

NEPAL
THE FIFTH PLAN (1975-80)
IN BRIEF

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PREFACE

Development planning is a complex process. This is more so in a country where geographic constraints directly impinge on production capacity and distribution cost. Nepal launched its first development plan in 1956, followed by the second (1962-65), the Third (1965-1970) and the Fourth (1970-1975). The main emphasis of the previous plan was in the establishment of basic infrastructures, particularly towards linking distal part of the country in one national socio-economic system. The task of national integration and development initiated during two decades of development efforts needs to be followed up by sharing of development benefits by the population at large. People-oriented development and egalitarian distribution built in the production process are not only the current planning concept but are imperatives for Nepal. And it is to this central them that the Fifth Plan attempts to address. The salient features, form and content of Fifth Plan and resource needs are outlined in the following chapters.

Formulating a periodic plan for a country like Nepal where detailed regional statistics are still lacking and constant movement characterizes the population and migration across regional and international boundaries has been a challenging task. The national Planning commission records its appreciation to government ministries and departments. Local panchyats and international agencies for their cooperation in this important effort. I would like to commend by colleagues in the planning commission particularly full-time members, Dr. B. P. Shrestha, Mr. G. P. Lohani, Dr. R. S. Rana and Mr. G. B. N. Pradhan for their contribution.

Dr. Harka Gurung

Vice-Chairman

National Planning Commission

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I

INTRODUCTION

This introduction attempts to highlight the underlying principles, formulation process and salient features of the Fifth Plan (1975-1980). The objectives and policies adopted in the Fifth Plan are derived from the guiding principles of the country's constitution that aim to establish democratic and egalitarian society. Furthermore, the directive oh His Majesty the King to make development people-oriented on the basis of regional balance provided a major policy orientation to the Planning commission. The formulation of the Fifth Plan commenced ever since the first meeting of National Development council was held in February 1973 during which the 'Basic Principle Principles of the Fifth Plan' was presented for consideration. The adoption of the 'Basic Principles' was followed by wide-ranging consultations. In order that programmes and projects to be included in the Fifth Plan reflect the real needs of the people, the Planning Commission sponsored development seminars in December 1973 in the four development regions. The Participants included Zonal Commissioners, chief of regional offices and chairman of district panchayats and class organizations. These regional seminars provided an important basis both for project selection and regional plan formulation. While policy and priorities pertaining to specific development sectors were finalized with the active cooperation of concerned ministries and department, the Planning Commission also formed five task force group of experts to deal with inter-scrotal policies concerning regional, population, employment, land use and water resources. "Policy Guidelines for the Fifth Plan" incorporating these exercises was presented at the third meeting of the National Development Council held in October 1974. The Fifth Plan document, therefore, basically a product of the deliberations of the development seminars held at the regional level and active participation of ministries and Department at the center. The plan is an indicative document of development programmes and projects to be undertaken during the coming five period. Since the locational aspect of many projects and programmes will be further specified in detail through annual programming, there is a scope for enhancing the level of development activity in regions where programmes are presently lacking. Moreover, programmes and projects such as suspension bridges, micro-hydel plants, water supply and irrigation schemes in which extensive feasibility studies were initiated during the Fourth Plan will provide further scope for project allocation to additional districts. Social services like education, health, drinking, water and postal services that are related to the distribution of population will be extended in all districts during the Plan Period.

In view of the geographical settings of Nepal, the wide development disparity between the Hills and Tarai sub-regions, on the one hand, and that between the central and Far western regions, on the other, cannot be reduced in a short period of time. Regional balance is a long-term process and requires constant effort. Regional policy does not mean the scattering of limited resources rather it is for maximizing national income through an investment pattern that mobilizes inherent resources of regions and societies and there by widen the very base and scope of development. While the long range perspective is to effect national economic integration through the east-west and north-south growth

axes, the medium term strategy during the Fifth Plan emphasis more on economic return from areas that have been made accessible.

The Overall regional allocation of proposed development budget for the Fifth Plan shows a larger share for the Central Region and a low share for the Eastern Region. This imbalance is due to two legacies: the predominance of metropolitan Kathmandu (within the Central Region) in economic and political sphere of the nation, and already existing road, irrigation and education facilities in Eastern Tarai (having about 50 percent of the region's population) as well as the greater private sector participation in industry and trade. In terms of comparative development, the Central Region is followed by the Eastern Region whereas the Far Western Region is by far the most backward of all regions. More resources have been allocated to the Western and particularly to the Far Western Region in this Plan for speeding up development in least-developed region. In this connection, the allocation of one-third of the total amount under transport and communication to the Far Western Region deserves special mention. The basis for resources and project allocation follows the principle of disaggregation at the national level and aggregation at the regional level for productive linkages.

Regional balance and increase in production are not contradictory principles. If regional approach is the means to widen development to various areas, maximum utilization to labour force could both increase the production and participation of the masses in economic development. Hence the basic objectives of the Fifth Plan emphasis mass-oriented production and maximum utilization of labour force. It is towards achieving this objective that a new approach in resource allocation has been adopted in the Fifth Plan. Unlike the previous periodic Plans that accorded high priority to Transport and Communication sector, the Fifth Plan has given priority to the agricultural sector for securing increased production. Modern transport facilities may be the most important means for development but it has become clear from past experience that extension of transportation facilities without complimentary production activities not only become a maintenance liability but also a means of dramatizing inherent disparity. Agriculture is linked to natural resource and climatic conditions and it is also economic activity with a much wider employment prospect. An agricultural development strategy based on ecological specialization could contribute both to increased production and regional balance. In addition to this emphasis on agriculture, public sector resource allocation has been significantly increased in the social services for demonstrating and affecting direct development benefits to the people. Social services have been allocated a quarter of the total resource in the public sector and of this about 40 percent has been proposed for education, the basis for enskilling the population.

Besides this major re-alignment in sectoral resource allocation, the Fifth Plan singles out population control employment generation, scientific land-use and fuller exploitation of water resources as priority areas for development. In view of high population density in the hills, expansion of family planning services, and the ambitious resettlement programme have been proposed under the population policy. The employment proposes encouragement of labour intensive techniques and extensive rural works programmes under the panchayat sector for the optimum mobilization of labour. If geographical

situation is one of our development constraints, sustained economic development will depend on the rational and efficient utilization of our limited land resources. The plan envisages a national land use survey for resource inventory and a massive afforestation and erosion control programme in the marginal areas. The Fifth plan proposes to double the hydroelectric generating capacity and increase irrigation facilities considerably in order to maximize the utilization of the country's huge water resources. The above intersectoral policy guidelines are the main strands around which various programme have been interwoven in order to provide a concrete direction to the Fifth Plan.

Another new feature of the Fifth Plan is predominance of internal resources in the development expenditure outlay. Out of the total allocation envisaged for the Fifth Plan, 55 percent is set for internal resources component and 45 percent for external sources. This is consonance with the need to move towards self reliance in economics sectors as in other sectors. Development has its own cost, and the pace and continuity of development depends very much on the active participation of those to whom development is addressed. A firm determination is required for mobilizing adequate internal resources to fulfill the plan den target. In order to increase revenue considerably above that at the present level, it is essential to arose popular trust by adopting effective measures to control misutilization and leakage of revenue.

Another salient aspect of the Fifth Plan is the provision of maximum and minimum level of financial resources and physical targets. The flexibility of maximum and minimum programmes of Rs.1140 crores and Rs.919 crores recognizes potential variations in resource availability, implementation capability and external determinants during the Plan period. From the point of view of people's aspirations for development even the proposed programmes of maximum level may be inadequate. But the targets that are set in the Plan are also no less challenging and ambitious if they are related to the previous performance. The performance of the Plan will indeed be determined by the level of improvement in resource availability and implementation capacity. An obvious operational strategy would be to begin with the minimum target and expand the capacity through the Plan period to achieve the maximum target.

If the flexibility of the Fifth Plan reflects the present development constraints, it also expressed the potential for improvement with respect to resource mobilization and implementation capability. Public administration will have to be made development-oriented in order to keep pace with the level of development activity. In other words, the present centralized administrative process need to be changed so that it is capable of meeting the challenge of broadening the scope of development. In this connection, it is essential that regional and local administration be given more authority and their capability enhanced in order to bring about a new dynamism in the development process. Finally a periodic plan is not only a reflection of the people's aspiration but an economic promise of the political system as well. People's faith in development process can be enlisted only through government's commitment to the Plan and priority accorded to its realization. This, in essence, is what gives credence to people-oriented development.

II

SHAPE, SIZE AND PROGRAMME

The formulation of the fifth plan is guided, among other things, by two considerations. In the first place the experiences of the past years, especially the performance of the fourth plan, have been duly considered along with the need for speeding up the process of development not only to fulfill some of the felt-needs of the common people but also to strength the base for further growth in future. Secondly, the requirement of the additional financial resources, development materials, trained manpower, administrative capabilities similar other related needs also been taken into full account. The national planning commission may not have succeeded in its effort, for the purpose cannot plan cannot be claimed flawless in all respects. They may be short coming which may be attribute to the numerous practical difficulties and constraints at the stairs of plan formulation. In a situation like ours there are many more things as yet to be known and understood at the operational stage.

1. Fourth Plan Progress Review:

In Nepal, as in many other developing countries, the gap between a plan and its performances is an established fact. The Fourth Plan is no exception. In the first four years of the plan, as the available information indicates, the progress in major areas such as food grain and each crops production, irrigation, road and bridge constructions, power-generation and industrial production, fell short of the planned targets by wide margins. Consequently, the average annual growth of Annual Growth of Gross Domestic Product failed to exceed 2.65 percent as against the anticipated rate of 4 percent in the plan.

Such a major shortfall may be attributed to both internal and external factors. Obviously countries like Nepal, which is landlocked and dependent on external trade, cannot remain insulated from outside influences. Such outside events adversely affected the implementation of the Fourth Plan as well. During the first half of the Plan operation, numerous projects could not be executed on schedule for want of construction materials in time on account of the delay in trade and transit treaty between Nepal and India and the subsequent events in the Indian sub-continent. The later half of the Plan period was also not without similar difficulties. Many projects were, in fact, hit hard by the world-wide inflation, shortage of development materials and difficulties in their procurement.

The natural reasons were also no less responsible for the setback during the period under review. The four years period was marked by excessive rains and partial drought.

All these natural and exogenous factors, however, do not fully account for the gap between the Plan target and the actual progress. A number of internal weaknesses and shortcomings, which seemed to have hampered the Plan implementation, were not, however, of any fundamental nature. They were not, therefore, insurmountable. Most of them were, in fact, simple administrative hitches, but impending very much the timely implementation of numerous projects. In the experience of the concerned Ministries and

Departments, too, major reasons for not getting things done according to the programmes were mostly of administrative nature. The most frequent repetition of the same set of administrative reasons by these concerned operating agencies of the Government at the time of periodic progress review tends to suggest a state of administrative indecision or lack of such decision in time for both social and economic development. The proposed Fifth Plan, as compared to the Fourth one is much bigger and more comprehensive and its successful implementation, therefore, demands that the concerned operational levels fully aware of weakness affecting adversely the implementation of the previous Plan.

2. Provision of Minimum and Maximum Programme:

The Fifth Plan is not only bigger, but also somewhat different from the previous Plan. In order to make as objective and operational as possible, the Fifth Plan has envisaged to sets of programmes-Minimum programme and Maximum programme. If the past experience is of any guidance to the future, it is more realistic to set minimum and maximum limits to the size of a development plan than to formulate a big plan in the beginning just to wind it up at end with a wide gap between the ambition and achievement. A plan with such limits can be flexible and the planned programmes and targets can also be modified within the board frame work of the plan according to the situation as may emerge at the operational stage in such a vital areas as mobilization of domestic resources, availability of external assistance, development goods and trained manpower, administrative capability, balance of payments position etc. Likewise the programmes, which are identified as essential but cannot, however, be undertaken with the available resources and capacities can also be accommodated in the plan at appropriate stage in future, if and when the necessary resources and capacities are forthcoming.

