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**THE DEMAND FOR ENERGY IN THE  
NEPALESE MANUFACTURING ESTABLISHMENT**

**Kamal Banskota  
and  
Bikash Sharma**

**ADPI Series No. 2**

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**International Centre for Integrated Mountain Development**

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International Centre for Integrated Mountain Development (ICIMOD)

Kathmandu, Nepal

## Preface

This discussion paper was produced as one of the background papers for the preparation of an integrated economic and environmental development plan for the Bagmati Zone. The main purpose of the paper was to develop a better understanding of the energy supply and demand structure, and it provides an in depth analysis of this aspect for the manufacturing sector. Understanding these linkages is very important, not only because of the role of manufacturing in the future development of the region, but also for the purpose of being better prepared to cope with the problems of a rapidly escalating demand for energy. Some energy inputs face inelastic supply, while others have significant environmental problems, and still others involve huge amounts of foreign exchange. The use of pricing policy to reflect the real domestic costs of these resources is essential if energy use is to be efficient as well as non-limiting for the development of manufacturing in the region. In view of the data constraints for the region, the analysis was undertaken on a national level and the broad conclusions arrived at are also valid for the Bagmati Zone.

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