming lesser and lesser attractive due to repeated losses as a result of unprecedented weather conditions, soil erosions, floods, droughts and pest attacks,
- The situation was further being compounded by mounting debt.

Why cooperatives ?

- Cooperatives are viewed as potentially important vehicles for community development since they can solve local problems by mobilizing local resources into a critical mass, and by virtue of being locally owned and controlled,
- cooperatives can keep profits and responsibility in the hands of local citizens. More than this, the cooperative structure has the potential to create more substantial social and economic benefits within a community than non-cooperative firms.
- The structure, or the very nature of cooperatives, it is argued, makes them more community-oriented, because they can pursue different objectives than purely profit-oriented firms.

why cooperatives are important in agriculture,

- Deterioration of subsistence farming,
- Declination of Family size,
- Decline of livestock,
- Institutional arrangements for inputs, and market management,
- collective self-sufficiency,
- Social division of labour, improves productivity due to the existence of gains from specialization;
- Institutionalization of 'right based approach'.

Specificity of agricultural production

- Workers, for technological reasons, cannot be gathered together in a single location (Pollak 1985: 591) and therefore cannot be effectively monitored;
- the outcomes of production are inherently uncertain due to unpredictable natural phenomena, and therefore are not unambiguously related to efforts expended by workers, which means that these workers cannot be held fully accountable for their work.

Why Structural change in the agri-food system

- Encouraging cultivation, there is need of re-distributive land reform and management;
- Re-organize and institutionalization of agriculture related organizations such as input corporation, agriculture University, and agro- promotional and Research and development related government offices;
- Developing and concentrating in all of major components related to agriculture, such as food retailing, food processing, handling and transportation, input supply, and agricultural production,
- Family farms continuation is a political matter, continue their existence as players in the agri-food sector, cooperatives are bound to preserve their basic role.

Growth productivity & import-1

- Growth in rice productivity 1980-2016 was just 1.5 percent,
- Population growth rate 2.3 percent,
- Average rice consumption rate is 130kg per capita per year,
- Nepal imported 546,000 tonnes of paddy from August 2020 – April 2021,
- country's overall imports grew by 28.66 percent to Rs1.53 trillion in the last fiscal year, agricultural goods imports increased by more than 30 percent, taking the share of agro-products in the total import bill to 21 percent.

Growth productivity & Import-2

- Total imports of crude soybean amounted to 452,626 tonnes, imports of edible oil swelled by Rs32.66 billion to Rs82.90 billion; within one year.
- import of cereals increased by Rs22.71 billion within a year, crossing Rs79 billion in the last fiscal year; Imports of maize and wheat came to Rs16 billion and Rs12 billion respectively.
- The country spends Rs22.03 billion on the import of animal fodder alone. Vegetable imports have jumped to Rs38.50 billion.
- Fertilizer 22.82 billion

Import of agriculture goods

IMPORTS OF AGRICULTURAL GOODS

Agricultural goods	2019-20	2020-21
Vegetable fats & oils	Rs50.24 billion	Rs82.90 billion
Cereals	Rs56.88 billion	Rs79.59 billion
Vegetables	Rs33.05 billion	Rs38.50 billion
Fertilisers	Rs19.00 billion	Rs22.82 billion
Food industries & animal fodder	Rs15.12 billion	Rs22.03 billion
Fruit and nuts	Rs20.74 billion	Rs21.34 billion
Oil seeds	Rs19.48 billion	Rs20.64 billion
Sugar & confectionery	Rs4.27 billion	Rs12.26 billion
Cotton	Rs6.83 billion	Rs10.41 billion
Coffee, tea & spices	Rs11.57 billion	Rs9.49 billion
Dairy, eggs & honey	Rs2.20 billion	Rs1.99 billion
Fish	Rs1.76 billion	Rs1.69 billion
Animals & meat	Rs1.01 billion	Rs1.63 billion

Import substitution policy

- Policy shift from import -driven towards production driven;
- Resolve the Ideological constraints – protectionism or competitiveness;
- Choose the model and resolve the contradiction of small family farming v/s big corporate farming model,
- There is a need of more research & development (R&D) activities to create of new-agricultural cooperatives for sustainable agriculture development, not only in the field of input, production and marketing but there is a need of expansion of milling, processing and other agro-related industries.

- Thank you