It should, however, be clear that even for a successful implementation of the minimum programme envisaged in the Fifth Plan, a significant improvement in our capacity and determination is imperative. Big effort must be made on domestic front for mobilization of internal resources, training of manpower and procurement of construction materials.

3. Fifth Plan Outlay:

The Fifth Plan outlay is estimated at Rs.919.7 crore for the minimum programme in the public, Panchayat and private sectors and Rs.1140.4 crore for the maximum programme. As the estimates are based on 1974/75 price actual outlay may go up with the increase in price level during the period of plan implementation. If the minimum and maximum programmes as envisaged in the Plan are fully implemented, Gross Domestic Product at 1974/75 price is estimated to increase from 4 to 5 percent per annum, leading to an absolute increase in GDP from Rs.1432 crore of the base year 1974/75 to Rs.1751 crore and Rs.1828 crore, respectively at the end of the Plan in 1979/80. In other word, the additional GDP over the plan period will be Rs.318.5 crore and Rs.395.8 crore at 1974/75 price, depending on whether the GDP growth rate is 4 or 5 percent per annum. This will raise the estimated per capital GDP of Rs.1138 in 1974/75 to Rs.1250 and Rs.1305, respectively in 1979/80 at 1974/75 price.

For the estimated rates of annual growth of GDP, the required levels of average investment are estimated at about 10 to 12 percent over the Plan period. Since 45 percent of the public sector outlay will be made available from outside resources, the financing of the 10 to 12 percent average rate of investment needs 6.4 to 7.9 percent average rates of domestic saving over the Plan period (Appendix I).

4. Fifth Plan Objective:

The proposed Fifth Plan is not only bigger in its size but its underlying objectives are also significantly different from the previous Plan. The overriding objective of the Fourth Plan was to maximize output, whereas the objective of the Fifth Plan is not only to maximize output, but also to make such output consistent with the minimum felt-needs of the people. Maximization of output over the years is necessary but not sufficient, for output maximization is only the means and not an end in itself. It is, therefore, necessary that the additional output should conform to the basic needs of the common people. At the same time the purchasing power of the people should also go up *pari passu* with the increase in production, so that they will be in a position to make use of such output which they need most. This can be done by involving the people in the actual process of production according to their needs and abilities. Such effective participation of the people will not only result maximization of output but also make such output consistent with the basic needs of the people and increase, at the same time, the purchasing power as well. Thus, the people-oriented production, on the one hand and the maximum utilization of man-power, on the other, are the twin objectives underlying the Fifth Plan. However, these twin objectives can be achieved only when the development activities are also as widely spread as the natural resources and labour force are scattered all over the country. This will not only make the best use of available labour and resources but also strike a regional balance in development process. Hence, the regional development is aimed at as another major objective of the Plan.

In this context, the directives of His Majesty the King to divide the country into four development regions and also to focus on specialization in livestock improvement in the northern region, horticultural development in the central hills and food-grains and cash crops production in the southern parts of the country provides a basic framework and guidelines for regional development based on the varied topographical condition, natural resources and climate patterns of the country. If the development process is geared to regional specialization in accordance with the regional variations, not only the total production of the various regions will go up but such production will also be diversified, so that the supply and demand of the various regions will be mutually inter-dependent through market mechanism. This process will eventually result in a much stronger economic integration of the country. Towards this end, the possible efforts envisaged in the Fifth Plan are well reflected in the regional allocation of the Plan outlay and programme.

5. Allocation of Fifth Plan Outlay:

Certainly all the objectives as enumerated above cannot fully be achieved during a periodic plan that has a short span of five years. All possible efforts will, however, be made during the Fifth Plan towards the fulfillment of

these objectives in whatever way feasible. Accordingly, the plan has set the target of making available to the maximum number of people, within next five years, some of the goods and services such as food-grains, cotton, textiles, primary education, minimum health services including family planning, maternity and childcare, drinking water, suspension bridges, irrigation, agricultural credit and land tenure system, ensuring to the tenants the full benefits from their labour. The allocation pattern of Fifth Plan is, therefore, much different from that of any other previous plan (Appendix 2 and 3).

In an economy like our own, where more than 90 percent of labour force is engaged in agriculture sector, accounting for two-third of total gross domestic product; neither economic development can be stepped up, nor can there be any notable improvement in the living standard of the people without first increasing the agricultural production significantly. At the present level of our development, food-grains alone constitute a large part of the mass consumption. A larger part of our exports, too, originated in the agricultural sector. At the initial stages of industrial development, most of the industries, which have already been established or will be established in future, must be dependent on agricultural raw materials. It is on account of this overriding importance of the agricultural sector that the Fifth Plan has accorded to it the topmost priority by allocating from 29.8 percent to 30.2 percent of the total estimated outlay in the public sector.

In the allocation of resources, indicating the order of plan priority, social services sector has assumed a much greater importance in the Fifth Plan than any other previous Plans. With the objective of providing to the maximum number of people the most urgently need day-to-day facilities and services such as drinking water, minimum health services, primary education etc. the Fifth Plan has earmarked for expansion and extension of such social services as much as 23.8 to 24.6 percent of the total outlay in the public sector.

In order to make our economy self reliant by gradually reducing the present dependence on imports even for simple consumer goods and construction materials and also to provide to the growing labour force more opportunities for new jobs in the non-agricultural sector, it is necessary to expand our industrial sector as fast as possible. It is for this reason that the Fifth Plan has set aside 20.0 to 22.4 percent of the total public sector outlay for industrial development. As electricity is basic to industries, it is considered appropriate to allocate to it more than half of the total public sector outlay set aside for the industrial sector as a whole.

The resources available for the development of transport and communication are, no doubt, larger in the Fifth Plan than they were in the previous Plans. However, in proportionate terms, there is a substantial decline. Only 23.02 to 26.04 percent of the public sector outlay is available to this sector.

Should the national production be maximized and the largest number of people derives actual benefits from such production, the purchasing power of the people must be raised up correspondingly. As stated earlier this is possible only when there is adequate scope for the maximum number of people to make the best use of their labour in actual process of production. Though it is not possible to provide employment in the non-agriculture sector

to the entire additional labour force over the next five years, it is over, however, expected that a significant job opportunity will be generated in the non-agricultural sector as a result of additional investment and emphasis on labour intensive techniques during the Fifth Plan. But a larger part of the additional labour forced will be absorbed in the agricultural sector itself through a large scale-reclamation of new land and planned resettlement programme. Besides, the additional irrigation facilities, horticulture and livestock development programmes and expansion of other facilities and investment activities as envisaged in the plan for agricultural development, will certainly make a more effective use of the labour force already on land.

Most of the people will forfeit their opportunities for active participation and effective utilization of their labour development process, if the development activities were concentrated in a few selected areas, while the people remain dispersed al over the country. In the past, development activities were, in fact, conglomerated in the so called more potential and more accessible areas. Right up to 1972/73 only 7.6 percent of the estimated development budget of the government was earmarked for Far-western Development Region as against the 42 percent share of the Central Development Region. Attempts have been made towards then end of the Fourth Plan to rectify such imbalances and this effort will be intensified all the more during the Fifth Plan

6. Fifth Plan Programme:

The Fifth Plan policies have been formulated, following the directives and guidelines by His Majesty the King from time to time to provide a new dimension and direction to the entire process of development and make it much speedier and more oriented to the people. However, it may not be out of place here to point out some of the practical difficulties and constraints in translating the Plan objectives and policies into specific operational programmes.

In the first place a number of Fourth Plan project remained incomplete many other have to be carried over, while many more other are of a continuing nature. Such continuing, incomplete in spill-over type projects have claimed as much as half of the Fifth Plan total estimated outlay in the public sector. The Fifth Plan is, on doubt less dependent on external assistance than the previous one. Yet as much as 45 percent of the public sector outlay will have to be financed from outside sources. A number of small and big project for which external assistance had already been committed or is likely to be done so in future, must find their place in the Plan. Secondly, cells of the concerned Ministries and Departments have not yet been development to their due form and shape, limiting, therefore, their capacity in project preparation and evaluation of number of essential projects. In numerous cases, there is no better alternative to rough and ready made cost estimates, pending necessary field investigation and feasibility studies. All these factors have limited in varying degrees, both the capacity and resources for new programmes. The new dimension of the Fifth plan is, therefore, severely circumscribed.

Within these limits the plan objectives have been translated into operational programmes as far as possible. While formulating the specific development programmes, the "Sectoral Policy Guideline Paper" which were

circulated in the third meeting of the National Development Council, have provided a basic framework. The Sectoral plans implemented by His Majesty's Government from time to time have also been taken into account. Besides, the specific project submitted to His Majesty's the King by the Hon 'able members of the National Panchayat as well as the project suggested by the chairman of the 75 District Panchayats in the four Regional Development Seminars organized by the National Planning Commission in 1974 have also been considered to the extent possible. However, the serious constraints of resources and capability on account of the reasons explained above, have minimizes the possibility of accommodation to those entire project in the Plan. Even if included, it would be difficult and may not even be possible to implement the project without any survey and studies beforehand. In the Fifth Plan only the number, not the village, district or location, of minor irrigation, drinking water, health posts, schools, bridges and similar other project is determined. The actual location of these projects can be finalized in the subsequent annual plan and programmes on the basis of the suggestions made by the representatives of the people and the survey to be conducted by the concerned Departments.

Another important aspect of the Fifth Plan programme may also be considered. Each programme and project envisaged in the Plan is scrutinized in as much detail as possible on the basis of all available and relevant information supplied by the concerned ministries and Departments and wherever possible, physical targets have been fully specified in as much simple a way as possible. The Plan Programmes are in no way an imposition on the Ministries and Departments. On the contrary they are the outcome of the mutual consultations, discussions and agreements between the National Planning Commission and the Ministries and Departments within the framework of the Plan objectives and policies. In this sense the Fifth Plan is essentially a joint effort. For the committed programmes and physical targets of the plan, the concreted Ministries and Department are, therefore, as much responsible as the National Planning Commission. As a matter a fact, it is but necessary to in Plan enlist formulation the full cooperation and consent of the Ministries and Department which bear the unlimited responsibility of Plan implementation.

Against this board background, some of the highlights of the Fifth Plan programmes in the public sector are presented below and selected major physical targets are summarized in the Appendix 4.

A. Agricultural Sector:

In the Fifth Plan, agricultural sector is to play the role of a leading sector. In order to step up the GDP growth rate to extent of 5 percent a year. The agricultural production should be pushed up to 305 percent a year. The agricultural production targets of Plan are, therefore, set on this basis. With a view to meet the growing demands for food and also to raise the level of export. The target of food grain production the plan period is determined at 16072 percent. Whereas the target of cash crops production is set as 68.08 percent, partly to meet growing needs of the domestic industries and the partly to expand our exportable capacity. Likewise, the output of fruits, fish, meat, milk will also go up significantly.

No matter how we set the target for agricultural production in the Plan, actual output will, however, be determined and dictated by two factors. One is whether and the other is the drive and decision of the millions of farmers working on land. One way of minimizing the adverse effects of weather is to expand irrigation facilities. If irrigation facilities alone could be expanded, the farmers with their life long experience and know how can increase their production quite substantially. It is in the field of irrigation, however, the progress is not only far behind the target but even disappointing. In the Fifth Plan, a number of measures have been visualized to expand the facilities. In the first place not only the major irrigation project but the minor ones have also been considered. In the past minor irrigation projects in several places could not turn out successful. Survey and feasibility studies of such projects have, therefore, been emphasized in the plan. Secondly provision is made for dry-up land irrigation (Tar), including if necessary, life irrigation on basis of feasibility studies already underway. Thirdly, the programme is set for ground water irrigation, starting from the artisan belt in the Terai areas where the hydrological survey has already been done. This is considered to be one of the quickest way of expanding irrigation facilities at present. Fourthly, due emphasis is placed on repair, renovation and extension of the projects already completed or in operation. Finally, provision is made for financial and technical support to the local people for repair, renovation and extension of very small but remarkable useful operational irrigation channels (Kulos) constructed by the local people out of their resources. Over the plan period, irrigation facilities will be available to additional 146,000 hectares of land from all the types of projects mentioned above.

