

**HILL AGRICULTURE AND THE WIDER MARKET ECONOMY :
TRANSFORMATION PROCESSES AND EXPERIENCE OF THE
BAGMATI ZONE IN NEPAL**



Mahesh Banskota

ICIMOD OCCASIONAL PAPER No. 10

**Kathmandu, Nepal
May 1989**

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**Published by
International Centre for Integrated Mountain Development
Kathmandu, Nepal**

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Cover Photograph: A Bustling Weekly Market at Namche Bazar. A good example of trading between High Himalayan Region and the Middle Hills encouraged by the growth of tourism (Courtesy: Veit Burger)

Published by

International Centre for integrated Mountain Development, in association with
Kefford Press Pte Ltd, Singapore

G.P.O Box 3226, Kathmandu, Nepal

ISBN 981-00-1245-4

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ACRONYMS

ADBN	Agricultural Development Bank of Nepal
AM	Agricultural Marketing
AIC	Agricultural Inputs Corporation
CBS	Central Bureau of Statistics
CSI	Cottage and Small Scale Industries
DAO	District Agricultural Office
DFAMS	Department of Food and Agricultural Marketing Services
DRCG	Development Research and Communications Group
GKV	Greater Kathmandu Valley
HMGN	His Majesty's Government of Nepal
ICIMOD	International Centre For Integrated Mountain Development
IRDPA	Integrated Rural Development Programme
LRMP	Land Resources Mapping Project
ME	Manufacturing Establishments
NPC	National Planning Commission
NRB	Nepal Rastra Bank

Acknowledgements

This present paper is an integration of the work I have been doing on off-farm employment and rural urban linkages. In order to reduce the population pressures on limited land resources, it has become essential to develop employment and income generating activities. However non-agricultural options for the hills are likely to remain very limited, so long as the bulk of the population remain engaged in subsistence agriculture. While the priorities of the hill farmer for food production is very understandable, the economic viability and environmental sustainability of many of these subsistence farming systems is becoming increasingly questionable. Linked with the question of hill farming is also the evidence of very limited impact of modern infrastructure. In order to ensure more effective use of available and planned infrastructure, as well as to provide better income earning opportunities for the hill family, it has been argued that agricultural transformation must lead the way. A poor hill farmer can neither provide adequate food for his family nor live in harmony with the fragile environment of the hills. The approach advocated here is not to encourage a "reckless expansion of cash crops" but to work together with the hill farmer to integrate hill agriculture with the wider market economy, in an environmentally sustainable manner. The major limitations in this respect appear not from the side of the hill farmer, the hill environment, or lack of appropriate technology, but from the organization and management aspects.

I have benefitted from discussions with many friends. I would specially like to thank Dr. Colin Rosser, Director, ICIMOD for his continuing encouragement and support. I would also like to thank Dr. Desmond Mc Neil and Dr. Prodipto Roy for their comments and suggestions together with due thanks to Prabha Thacker for the editing. Sabina Shrestha, Susan Ann Ranger and Sarita Joshi have been involved at different stages of preparation of this paper and I would like to thank them for their hard work.