Equally important is the task of taking the entire Government sponsored agricultural development programmes to the farmers at the village level. This is the way to influence and inspire the decision and initiative of the farmers along the lines desired. However sound and attractive a government agricultural development programmes may be at the top or central level, it turns out to be utterly ineffective, if not fully implemented at the village and the farmer levels. In order to reach the farmer effectively, it is found necessary to streamline the administrative and institutional organization along with the both qualitative and quantitative improvement in the technical manpower at the village level. It is, therefore, emphasized in the Fifth Plan to strengthen the organizational network necessary to funnel down to the village level the agricultural education, research, extension, credit, fertilizer, seeds etc in a coordinated and synchronized manner. If all necessary attention is not directed to this end during implementation, the situation will naturally remain unchanged.

There will be hardly any incentive and improvement in productivity of farmers, so long as they fail to enjoy fully the fruits of their labour or the process of exploitation continues in the agricultural sector. It is, therefore, the policy of the Fifth Plan to review the existing land reforms programme with the objective of ending exploitation and evolving gradually a system of peasant-proprietorship on land. In order to implement this policy, step-by-step, the plan has stipulated, among other things that of the total land holding permissible under the Land Act, 1965, any person or his family as a landholder, shall be permitted to cultivate the land with his own labour or that

of his family, only to extend to be determined by the Government and the remaining land must be compulsorily be leased out to the tenants and if not done so, the Government will lease out the land to the tenants or acquire the same for distribution. It is further been provided that if that part of the land, which, as stated above, is permissible for self-cultivation, has already been tenanted, it will remain unchanged (i.e., it will not be available for self-cultivation). If the landholder wants for one reason or another, to dispose of his holding and if the holding in question is a tenanted one, then, the concerned tenant will be entitled to purchase the holding to the extent to be specified by the Government. Likewise, if there is an understanding between a landholder and his tenant for sale and purchase of any land holding, the necessary credit to the tenant for buying the land will be made available by the Government institution.

It has been realized that mere establishment of a few Government specialized farms as nucleus centers or distribution of improved herds, fingerlings, and saplings is not sufficient to provide necessary thrust to the development of 'livestock, fishery and horticulture in the country. In the first place, the progress-monitoring system is so poor that we do not know whether the improved herds, fingerlings or saplings distributed to the people could make any progress at all. What is known, however, is that we have not yet been in a position to provide necessary technical support or follow up services after distribution of these things. Therefore, the Fifth Plan has delineated "influence area" for each one of the Government farm to provide adequate technical services to the people after having distributed the inputs such as fingerlings, saplings or improved herds. Furthermore while reporting their own progress, each one of the Government farms is required to evaluate the impact of their activities on local people, so that the centre can assess the effectiveness of the programme. Since the improved herds, fingerlings or sapling cannot be produced in adequate number by the Government farm, alone to meet the targets of the Plan, it is considered appropriate to enlist the support of the local people by helping them to run their own private breeding centre for livestock improvement, private nurseries for horticultural development and private breeding ponds for fishery expansion.

Improved agricultural practices need improved seeds, tools and chemical fertilizer. If agricultural credit is not readily available, the small farmers are bound to suffer most. Therefore, the Fifth Plan has set the target of providing agricultural loan to the extent of Rs.1420 million through 573 guided co-operatives, and 453 guided village committees, covering more than 3000 village Panchayats throughout the kingdom. His Majesty's Government will provide grants to the Agricultural Development Bank to meet the administrative costs of running the guided co-operatives and the guided village committees by its own trained personnel. Since the first year of the Fifth Plan is designated as "Agricultural Development Year" special provision has been made to provide agricultural credit against the tenancy rights certificate as collateral on an experimental basis.

The transportation of improved seeds and chemical fertilizer to the hilly region is very expensive. The selling price of such inputs would be prohibitive, if transport cost were also fully charged in the price. Provision is, therefore, made to subsidize the entire costs of transportation.

Being a mountainous country, the cultivable land is utterly inadequate to available labour. The land man ratio has been declining over the years as a result of population growth. The mounting pressure on available land has already been serious in the hilly regions. Reclamation of even steep hilly areas and destruction of all the vegetation have contributed to increasing soil erosion through land slides, torrents etc. This has aggravated the problems of ecological balance in the regions. Therefore, to maintain a proper balance between population and natural resources and also to step up the GDP, efforts will be made to rehabilitate as many as 47500 families on 62900 hectare of the Terai land. Of this, some 52150 hectares of land will actually be brought under cultivation which will significantly increase the agricultural output. Besides, about one-third of the Plan outlay earmarked for the entire programme under the Ministry of Forests has been seen aside for conservation of soil and water resources.

B. Transport and Communication Sector:

The nine highway projects, already under construction and for which external assistance have been agreed upon or expected in future, claim more than a half of the total resources available for the entire road construction programme of the Plan. Likewise, larger proportion of the resources available for construction of link-roads connecting the highways has also to be set aside for committed and carried-over link-road projects. Therefore, the scope for entirely new road construction projects during the Fifth Plan is externally limited. The Plan has set the maximum target of 1590 Km and the minimum target of 1173 Km. of road construction (black top, graveled and fair weather) over the next five years.

We go on constructing new roads, but do not pay adequate attention to their repair and maintenance. The Fifth Plan has, therefore, made substantial provision for the same.

Construction of local roads such as mule tracks, hill trail or jeep able tracks is normally done by the local Panchayats as important part of their local development programme with the financial and technical support from the Government. However, during the Fifth Plan, more than 400 Km. of hill trails will be constructed by the Local Development Department itself with the cooperation of the local people as well as with the assistance from the World Food Programme.

With the objectives of providing minimum transport facilities in the hills and remote areas, the Roads Department has already completed the feasibility studies of about 15 suspension bridge outs of 60 to 70 such bridges tentatively listed during the previous Plan. The feasibility studies of the remaining bridges will be undertaken with the assistance from the UNDP. On the basis of these studies, Construction work on as many as 25 to 50 bridges will be completed during the Plan period. Besides, the 17 incomplete suspension bridges carried over from the previous Plan will also be-completed. It is, therefore, expected that mobility in the hilly regions will be somewhat easier with the construction of, at least 42, or at the most, 67, new suspension bridges the Plan period.

There is no economic justification for an immediate duplication of transport facilities by providing air-transport services to places already connected with roads. Hence, the Fifth plan does not make any provision for construction of an entirely new large airport over the next five years. But 4-5 new STOL airstrips will be constructed in the hills and remote areas where roads-transport will be available only after a long time.

It is neither necessary nor possible to provide the same type of facilities in all the airports all over the country. The existing airports have, therefore, been classified on the basis of minimum aviation standards and facilities which are considered appropriate from the wider national perspective. During the Plan period, necessary, facilities such as fire fighting equipment, navigational aids and other facilities will be expanded in the existing airports of the country only in accordance with the standard classification made.

In the field of telecommunications, with the assistance from the World Bank, 13900 new telephone lines will be available to the different urban areas. It is expected that by the end of the Fifth Plan more than 24000 telephone lines will be in operation in as many as 27 major urban areas of the country. The micro-wave system is considered to be one of the most modern telecommunication systems. Unlike the wireless system, micro-wave system provides through its multi-channels a simultaneous communication service to a number of people at a time. This system was installed during the previous Plan. In the next five years, some new terminal stations will be erected in order to extend the services to Western and Far Western regions of the country. By the end of the Fifth Plan, direct micro-wave telecommunication services will be available from Mechi in the East to as far as Nepalgunj and Surkhet in the West. The Telex services will also be extended the during Plan period.

At the beginning of the Third Plan there was only one post office for every 43000 people. The corresponding figure at the end of the Fourth Plan would be 12417. During the Fifth Plan, postal services will be expanded so as to make available the services of one post office to every 10000 people and such expansion will take place not only on the basis of fully Government owned and managed post offices but also on the basis of semi-Government offices, called additional post offices, managed with the cooperation of the local people.

C. Industrial and Power Sector:

With the objective of attaining self-sufficiency, as early as possible inessential consumer goods and also in some construction materials, the

Fifth Plan has fixed the target of setting up in the public sector cotton

Textile mill with the annual production capacity of ten million meters of textile goods and a cement plant having 170,000 metric tons of annual production capacity. Both of these industries are scheduled to go into production towards the end of the Plan. During the Fifth Plan period, the Output of sugar and cigarettes is also likely to go up substantially, since the sugar and cigarette factories in the public sector have almost completed their expansion programme to increase their Capacities by 50 percent. Likewise, the agricultural tools factory will also undertake installation of new equipment to start producing centrifugal pumps for irrigation in the early stage of the Plan, while the leather and shoe factory will soon increase its daily production from 200 pairs to 600

pairs of shoes. Based on Kharidhunga magnesite deposits, 25000 tons of sintered magnesite, 20000 tons of refractory bricks and 30000 tons of fused magnesium phosphate fertilizer will also be produced annually towards the end of the Plan. Besides, a rosin and turpentine plant, vegetable ghee, and vegetable oil factories and a new brick factory will also go into production during the Plan period.

In the private sector, it is estimated that an additional investment of Rs.40 to Rs.50 crore will be forthcoming to set up new industries from among the list of 127 possible industries base on agricultural and forest products, mineral and other raw materials. In other to induce industrial investment in the private sector to this extent, His Majesty's Government will make available the necessary funds ton Nepal Industrial Development Corporation for its lending operation. It is also expected that His Majesty's Government, in accordance with the policies of the Fifth Plan, will take in other areas such as overseas trade, land transaction, construction contracts or similar other lucrative activities.

Besides a central Directorate, three regional offices and 26 district offices will provide technical support, loan, survey, design and mobile training facilities to the local people for establishment of small rural industries. The loans for such small industries will, henceforth, be disbursed from the district offices themselves. The Cottage and Handicraft Emporium will set up its seven units at appropriate places to supply raw materials to rural industries and also to facilitate disposal of the finished products.

During the Plan period, the historical, culture and geographical attractions of the country will be preserved not only to promote tourism but also to spread its growth, so far localised largely in the valley of Kathmandu, to other part of the country along the lines recommended in the "Tourism Master Plan". The Fifth Plan has, therefore, incorporated, wherever possible, the same set of programmes contained in the Master Plan as a second phase tourism development programme.

Electricity is a basic need for industrial development and as such more than half of the resources earmarked for the public sector industrial development programme as a whole, is set aside for electricity development. programme. Besides a greater emphasis is placed on production of additional electricity rather than on consumption of the available power. Therefore, more than 90 per cent of the fund allocated for power development will be spent on construction of large, medium and small hydro-power projects. Power generation from diesel plants will also be minimized to the almost extent. During the Plan period, about 59000 K. W. of additional power generating capacity will be available from Kulakhani, Devighat and Sikharbas hydro-project and two diesel plants. Feasibility studies of micro-hydro plants in ten places of hilly and remote areas will also be completed during the Plan period.

D. Social Service Sector:

Almost one fourth of the total public sector outlay of the Fifth Plan has been earmarked for expansion and development of social services such as education, health, drinking water and so on. This is the first time in the planned process of development in Nepal that the social sector has received such a high priority. As the outlay on social sector is as good as it is on other economic

sector, it is necessary to expand and develop social services in a coordinated way to achieve the twin objectives of economic development and social justice side by side.

As commanded by His Majesty the King in the historic address to the nation from Tundikhel Durbar Mandir on the auspicious occasion of Coronation, primary education will be made free throughout the country from the first year of the Fifth Plan. By the end of the Plan period, out of the total 11, 51,851 primary school going children between the age of 6 and 8; 737,000 or 64 per cent, will be provided with primary education facilities. In order to raise the student enrollment in primary school provision is made to establish one teacher school within walking distances in some of the sparsely populated rural areas. Specially to expand the enrollment of girl students in the primary school, several measures will be taken, including those for enlisting the cooperation of the local Panchayats and the various class organizations and also the appointment of trained female teachers in larger number. The number and the location of new schools, however, will be decided on the basis of the school mapping survey according to the needs of villages and district.

One of the objectives underlying the national Education System Plan is to gear up training programme to meet the skilled man power needs for national development. Accordingly, during the Fifth Plan, more than 15,000 technicians, mostly of middle and low levels, in such specific fields as agriculture, forestry, engineering, medicine and technology, will be produced from concerned Institutes of Tribhuvan University. In spite of such expansion in the technical training programme, the technical man power needs are not likely to be met during the Plan period.

Provision has also been made in the Fifth Plan to incorporate some of the, additional programmes on the basis of the mid-term evaluation of the National Education System Plan.

In a country like our own, it is not possible to provide hospital based health services as in advanced countries. It is, however, necessary to provide at least some minimum health care to as many people as possible. It is expected that 810 health posts-597 in remote and hilly regions and 213 in Terai- will provide basic health services to more than 10 million people by the end of the Fifth Plan. For the present, one health post will provide its service to about 5000 population in high mountain regions, 10 to 15,000 in hilly regions, and 20 to 25,000 in Terai and Inner Terai. In future as the number of health posts will go up, each health post can, then provide better services to smaller number of people. Out of the 30 district without hospital facilities at present, 24 districts, at the most, will be provided with a 15 bed hospital each, by converting, where necessary, the existing health centre. The total number of hospitals and hospital-beds in the country is expected to reach at the most, 84 and 2918, respectively, by the end of the Fifth Plan.

During the plan period, small-pox will be eradicated from the country and tuberculosis control programme will be carried out on a nation-wide scale and children up to the age of 14 in all the districts will be inoculated with B. C. G. vaccination. Likewise, the surveillance stage of malaria eradication programme will cover 6.3 million people out of the total malaria effected

population of 7.26 million in the country. Therefore, only 13 per cent of the population will remain in the attack phase.

During the Plan period, the family planning and maternal and child health programme will be launched all over the country in order to maintain a proper balance between increase in production and population, so that living standard of the people can be improved. With a view to limit the growth of population, the Plan has set the target of bringing down the crude birth rate from the estimated 40 per 1000 to 38 per 1000. Likewise, mortality of children will be reduce from 200 per 1000 to 150 per 1000 during the Plan period in order to achieve these targets additional family planning and maternal and child health centers will be opened and 7,00,000 couple between the age of 15 and 45 will be provided with family planning services. Similarly, ante-natal and post-natal services will also be provided to 100,000 married females and 500,000 children below the age of 5 will be inoculated with B. C. G, D. P. T. and small-pox vaccination.

Drinking water facilities are, at present, very inadequate in the country. Drinking water through the pipe system is available only to a small faction of the population. To provide the same to the entire population needs a lot of resources and time. It needs all the more resources and much longer time, if it were to be done by the Government alone. Therefore, during the Fifth Plan period, as during the previous Plan, rural drinking water Projects will be undertaken with the support and cooperation of the local people themselves. It is expected that the local Panchayats, as part of the Panchayat sector activities, will also construct deep and swallow wells with the development assistance from the centre. As the "Drinking water and Sewarge Master Plan" project for Kathmandu, lalitpur, Pokhara and the 19 other carry-over projects from the previous Plan need a substantial part of the total resources earmarked for drinking water programme as a whole, only 90 new drinking water projects, excluding, of course, the rural drinking water, projects, could be accommodated in the Fifth Plan as part of the public sector Programme. By the end of the Fifth Plan, a total of 1, 46, 00, 000 gallons of additional drinking water per day will be available from the various projects.

E. Panchayat Sector:

The role and contribution of the Panchayat and private sectors will remain quite significant, although, like in the previous plans, a larger proportion of the total Plan outlay will be in the public sector. It is the policy of the Fifth Plan to integrate the development process with the Panchayat system, so that the two will be complementary to each other. To this end, the scope of the Panchayat sector is expanded in the Plan. It is estimated that the total investment in the Panchayat sector will be in the order of Rs.931 million to Rs.1187 during the Plan period. To make such a substantial investment possible in the Panchayat sector, the Government will provide the maximum provision of Rs.253 million for financing the development grants to the village, town or district level projects, Panchayat training project and small area development programmes. The remaining amount is expected to be forthcoming from the mobilization, of tholocal resources, mainly in the form of voluntary labour contribution.

No concrete evaluation has so far been made of local resources mobilization and local investment works through the various tiers of the Panchayat. The estimate of Panchayat sector investment during the Fifth Plan is, however, made on the basis of some preliminary studies and analysis, made by the National Planning Commission. But actual mobilization of local resource for development project to the extent of the Plan estimate depends primarily on the effectiveness of local leadership itself.

F. Private Sector:

Based on available information, only a crude estimate of investment in the private sector could be made in the Plan. Of the total Plan outlay, it is estimated that the total investment in the private sector will be in the order of Rs.2096 million to Rs.2672 million. It is expected that about 50% of the total investment will be in the agricultural sector alone. In order to induce private investment in agricultural sector to such an extent, provision has been made to provide agricultural loan, to the extent of Rs.1423 million through the Agricultural Development Bank. Another significant proportion of 30 % of the total private sector investment is expected in the transport and construction, activities, mainly in the form of residential buildings. The remaining 20% is expected in the industrial sector. In order to provide financial support to induce such industrial investment in the private sector, provision has been made to extend necessary loans through Nepal Industrial Development Corporation and the Department of Small Industries.

G. Concluding Remark:

In developing countries like Nepal, every new development plan brings in its wake new expectations. Should such a plan end up with a wider gap between its programme and performance or its implementation results only in drifting development and distribution apart, the popular confidence in planning and development will naturally be at stake. It is true that development is not self-terminating in a few years. It is a continuous process, no doubt. But the development process must inspire the popular confidence and sustain it all the time, since the cooperation or forbearance of the people is more significant than other physical inputs and resources. It would be, therefore, more meaningful to turn our attention more towards making a plan more effective in its implementation than towards making it more attractive in its theoretical form. After all a planned development is essentially a process of disciplining with firm determination both the levels of plan-formulation and implementations.

Appendix 1:
Saving, Investment, Outlay and Production during the Fifth Plan

(Rs. in Million)

	During the Five Years Period Of the Plan	
	Minimum	Maximum
1) Gross Domestic Product	80.160	81.579
2) Additional GDP	3,185	3,958
3) Annual Growth Rate	4%	5%
4) <u>Total Development Outlay</u>	<u>9,197</u>	<u>11,404</u>
(a) Public Sector	(6,170)	(7,545)
(b) Private Sector	(2,096)	(2,672)
(c) Panchayat Sector	(931)	(1,187)
5) Public Sector Outlay	<u>6,170</u>	<u>7,549</u>
(a) Domestic Resources	(3,994)	(4,150)
(b) External Assistance	(2,776)	(3,395)
6) <u>Total Investment</u>	<u>7,963</u>	<u>9,895</u>
(a) Public Sector	(4,936)	(6,036)
(b) Private Sector	(2,096)	(2,672)
(c) Panchayat Sector	(931)	(1,187)
7) Domestic Savings	5,187	6,500
8) Additional Savings	888	1,479
9) Average Saving Rate	6.4%	7.9%
10) Marginal Saving Rate	27.8%	37.4%
11) Average Investment Rate	9.9%	12.1%

⊙ The base Year 1974/75 GDP is estimated at Rs. 1432.6 crore.

Appendix-2

Allocation of Fifth Plan Outlay

(Minimum Programme)

Sector	Government Sector Amount %	Panchay Sector Amount
1. Agriculture, Irrigation, Land Reforms. Forest etc.	183.97 (29.8)	27.93 (30)
2. Industry, Commerce and Power	138.07 (22.4)	-
3. Transport and Communications	143.28 (24.2)	46.55 (50)
4. Social Services (Health, Education, Drinking water etc.)	151.68 (23.6)	18.62 (20)
Total	617.00 (100.0)	93.10 (100)

+ Including Government Grant
* Including loans for investment
from Government sources
x Including construction

Appendix-2

Allocation of Fifth Plan Outlay

(Maximum Programme)

Sector	Government Sector Amount %	Panchay Sector Amount
5. Agriculture, Irrigation, Land Reforms. Forest etc.	227.87 (30.2)	53.61 (30)
6. Industry, Commerce and Power	150.60 (20.0)	-
7. Transport and Communications	199.03 (26.4)	59.35 (50)
8. Social Services (Health, Education, Drinking water etc.)	177.00 (23.4)	23.74 (20)
Total	754.50 (100.0)	118.70 (100)

+ Including Government
development grant
* Including loan for investment
from Government sources
x Including construction

Appendix 3
PUBLIC SECTOR
ALLOCATION OF THE FIFTH PLAN OUTLAY

Programme	(Rs. in crore)	
	Minimum	Maximum
	Programme	
<u>Sector & Sub-sector</u>	<u>Rs.</u>	<u>%</u>
<u>Rs.</u>	<u>%</u>	
1. <u>Agriculture</u>	<u>18397</u>	<u>(29.8)</u>
	<u>227.87</u>	<u>(44.7)</u>
(a) Agriculture & Resettlement	79.90 (43.4)	101.9
(b) Irrigation	70-68 (38.4)	91.44
(c) Land Reform and Survey 14.31(6.3)	14.31 (7.8)	
(d) Forest etc.	19-08 (10.4)	.20.16
2. <u>Industry & Power</u>	<u>138.07</u>	<u>(22-4)</u>
<u>150.60</u>	<u>(20.0)</u>	
(a) Industry	48.35 (35.0)	53.10
(b) Cottage & Small Industry 5.8 3 (3.9)	5,83 (4.2)	
(c) Labour	0.35 (0-3)	
	0.35 (0.2)	
(d) Power	73-72 (53.4)	80-00
(e) Tourism	2.00 (1.4)	
	200 (1.3)	
(f) Geo-Survey & Mines	5.52 (4-0)	
	6.32 (4.2)	
(g) Commerce 00 (2.0)	2.30 (1.7)	3.
3. <u>Transport & Communication</u>	<u>143.21</u>	
<u>(23.2)</u>	<u>199.03</u>	<u>(26.4)</u>
(a) Roads & Bridges	113.21 (79.0)	
	155.55 (78.2)	
(b) Civil Aviation	15.82 (11.1)	26.65
(c) 4 .0) Rope & Railways	3.48 (24)	
	6.06 (3.0)	

(d)	Telecommunication	9.7 (6.8)	
	9.77 (4.9)		
(e) Postal Services		1.00 (07)	
	1.00 (0.6)		
4. Social Services		<u>151.68</u> (24.6)	
177.00	(23.4)		
(a) Education		6453(42-5)	
	67.51 (382)		
(b) Health		42.61 (28 1)	45.50
(c) Drinking Water		21.65 (14.3)	24.80
(d) Physical Planning		3.95 1	
	6.10(3.4)		
(e) Administration		0.51:(0.3)	
	0.90(0.5)		
(f) Publicity & Broadcasting		2.0 3' L 3)	
	2.79(1.6)		
(g) Panchayat		13.30 -8.8)	
	25.10 (14.3)		
(h) Planning & Statistics		3 1.10(2.1)	4.10(
	Total	617.00 (100.0)	
	754.50	(100.00)	

Note: - Figures in brackets indicate the percentages

Appendix 4

Some Major Targets of the fifth plan

(A) Agriculture

(a) Increase in Total Agricultural production :-	19.
2 percent	
(b) Foodgrains and Potato Production:	
From 4287800 M. T. to 5004720 M. T.	
16.72 percent	
(c) Cash Crops Production:	
From 446761 to 7.50)45 M. T.	
68.08 percent,	
(d) Fruits Production:	
From 25-4000 M. T. to 270380 M. T.	
-6.44-percent	
(e) Areas Under Fruit Trees:	
From 32500 to 40500 Hectare	
24.61 percent	
(f) Vegetables Production:	
From 407500 to 648000 M. T.	
59.01 percent	
(g) Fish Production:	
From 2600 to 5241	M.
T. 102.0 percent	
(h) Other Livestock Products:	
Meat-From 64839 to 74573 M. T.	
15.01 percent	
Milk (Processed) - Annual Production	
Capacity	150
Lakh Litres	
Cheese - Annual Production	
Capacity	92.
M. T.	
Butter - Annual Production	
Capacity	100
M. T.	
(i) Additional Irrigation Facilities:	146
000 Hectare	

(j) Total Agricultural Loan:		Rs.
142.3 Crore		
(k) Total Sale of Chemical Fertilizer:		162
875 M. T.		
(l) Area Under Improved Seeds in 1979-80:		
Foodgrains & Potato:		
91167 Hectare		
Cash Crops:		
77790 Hectare		
(m) Resettlement:		
Net new area to be cultivated:		
52150 Hectare		
No. of families to be settled		
(Including 25000 families to be settled a planned way).		
4,7500 Families		
(n) Cadastral Survey:		560
000 Hectare		
(o) Land Administration:		Ad
ditional		
17 Districts		
(p) Number-of Districts where fixed Rent will be enforced		
Additional		26
Districts		
(q) Afforestation;		
20000 Hectare		
(r) Demarcation of Forest Boundary (New & Old):		
8080 Km		

(B) Transport & Communications:

1. Roads:

Black Top	: Km	490	545
Gravelled	: Km	546	783
<u>Fair Weather</u>	<u>: Km</u>	<u>137</u>	<u>262</u>
Total Km		1173 (Minimum)	1590
(Maximum)			

2. Suspension Bridge:

Number of incomplete bridges to be completed:	17
New Construction (Number) (Minimum) 25 (Maximum)	50
3. Small Airfields (STOL) (Minimum) 4 (Maximum)	5
4. Local Telephone Exchange (Addition): 13900 Lines	
5. Micro-wave Communication System: link channels	To establish 6
6. High Frequency Duplex Trunk System: link channels	To establish 4
7. Establishment of Post:	
Small Post Office:	32
Additional Post Office:	316
Internal Money Order-,	The services will be made available to 45 Districts

(C) Industry & Power:

1. Cotton Textile Mill	(Annual Capacity): 10 Million Metro
2. Cement Factory	(" "): 170000 M. Ton
3. I Rosin & Turpentine Plant	(" "): 2900 M. T. of Rosin 737000 Litre of Turpentine
4. Vegetable Ghee Factory	(" "): 6000 M, T.
5. Vegetable Oil Factory	(" "): 5000 M. T.
6. Tea (Nepal Tea Development Corporation)	(" ") 172500 kg.
7. Magnesite Industry	(" ") 25000 Sintered Magnesite, 20000 Refractory Magnesite Brick, 30000 Fused Magnesium Phosphate Fertilizer.
8. Shoe & Leather (Bansbari)	
(Daily Production Capacity)	600 Pair
9. Power:	58945 K. W.
10. Distribution Lines	345 K. M.

(D) Social Services:

1. Education:
Primary Education Facility- To- 64 of the Primary School-going Children
Tower Secondary Education- To 50 %, of Total Primary School Population.

Higher Secondary Education- To 40% of the Total Lower Secondary School Population.

Adult Education: 600,000 Adults to be made Literate

	<u>High Level</u>	<u>Middle Level</u>	<u>Low Level</u>	<u>Total</u>
(a) Institute of Engineering	48	2897	3930	6875
(b) Institute of Medicine	–	1885	2705	4590
(c) Institute of Agriculture	396	638	1093	2127
(d) Institute of Forestry	15	178	644	837
(e) Applied Science & Technology Centre	-	904	-	904
Total	459	6502	8372	15333

2. Health:

Establishment of New Health Post 459

Establishment of New Hospital:- 15 (Minimum), 24 (Maximum) (15 bed each)

Small-pox Eradication:- Total eradication from the country.

Tuberculosis Control:- B.C.G. Inoculation to all the children up to the age of 14 in all the districts.

Malaria Eradication: - Of the total 7.25 million malaria affected people, 6.30 million will be under surveillance phase (i.e. 87 Y0)

Family Planning: - Family planning services to be made available to 700,000 couples between age of 15 & 45.

100,000 married females will receive oral and 500,000

Post-natal services

Children, below 5 years of age will be inoculated with B. C. and D.P.T. Vaccines. Crude Birth Rate will be brought down from 40 per 1000 to 38 per 1000 Mortality of children will be reduced from 200 per 1000 to 150 per 1000. Drinking water: Carry-over

Small-pox from 40 from 200

3. Drinking Water

Carry-over Drinking Water Project (number)

to be completed (number):

19

New Drinking water Projects to be

completed (number):
(Maximum)

72 (Minimum), 90

Rural Drinking Water Programme;
Projects not yet specified.

Number of

Additional Drinking water per day: gallons, (Excluding Rural Drinking Water Programme but including Drinking Water & Sewerage Master Plan Project).	14.6 million
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III

RESOURCES

In a country like Nepal, where the majority of the people have not been able to enjoy even the basic facilities but are in touch with comparatively more developed countries, the growing aspirations and demands of the people could be fulfilled to a greater extent only if the volume of resources could be matched with the requirement. But such a situation is rare. The development process makes the people more conscious about their necessities in a bigger and wider scale, and the demand from different classes and communities rises accordingly. The mobilization of resources, however, depends upon savings, austerity, sustained efforts and dedication to fulfill the envisaged targets. In this respects, it is not generally realized that the 'government is only a managing agency and not the actual source of resources. The resources have to come from the people themselves.

The essential pre-requisites of development are financial resources, essential materials, skilled manpower and efficient administration. These resources are relatively scarce in Nepal as in any other developing countries, but fortunately there are some favourable aspects, too. Therefore, the mobilization of resources for the Fifth Plan demands that the scarce resources be tapped to the maximum possible extent and put to right uses, and side by side under-utilized resources be turned into investment by activating them through the effective utilization of the existing favourable aspects.

In our economy, Public, Panchayat and Private are the three major sectors to undertake development programmes. Further the activity of the Public sector can be divided into two parts; the direct role played by the Government and the indirect role exercised through various corporations and companies owned by the Government. Private sector is comprised of private, Sajha, or co-operatives whereas the Panchayat sector is entrusted with the local community development activities. All these three activities sectors simultaneously do claim for resources. In view of the size of investment and wide coverage, the public sector has special responsibility in the mobilization, allocation and distribution of resources. Further, the Public sector has to provide resources in the form of grants and loans to other sectors as well.

The public sector outlay in the Fourth Plan was Rs.2570 million at the constant price of 1969/70. But the total expenditure is estimated to be in the range of Rs.3341.1 million in the Fourth Plan period. This figure includes the actual expenditure of the first four years and the revised estimates of the final year at the current prices of respective years. The public sector has also provided certain amount of capital as loan to the private sector through financial institutions. In addition Rs.44.3 million in grants was made available to the Panchayat sector.

The statistics concerning the Private and Panchayat sectors are not available to indicate the real extent of total expenditure incurred by them in the Plan period. But the target of the private sector to spend Rs.870 million is estimated to have been fulfilled, considering the fact that the institutional credit in the order of Rs.270 million was provided to agriculture and industrial sectors in the first four years of the Plan, in addition to the investment of private savings and labour during the Plan period. The Panchayat, sector also seems to have invested more than its target of Rs.20 million.

As regards the public revenue, it has increased at the rate of 8 to 9 percent at the constant price during the Fourth Plan period. The revenue from customs and the

sales tax is increasing appreciably. Also, the banking institutions have been quite successful in the mobilization of savings. This factor has contributed to raise more internal loans than the Plan target. The foreign exchange reserve held by the banking system had been one of the major sources of finance for development. Although the foreign exchange reserve continued to increase in first four years of the Fourth Plan, it has slightly decreased in the last years of the plan as result of substantial increase in the volume as well as value of imports. The present foreign exchange reserve position in the country indicates a favourable situation for the next few years.

Financial Resources for the Fifth Plan

His Majesty's Government will have to mobilize financial resources in the order of Rs.7, 545 and Rs.6, 170 million to implement the maximum and the minimum public sector programmes of the Fifth Plan respectively at the estimated price of 1974/75. If the price of development material, wage rates, salaries and allowances continue to escalate, the volume of resources required will also increase accordingly.

The Government spending will nearly double in the Fifth Plan as Compared with the outlay of the Fourth Plan. In pursuance with the objective of reducing the dependency on external sources in years to come, the Plan, envisages to finance 55 per cent of the public sector outlay from the internal sources. Also, the major portion of the external finance is estimated to be in the form of loans. Altogether, an amount of Rs.1504 to 1685 million is expected to be received in the form of grants and Rs.1272 to 1710 million as loans. The size of foreign grants is expected to increase by 315 to 495 million as against Rs.1185 million received in the Fourth Plan. Likewise the size of the external Loan is also expected to increase by 4 to 5.5 times.

The required amount of external assistance may not be much of a problem in view of the already committed and confirmed loans from the traditional sources, proposed new credit facilities from the international institutions and the possibility of acquiring loans from new bilateral sources. But since the external assistance has to be proportionately matched by internal resources, the mobilization of internal resources is the crucial issue to execute Fifth Plan.

Among the internal resources, revenue surplus is the most important source. The necessary measures to be taken to mobilize resources for the development budget are to control the rate of increment in regular budget, to check extravagant and unproductive expenditures, to minimize the leakages and to increase the revenue surplus through maximum realization of incomes. It is estimated that the resources to the amount of Rs.2012 to Rs.2432 million need to be saved as revenue surplus during the Fifth Plan period at the constant price of 1974/75. For this purpose, the revenue income will have to be raised at higher rates than in the Fourth Plan period. As the indirect tax rates in Nepal have almost reached, the level of other developing countries, there is little prospect of further increasing the revenue from these sources. There is, however, still considerable scope of increasing revenue by plugging leakages. Hence the tax administration would be strengthened and streamlined to check the leakages in the Fifth Plan.

Until recently, the total revenue comprised of 34 per cent from customs, 12 percent from the exercise duty, 11 percent from the sales tax, 10.6 per cent from land revenue, 6 per cent from income tax, 6.5 per cent from forest and 88 per cent as

dividend and interest from the Government owned corporations and companies. The total revenue figured only about 5 per cent of the GDP. The major causes of this low ratio of revenue to GDP in Nepal are the existence of a large non-monetized sector, the scattered and unorganized nature of bulk of the business transactions and the leakages in the direct as well as indirect taxes. Regarding the leakage of Government revenue, the open international, border, traditional pattern of internal and external trade, liberal foreign exchange policy and the unorganized nature of trade and industry have significantly contributed to this end. The unrecorded and unaccounted excessive profit and savings in the private sector further aggravate inequality in the income level. The leakages in revenue have also been responsible for other undesirable trends. As a consequence, the demand and prices of land and property in urban areas have increased excessively. Also, the boarding and the resultant artificial scarcity of essential goods, and the use of the convertible foreign exchange for unproductive purposes have been made possible largely due to the existence of unaccounted money. Since important economic data about export and import of various commodities, production, income, consumption etc. remain incomplete and incorrect by the process of tax evasion, the formulation of plans and policies have to depend on inadequate data and information. The leakages in customs reduce the excise, duty refundable from India and also a portion of the foreign exchange earnings as well. Hence the control of leakages is not only important from the point of view of revenue and resources but it is more important from socio-economic considerations. The gradual institutionalization of foreign trade of some major commodities is expected to help reduce revenue leakages and also develop management capabilities and working procedures in the private sector. This process will also activate private capital of larger number of people.

The agriculture sector produce two thirds of the total GDP of Nepal, but it contributes only 0.66 percent of GDP or about 1 percent of the value of agricultural products to the HMG as a direct revenue. The non-agricultural sector, on the other hand, produces only one third of the total GDP, but contributes 4.74 per cent of GDP or 14 per cent of the value of nonagricultural products in the form of tax. In spite of the increasing use of agricultural inputs such as fertilizer, seeds and farm loans, provided by HMG corporations to the agricultural sector resulting yield in Modern farms and the resulting in the progressive increase in the yield in farms and the steady rise in the prices of farm produce, the revenue from agriculture has not increased proportionately. In fact not only a negligible amount is realized in the form of agricultural income tax but even the compulsory savings scheme has been suspended. As such, it is indeed necessary to realize reasonable amount of revenue from the agricultural sector.

The income tax would also yield a substantial amount of revenue if the leakages could be checked. The major part of the income tax is at present collected mostly from the Government companies, public limited companies and from the salary of the employees of various organizations. As the bulk of the business activities are concentrated in the unorganized private sector, it is very difficult to get the real picture of the volume of transactions and the incomes earned there from. In addition, very negligible revenue has been realized from the income of professionals. There has also been a housing boom in the private sector, and the price of the property as well as the rental income in the urban areas has also been steeply rising. But the revenue from these sources is still negligible. Direct taxation is the only means of collecting larger revenue without adversely affecting the price level. A larger amount of revenue could

be collected from the above sources only if leakages are controlled more effectively. The revenue could also be increased through the improvement in the management of the public sector undertakings, fuller utilization of the installed plant capacities and also through reasonable pricing policies.

Henceforth, the revenue mobilization would be considered not only as the source of financial resources but also as a means of realizing the basic principles of the Fifth plan. While changing the tax structure due attention will, therefore, be given to maintain price stability of essential commodities, both consumers as well as developmental. The tax burden will be spread equitably. The reduction in the existing gap between classes and groups with respect to incomes and privileges will also be an over-riding consideration. A higher tax will thus be levied on the incomes from unproductive sectors and incentives would be given to the productive sectors. The aims and objectives of the Plan will be to mobilize resources from the privileged sectors and regions and to insure more expenditure in the comparatively backward regions and for the weaker sections of the society.

The changes in the production, price level and other economic and social spheres affect the income distributions among different economic groups. The prices of commodities do not rise in the same proportion. Besides that, the expenditure incurred on consumption of different commodities does not have the same weight. The national economy is a vast market where the sellers of different goods and services exchange at the prevailing prices. From the relative exchange value people get richer and poorer by various proportions. A higher rate of taxes should be levied on those who are becoming richer and relief should be given to those who are getting poorer. This is one of the fiscal responsibilities of a modern Government. It is high time, therefore, to identify the groups that have benefited and those who have suffered from inflation, and other changes. The tax structure will be modernized during the end of the Fifth Plan. Appropriate financial and monetary, as well as foreign exchange and trade policies will have to be conducted so as to coordinate the general aspects of development and distribution.

The Fifth Plan is expected to raise Rs.534.4 to Rs.670 million through internal loan. In view of the various steps taken by the banking system with respect to deposit mobilization, it is felt that the expected volume of internal loan could be realized. The foreign exchange holding in the banking system of Nepal is a favourable situation for development. During the Fifth Plan, Rs.600 to 750 million will be used as loan to the HMG by drawing down the foreign exchange reserve. The remaining balance of Rs.186.3 to 297.5 million will be met through deficit financing. This level of deficit financing is considered to be within the safe limit.

The private investment in the Fifth Plan is expected to be within the range of Rs.2096.0 to 2672.0 million out of which HMG will provide Rs.190 million to Agriculture Development Bank and Nepal Industrial Development Corporation in the form of capital. In addition to this, these corporations will be financed from the internal as well as external sources to extend a sizable amount of loan to the private sector. The additional resources for the private sector will be generated from their own savings, as also from the use of their own land, labour and other resources. In fact, even the maximum investment programme in the private sector does not look over-ambitious considering the large and widespread investment by the peasants, handicraftsmen, small businessmen and entrepreneurs, foreign investors, and professionals.

The investment by the panchayat sector in the locally-initiated programmes is one of the special aspects of our political system. It is estimated that Rs.931.0 to Rs.1187.0 million will be invested in this sector which is a large increase over the Fourth Plan target. His Majesty's Government has plans to strengthen the administration of the village and district Panchayats, to conduct a programme of intensive integrated development in selected areas and to make Panchayats more active in the development works by streamlining the organization, and entrusting with more responsibilities. HMG will provide Rs.133 to 253 million to the Panchayat sector as a financial support. Against this background, it is felt that the local Panchayats would be able to meet the investment target through the mobilization of local financial resources, labour force and local materials. The resource of the country in the form of under-utilized rural labour, local materials and other available indigenous resources of the rural areas could be mobilized for local development through active local leadership, better organization, realistic ambition, active participation and sustained effort.

The net requirement of internal resources for the minimum programme is Rs.6097.5 million, constituting Rs.3393.5, Rs.1906 and Rs.798 million for the Public, the Private and the Panchayat sectors respectively. In other words, Rs.1220 million will be the average annual requirement in the five years period. To implement the maximum programme, it is necessary to mobilize Rs.4150 million by HMG, Rs.2480 million by the private sector and Rs.934.0 million by the Panchayat sector. The total amount, thus, adds to Rs.7566 million and the annual average requirement for 5 years is Rs.1513.2 million. With the annual increase in the GDP, it is however, necessary to control the rise in the national per capita consumption to mobilize more and more internal resources in the subsequent year of the plan. Hence, all out austerity and thrift in social and religious practices have to be observed and also an effective campaign to use national products to the maximum extent should be launched. These are the necessary conditions imposed by the need of development.

Population, Manpower and Employment

Land and population are both crucial elements of development since these are the fundamental basis of all economic activities. While it is not possible to increase the supply of land, it is possible to effect certain changes in the nature of its utilization. The main factors affecting these changes are growth in the size, distribution structure and occupational pattern of population. Over the period of 19 years from 1952 to 1971 the population of Nepal has increased by almost 3.1 million. Based on the present estimate of 12.5 million, it is obvious that the population has increased by approximately 1 million over the last four years. It is estimated that the population of Nepal will exceed 14 million during the next five years. The age-sex composition of the projected population in 0-9 age group will be 2 million male and 1.9 million female; in 10-14 age group 0.79 million male and 0.78 million female; in 15-24 age group 1.4 million male and 1.3 million female; and in 25-64 age group 2.5 million male and 2.6 million female. It is obvious that the needs of different age-groups of population vary and so does the contribution they can make towards development.

The density of population on the cultivated land is 1174 persons per square kilometer in the mountain region, 1002 persons in the hill region and 336 persons in the Terai region. The eastern and central Terai region has a higher population density,

whereas the western Terai is comparatively less populous. It is evident that the population density even in the Terai region in terms of cultivated land is higher than Burma and Pakistan and is very close to the level in India. Incidentally, however, the population pressure in the southern border districts of Nepal particularly in the western Terai areas is considerably less than in the adjoining districts of India. But the population density per square kilometer of cultivated land in the mountainous and the hilly regions is three times higher than the average density of population in India and 25 percent higher than in Bangladesh. Considering the fact that agricultural yields are low in the Hills in general large-scale migration of people from the hills to the Terai area has become a necessity. Terai area also has influx of foreign nationals for settlement. The combined effect of these phenomena has caused the average annual rate of growth of population to rise from 4 to 6 and even up to 7 percent in certain districts of the Terai region.

Apparently, the rate of population growth will further increase since the number of female population in the child bearing age-group is estimated to be 2.7 million in 1975 and would reach 3 million by 1980. Attempts at reducing the birth rate involve a time lag because the majority of the married couples in the fertile age group cannot be provided with ready access to family planning measures as these entail huge amount of resources and manpower. Above all, the rigidity of economic, social and cultural institutions constrains measures towards curbing the birth rate. The population issue must, therefore, be viewed in terms of total change and from broader perspective. It is precisely against this background that the population policy has been formulated in the Fifth Plan.

Employment

The execution of economic and social development programmes included in the Fourth Plan could absorb only a fraction of the additional labour force. In agricultural countries like Nepal, there is predominance of under-employment rather than unemployment. But urban unemployment, especially among the literates, seems to have grown rapidly in recent years particularly in non-technical fields. Although employment is being generated in the construction sector as a whole and also in the service sector, particularly in urban areas for the trained and skilled workers, some of these opportunities benefit foreign nationals rather than the Nepalese. During the Fifth Plan, there will be a net addition of one million in the labour force. Of this 0.6 million people are expected to seek for jobs. Even the successful execution of the maximum programme of the Fifth Plan, however, cannot ensure a condition of full employment.

The implementation of the employment policies envisaged in the Fifth Plan will certainly improve the existing structure of employment and thus help create conditions for additional employment in the future. In pursuance of the employment policies, the indiscriminate mechanization in agriculture will be discouraged since this sector is bound to be the main avenue of employment still for many years to come. Nevertheless, the use of irrigation machineries and equipments along with improved agricultural tools will not be discouraged since they will directly lead to higher productivity. Efforts will be geared towards increasing the intensity of agriculture through the extensive use of fertilizer and improved seeds. The whole process of agriculture development is expected to generate a multiplier effect in creation and expansion of new employment opportunities in the non-agricultural sectors.

Technical Manpower

The Fourth plan faced a shortage of 2,677 technical personnel in its implementation despite a substantial increase in the enrollment capacity of the existing training institutes. These shortages are fairly marked particularly in the scatters like engineering, agriculture and health services. The successful implementation of the Fifth Plan will require a total of 24,101 technicians including 4,454 of high level, 8,184 of middle level and 11,463 of basic level. The net additional requirement of technicians in the Fifth Plan is expected to be 15,430. Of this, 2,490 are at the high level, 5561 at the middle level and 7,381 at the basic level. The supply of engineers, overseers, doctors and Para-medical staff will have to be increased considerably during the Plan period.

For the supply of high-level manpower, Nepal has to rely largely upon the arrivals of those who have gone abroad for higher study in the previous years. The number of such arrivals in the Fifth Plan period is estimated to be 840. Of this, 466 are engineers, 116 agriculturists, 148 medical graduates and the rest in other faculties.

In the five years period, the training institutes in the country are expected to produce 15,333 professionals, technicians and related workers with an enrollment of 21,128 students. This target will be met by running extension courses and raising the intake capacity of the existing training institutes together with the establishment of new campuses in different parts of the country. Moreover, arrangements are being made to start Diploma level training within the country in the fields of engineering, forestry and medicine. It is estimated that during the Plan period about 19,871 technical personnel will be made available through training arrangements in the country and abroad. But there still will be a shortage of 4,230 technical personnel to execute the maximum programme. The estimated manpower shortage for the implementation of the maximum development programmes are 1,479 at the high level, 407 at the middle level and 2344 at the basic level. In the case of high level technicians, there will be a shortage of 891 engineers, 284 agriculturists and 254 medical doctors. In the basic level the shortage of health workers has been estimated to be 1,885. During the Fifth Plan, basic infrastructure will be created to start graduate level training in the field of, civil, electrical and mechanical engineering in addition to medicine, agricultural, forestry and other related fields. But it will take 6 to 10 years for the out-turn of this type of manpower in substantial number. Hence, arrangements will be made to send abroad for higher studies more Nepalese students particularly in the areas of strategic shortages, create conducive atmosphere for their return after completion of their study and also to provide them job without delay. To meet the deficiency of high level manpower supply for the next five or seven years, efforts will be made to check the attrition and loss of such professionals, provide adequate incentive for work, seek the services of foreign technicians on contract or in the form of volunteers and make full use of the middle level personnel wherever possible. In addition, shortterm rotational training programmes are being conducted on experimental basis aiming to deploy these trainees to the projects to meet the immediate requirement for specific task in the strategic areas. But, the permanent postings of the trainees will be made only after the completion of the required semesters. This approach, it is believed, will be of great help towards meeting the mid-level manpower requirement besides improving the quality of education since it involves practical experience in the process of learning.

In addition to the middle and basic level manpower, the Fifth Plan will require quite a large number of skilled workers like carpenters, bricklayers, plumbers, mechanics, electricians and others since the development projects will be numerous and widely spread. Besides, the development programmes of the Panchayat and the private sectors will also require technical hands in larger number. The training institutes cannot simply meet these enormous requirements. Hence maximum utilization of local skill will be made through the organization of mobile training programmes in the project site. Furthermore, a separate institution in the form of "Development Pioneer Corps" will be created to organize and fully utilize the skill of the ex-servicemen and of those who had acquired some skill while on the job in the country or abroad. Availability of this type of manpower is one of the favourable aspects for development in Nepal. Hence efforts will be taken to deploy these skilled people especially in the local development projects through the Development pioneer Corps. The young and energetic persons among these cadres will be given opportunity for up grading skills to middle level, and from middle to high level, through formal training. Vocational, subjects of various trades introduced in secondary schools will also help to provide semi-skilled personnel to the Panchayat and the private sectors. Moreover, university students on the National Development service will also help to meet the manpower needs to some extent.

Material Requirement

Until a few years ago, the demand for development material in Nepal was considerably low as compared to the present requirement. The development activities were then confined to limited areas mostly in the accessible regions of the country and major development projects were carried out under foreign aid programmes for which the required volume of materials were supplied by respective donor countries. As the development materials were available at reasonable price in the international market, the procurement and the distribution of limited volume of materials did not pose serious problems. But the situation has dramatically changed during the second-half of the Fourth Five Year Plan Period (1970-75).

The pace of development is accelerating and extending to the remote region in the country. As a consequence, the demand for development materials is rapidly increasing in all sectors of the economy. The limited industrial production capacity has necessitated Nepal to rely heavily on imports for the supply of development materials. But irrespective of the international oil "crisis", several constraints have turned up with the increasing volume and diversity of materials for import. Although strict observance to time-schedule is essential in the case of agricultural inputs and to some extent also in the case of perishable construction materials and consumer goods like cement and salt, transit from Calcutta port to the Indo-Nepalese border coupled with the limited availability of wagons and internal transportation networks have also been obstacles for timely delivery of imported materials. It has been difficult to maintain adequate stock of development materials at different regions in the country owing to the lack of specialized Storage facilities. In addition, the lack of know-how and trained personnel for detailed technical specification of materials for import, evaluation, and selection of tenders, quality control of imported materials, standardization etc. are the constraints on the procurements side. All these factors have contributed to make material planning a very complex problem.

A host of problems in the supply of development materials from outside has made it necessary to make full use of local material resources, both traditional as well as modern ones. The inherent problems of importing materials clearly illustrate that the optimum utilization of local human and material resources is a solution to this problem particularly in the context of hilly and mountainous regions. Such an approach of self-reliance for development could curtail import by the promotion of local resources and thus conserve scarce foreign exchange, create favourable climate for private sector investment, generate employment opportunity and lead to multiplier effect of development. This concept of greater reliance on local resources and grass-root organizations for development was considered a layman's approach until recently, but its importance is being realized increasingly. There is now need for seriously investigating the scope for utilization of conventional as well as non conventional resources such as water-mill, micro-power plants, wind-mill, solar energy, bio-gas and organic manures, geothermal energy, and the use of traditional lime mortar, bamboo and straw in construction. In order to support this creative approach, appropriate programmes have been formulated in the Fifth Plan.

The aggregate volume of development materials forecasted for the Fifth plan period are presented with due classifications for minimum as well as maximum programmes. The projection is carried out for the national economy as a whole. Although some of the development materials will be made available through local production and some will be supplied under foreign aid projects, nevertheless, a substantial portion will have to be imported. A specific programme for imports will be envisaged later on after the detailed investigation of the aspects and magnitude of import substitution. As for machinery and equipment, only those items required in transport, agriculture, construction and electricity sectors are quantitatively represented. The rest are estimated in value. Since the planned development effort will culminate in higher monetary income of population in the project areas, which could exert inflationary pressure, the demand for essential consumer's goods except food grains are estimated. The volume of transportation of development materials is estimated to increase from 1 million tonnes in 1975/76 to 1.4 million tonnes for minimum programme and 1.6 million tonnes for maximum programme by 1979/80. Also the storage provisions for cement, petroleum products, chemical fertilizers etc, are included in the programme of the Fifth Plan.

Material Imports and Balance of payments

As mentioned above, the material projection is carried out for the national economy as a whole. A portion of the projected volume of materials, therefore, will be for non-Plan use. The preliminary cost estimates based on price of 1974/75 shows that the cost of development materials and machineries will be Rs.3905 million and Rs.2815 million respectively in order to realize the maximum and minimum programme of the Fifth Plan. Altogether, Rs.6720 million or 58.95% of the maximum programme outlay is estimated for materials and machinery components. This figure, however, does not represent the net import bill. As the cost estimate is based on the average Nepalese market price, it naturally includes custom duties, excise, sales tax etc. which do not involve foreign exchange. Furthermore, locally produced development material and the portion to be supplied under the foreign aid programme will have to be deducted. Also, a portion of material imports will be financed through bilateral and multilateral loans. Hence the net foreign exchange involvement of HMG for the

import of materials and machinery will be considerable lower than the above estimated figure.

Since Nepal regularly spend a substantial volume of foreign exchange for the import of development materials and machineries, only the additional net value of imports of goods and machineries required to execute the Plan represents the net additional outlay in foreign exchange. On the other hand, the planned investment in economic sectors will in due course enhance the export capacity as well as curtail import of some commodities. As the investment with short fruitation period starts yielding exportable surplus, foreign exchange earnings is expected to gradually increase. Thus, tourism and other related services, a few selected minerals, handicraft products and notably agricultural and forest products are expected to generate additional foreign exchange by the end of the Plan period. Hence the process of development will not completely drain the foreign exchange reserve of the country. After all, foreign exchange reserve is meant for development and its use in development projects is the best hedge against inflation.

Should the balance of payment situation turn adverse by the end of the Plan period as a result of higher developmental imports, Nepal could, like others developing countries, also utilize the I.M.F. facilities which Nepal has not used so far. It is, however, believed that the balance of payments situation will not be so serious if unnecessary imports could be drastically curtailed and administrative measures could be rigorously enforced to check the foreign exchange leakages.

Table 1

Sources of Finance for the Public Sector Expenditure during the Fifth Plan
Period

<u>Rs. in million.</u>				
<u>Sources</u>	<u>Maximum</u>	<u>Percentage</u>	<u>Minimum</u>	<u>Percentage</u>
<u>Internal Sources</u>	<u>3393.5</u>	<u>55.00</u>	<u>4150.0</u>	<u>55.00</u>
a. Revenue surplus	2072.8	33.59	2432.5	32.24
b. Internal loan	534.4	8.66	670.0	8.88
c. Deficit financing	786.3	12.75	1047.15	13.88
i. Use of foreign				
Exchange resources	600.0	9.73	750.0	9.94
Deficit financing	186.3	3.02	297.5	3.94
<u>External Sources</u>	<u>2776.5</u>	<u>45.00</u>	<u>3395.0</u>	<u>45.00</u>
a. Grants	1504.1	24.38	1685.0	22.33
b. Loan.	<u>1272.4</u>	<u>20.62</u>	<u>1710.0</u>	<u>22.67</u>
Total	6170	100.00	7545.0	100.00

Table No. 2
Population Density (in Sq. Km)

<u>Year</u>	<u>Population Density Per Total Area</u>	<u>Population Density Per Cultivated Land</u>	<u>Population Density Per Forest Area</u>
1961	64.74	308.29	190.41
1966	70.68	336.58	207.88
1971	79.48	378.48	233.77
1977	88.43	421.10	260.09
1981	98.45	468.82	289.56
1986	110.39	525.69	324.69

Table No. 3
Population Density by Region
(In Sq. Km)

	1971	–	1986		
<u>Region</u>	<u>1971</u>		<u>1976</u>	<u>1981</u>	<u>1986</u>
<u>Nepal</u>	<u>79.48</u>		<u>88.43</u>	<u>98.45</u>	<u>110.39</u>
<u>Eastern Region</u>	<u>99.93</u>		<u>109.96</u>	<u>121.16</u>	<u>134.37</u>
Mountain	30.47		72.66	78.56	85.50
Hill	101.57				
Tarai	197.33		221.17	248.16	280.07
<u>Central Region</u>	<u>137.08</u>		<u>153.45</u>	<u>171.99</u>	<u>194.10</u>
Mountain	61.03		123.26	136.90	153.10
Hill	133.61				
Tarai	189.62		214.46	242.88	276.94
<u>Western Region</u>	<u>67.53</u>		<u>74.80</u>	<u>82.63</u>	<u>91.88</u>
Mountain	39.40		63.16	69.49	76.94
Hill	93.41				
Tarai	149.59		169.96	190.09	214.03
<u>Far Western Region</u>	<u>46.06</u>		<u>51.62</u>	<u>58.00</u>	<u>65.68</u>
Mountain	20.68		47.87	58.66	58.31
Hill	57.83				
Terai	55.99		66.56	79.33	94.95

Table No. 4**Population Growth by Age Group to the Fifth Plan****(1975 – 1980)**

<u>Age group</u>	1975			1980	
	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Male</u>	
0-9	18,05,263	17,70,735	35,75,998		
	20,11,893	19,61,086	39,72,979		
10-14	7,94,374	7,59,308	15,53,682		
	7,98,594	7,89,087	15,87,681		
15-24	11,90,150	10,95,797	22,85,929		
	14,24,748	13,29,033	27,53,781		
25-34	8,51,056	8,93,708	17,44,764		
	9,35,956	9,19,287	18,55,783		
35-44	7,00,526	7,25,141	14,22,667		
	7,40,697	7,88,043	15,28,740		
45-54	4,95,058	4,84,597	9,78,665		
	5,66,707	5,73,282	11,23,999		
55-64	2,91,074	2,89,912	5,80,986		
	3,39,553	3,37,226	6,76,779		
65 +	2,06,645	2,33,112	4,39,757		
	2,31,079	2,62,687		4,93,766	
Total	63,34,147	62,51,293	1,25,85,440		
	70,49,227	69,60,271	1,40,09,498		

Table No. 5
Demand and Supply Of
Technical manpower in the Fifth Plan

Classification	Demand	Supply	Deficit (-)
		Surplus (+)	
<u>High Level</u>	<u>4,454</u>	<u>2,975</u>	<u>1,478 (-)</u>
– Scientist	246	319	27 (-)
– Engineer	1,975	1,084	891(-)
– Surveyor	59	54	5 (-)
– Agriculture Graduates	1,063	779	284 (-)
– Forest Graduates	222	204	18 (-)
– Medical	789	535	254(-)
<u>Middle Level</u>	<u>8,184</u>	<u>7,777</u>	<u>407 (-)</u>
– Asst. Scientist	234	198	36 (-)
– Overseer & Allied	4,171	4,146	25 (-)
– Asst. Surveyor	372	355	17 (-)
– J. T.	1,292	1,292	—
– Ranger	380	380	—
Paramedical & Allied	1,735	1,406	329 (-)
<u>Basic Level</u>	<u>11,463</u>	<u>9,119</u>	<u>2,344 (-)</u>
– Junior Scientist	354	116	238 (-)
-Sub-Overseer & Allied	1,958	1737	221 (-)
-Junior Asst. Surveyor	1,222	1,222	—
- J. T. A.	1,775	1,775	—
- Forester	1,133	1,133	—
- Junior Health Worker	<u>5,021</u>	<u>3,136</u>	<u>1,885 (-)</u>
Total	<u>24,101</u>	<u>19,871</u>	<u>4,230 (-)</u>

Table No. 6

Demand projection for development materials ★

S.	Minimum	Unit	Maximum
No.	Item		Programme
			(1975/76-1979/80)
	(1975/76-1979/80)		
1.	Cement●	(1000MT) 840.00	1050.00
2.	Iron & Steel●	(“) 177.22	215.21
3.	Bricks●	(In million) 1959.1	1972.50
4.	Sawn Timber	(1000 CFT) 11019.58	12321.00
5.	Petroleum Products●	(1000MT) 643.10	685.20
6.	Coke & Coal	(“) 578.00	633.00
7.	Chemical Fertilizers●	(1000MT Nutrients) 162.50	172.50
8.	News Print	(1000MT) 3.35	3.35
9.	Writing and Printing Papers	(“) 43.77	43.77
10.	Explosives●	(“) 1.80	2.20

★ Preliminary estimate

● Including the materials which will be supplied under Foreign aid Programmes.

Table No. 7

Demand projection for iron and steel products ●

S. Minimum Programme		Maximum Programme	
No.	Item (1975/76-1979/80)	Unit	(1975/76-1979/80)
1.	M.S. Round Bar (Plain) ★	(600MT)	133.00
		106.00	
2.	C. G. I. Sheets	(“)	13.85
		12.60	
3.	Pipes and Tubes	(“)	16.10
		13.10	
4.	Sectional Steel	(“)	35.76
		31.05	
5.	Plate & Steel	(“)	12.95
		11.16	
6.	Strip Steel	(“)	1.50
		1.19	
7.	Wire	(“)	2.05
		1.82	

★ Including the iron steel products which will be supplied under Foreign aid programmes.

● If tor-steel is used instead of mild steel up to 40% weight could be reduced.

Table No. 8
Demand projection for petroleum products ×

S. No.	P O L products	Unit	Maximum Programme (1975/76-1979/80)	Minimum Programme (1975/76-1979/80)
1.	Petrol	(000K.L.)	91.73	87.25
2.	Kerosene	(")	274.73	261.38
3.	High speed Diesel	(")	200.92	182.05
4.	Aviation Turbo Fuel	(")	82.60	74.84
5.	Lubricants	(000M.T.)	15.17	13.74
6.	Light Diesel Oil	(000K.L.)	97.50	97.50
7.	Furnace Oil	(")	48.54	48.54
8.	Jute Batching Oil	(")	15.60	15.60
9.	Bitumen+	(000M.T.)	26.50	21.00
	Total	(1000mt)	685.23	643.10

× Preliminary estimate.

+ Including the bitumen which will be supplied under Foreign aid programmes.

Table No 9Demand projection for chemical fertilizers

S. No.	Fertilizers	Unit	Demand
1.	Nitrogenous Fertilizers	(1000MT. Nutrients	103,800
2.	Phosphatic Fertilizers	(")	35,250
3.	Potassium Fertilizers	(")	2 3, 82 5
		162,875	

Table No. 10Demand projection for explosives+

S. No.	Item	Unit	Maximum' Programme (1975 / 76 – 1979 / 80)
1.	Gelatine	('000 M T.)	2.2
2.	Detonator	(in '000 PCs.)	50,000
3.	Fuse	(in '000 Meters)	1,00,000

+ Including the supply of explosives under Foreign aid programmes.

Table No. 11

Demand projection for machinery & equipment

S. No.	Machinery & Equipment	No.	S. No.	Machinery & Equipments.	No
<u>A Transportation</u>					
1)	Truck, Lorry and Tank cars	2,700-3,125	2)	Bus, Minibus etc.	750-1,100
3)	Jeep	1,400-1,640	4)	Aero-plane●	8
<u>B. Agriculture</u>					
1)	Tractor ÷	1,000	2)	Pumpset +	2,450
3)	Tube well	300-400			
<u>C. Construction Δ</u>					
1)	Bulldozer	130	2)	Power shovel	40
3)	Loader	50	4)	Crawler shovel	6
5)	Dozer shovel	20	6)	Rocker shovel	10
7)	Back hoe	5	8)	Scraper	10
9)	Excavator	20	10)	Grader	40
11)	Roller	290	12)	Crane	40
13)	Tipper Truck	470	14)	Concrete Vibrater	310
15)	Air Compressor	100	16)	Concrete Mixture	165
17)	Concrete dumper	45	18)	Drill	175
19)	Jack hammer	50	20)	Generator	115
21)	Boring Machine	25	22)	Crushing Plant	12
23)	Bitumen Plant	15	24)	Bitumen sprayer	20
25)	Paving Machine	3	26)	Tank car	60
27)	Pump sets	200			
<u>D. Electricity</u>					
1)	Water Turbine (K W)	47,045	2)	Generator (K W)	47,045
3)	Transformer (K. V. A-)	57,000	4)	Distribution Trans-Former (K. V. A.)	13,500

× Preliminary estimate.

★ Average 5 tones capacity.

● Types and capacity not specified.

÷ Various H. P. range.

× Average 6 H. P.

- 1 and 1.25 cusecs Pump sets.

△ The machinery and equipment are classified without detailed technical specifications.

Table No. - 12

Demand projection for essential consumers, goods †

S. No.	Item	Unit	Total consumption (1975 / 76 – 1979 / 80)
1.	Coarse and medium Textiles		
	(a) Factory made	(million meters)	605.0
	(b) Handloom	(“)	154.6
2.	Sugar	('000 MT.)	116.30
3.	Salt	(“)	369.00
4.	Soap	(“)	33.60
5.	Cigarettes	(billion sticks)	17.48
6.	Shoes	('000 Pairs)	115,700.0
7.	Tea	('000 MT)	8.60
8.	Edible oil	('000 Liter)	65,000.0
9.	Ghee	('000 MT)	7.08

† Preliminary estimate.

× Only the demand of urban sector is considered

Appendix – 5

The Intensive Development Areas selected for Small Area Package Programmes:

<u>Development Region</u>	<u>Intensive Development Area</u>	<u>Geographic Sub-region</u>
A. Far Western Region	1. Jumla	Mountain
	2. Bajhang	”
	3. Dandeldhura	Hill
	4. Dailekh	”
	5. Rukum, (Chaur Jahari)	”
	6. Rolpa	”
	7. Bardia	Terai
	8. Dang	”
B. Western Region	I. Mustang	Mountain
	2. Lamjung-Manaug	”
	3. Parbat	Hill
	4. Arghakhanchi	”
C. Central Region	I. Rasawa-Nuwakot	Mountain
	2. Dolakha	”
	3. Makwanpur	Hill
	4. Sarlahi	Terai
D. Eastern Region	I - Sankhuwasabha	Mountain
	2. Taplejung	”
	3. Khotang	Hill
	4. Dhamknta	”

Appendix-2

Allocation of Fifth Plan Outlay

(Maximum Programme)

Sector	Government Sector Amount %	Panchayat Sector Amount %	Private Sector Amount %	Total Amount %
1. Agriculture, Irrigation, Land Reforms. Forest etc.	227.87 (30.2)	53.61 (30.0)	133.60 (50.0)	397.08 (34.8)
2. Industry, Commerce and Power	150.60 (20.0)	-	53.44(20.0) x	104.04 (17.9)
3. Transport and Communications	199.03 (26.4)	59.35 (50-0)	80.16 (30.0) *	338.54 (29.5)
4. Social Services (Health, Education, Drinking water etc.)	177.00 (23.4)	23.74 (20.0)	-	200.74 (7.6)
Total	754.50 (100.0)	118.70 (100.0)+	267.20 (100.0)	1140.40 (100.0)

+ Including Government development grant

* Including loan for investment from Government sources

x Including construction

Appendix-2

Allocation of Fifth Plan Outlay

(Minimum Programme)

Sector	Government Sector Amount %	Panchayat Sector Amount %	Private Sector Amount %	Total Amount %
1. Agriculture, Irrigation, Land Reforms. Forest etc.	183.97 (29.8)	27.93 (30.0)	104.80 (50.0)	316.70 (34.4)
2. Industry, Commerce and Power	138.07 (22.4)	-	41.92(20.0) *	179.99 (19.6)
3. Transport and Communications	143.28 (24.2)	46.55 (50.0)	62.88 (30.0) x	252.71 (27.5)
4. Social Services (Health, Education, Drinking water etc.)	151.68 (23.6)	18.62 (20.0)	-	170.30 (18.5)
Total	617.00 (100.0)	93.10 (100.0)+	209.60 (100.0)	919.70 (100.0)

+ Including Government Grant

* Including loans for investment from Government sources

x Including construction

Appendix 3
PUBLIC SECTOR
ALLOCATION OF THE FIFTH PLAN OUTLAY

		(Rs. in crore)			
		Minimum		Maximum	
<u>Sector & Sub-sector</u>		<u>Rs.</u>	<u>%</u>	<u>Rs.</u>	<u>%</u>
1.	<u>Agriculture</u>	<u>18397</u>	<u>(29.8)</u>	<u>227.87</u>	<u>(44.7)</u>
	(a) Agriculture & Resettlement	79.90 (43.4)		101.96 (44-7)	
	(b) Irrigation	70-68 (38.4)		91.44 (40.1)	
	(c) Land Reform and Survey	14.31 (7.8)		14.31(6.3)	
	(d) Forest etc.	19-08 (10.4)		.20.16 (8.9)	
2.	<u>Industry & Power</u>	<u>138.07</u>	<u>(22-4)</u>	<u>150.60</u>	<u>(20.0)</u>
	(a) Industry	48.35 (35.0)		53.10 (35.3)	
	(b) Cottage & Small Industry	5,83 (4.2)		5.8 3 (3.9)	
	(c) Labour	0.35 (0-3)		0.35 (0.2)	
	(d) Power	73-72 (53.4)		80-00 (53.1)	
	(e) Tourism	2.00 (1.4)		200 (1.3)	
	(f) Geo-Survey & Mines	5.52 (4-0)		6.32 (4.2)	
	(g) Commerce	2.30 (1.7)		3. 00 (2.0)	
3.	<u>Transport & Communication</u>	<u>143.21</u>	<u>(23.2)</u>	<u>199.03</u>	<u>(26.4)</u>
	(a) Roads & Bridges	113.21 (79.0)	155.55 (78.2)		
	(b) Civil Aviation	15.82 (11.1)		26.65 (13.3)	
	(c) 4 .0) Rope & Railways	3.48 (24)		6.06 (3.0)	
	(d) Telecommunication	9.7 (6.8)		9.77 (4.9)	
	(e) Postal Services	1.00 (07)		1.00 (0.6)	
4.	<u>Social Services</u>	<u>151.68</u>	<u>(24.6)</u>	<u>177.00</u>	<u>(23.4)</u>
	(a) Education	6453(42-5)		67.51 (382)	
	(b) Health	42.61 (28 1)		45.50 (25.7)	
	(c) Drinking Water	21.65 (14.3)		24.80(140)	
	(d) Physical Planning	3.95 1		6.10(3.4)	
	(e) Administration	0.51:(0.3)		0.90(0.5)	
	(f) Publicity & Broadcasting	2.0 3' L 3)		2.79(1.6)	
	(g) Panchayat	13.30 -8.8)		25.10 (14.3)	
	(h) Planning & Statistics	3 1.10(2.1)		4.10(2.3)	
Total		617.00	(100.0)	754.50	(100.00)

Note: - Figures in brackets indicate the percentages

Appendix 4
Some Major Targets of the fifth plan

(A) Agriculture

(a) Increase in Total Agricultural production :- percent	19.2
(b) Foodgrains and Potato Production: From 4287800 M. T. to 5004720 M. T. percent	16.72
(c) Cash Crops Production: From 446761 to 7.50)45 M. T. percent,	68.08
(d) Fruits Production: From 25-4000 M. T. to 270380 M. T. -6.44-percent	
(e) Areas Under Fruit Trees: From 32500 to 40500 Hectare percent	24.61
(f) Vegetables Production: From 407500 to 648000 M. T. percent	59.01
(g) Fish Production: From 2600 to 5241 102.0 percent	M. T.
(h) Other Livestock Products: Meat-From 64839 to 74573 M. T. percent	15.01
Milk (Processed) - Annual Production Capacity Litres	150 Lakh
Cheese - Annual Production Capacity	92. M. T.
Butter - Annual Production Capacity	100 M. T.
(i) Additional Irrigation Facilities: Hectare	146000
(j) Total Agricultural Loan: Crore	Rs.142.3
(k) Total Sale of Chemical Fertilizer: T.	162875 M.
(l) Area Under Improved Seeds in 1979-80: Foodgrains & Potato: Hectare	91167
Cash Crops: Hectare	77790
(m)Resettlement: Net new area to be cultivated: Hectare	52150
No. of families to be settled (Including 25000 families to be settled a planned way). Families	4,7500

(n) Cadastral Survey: Hectare	560000
(o) Land Administration: 17 Districts	Additional
(p) Number-of Districts where fixed Rent will be enforced	Additional
(q) Afforestation; Hectare	26 Districts 20000
(r) Demarcation of Forest Boundary (New & Old):	8080 Km

(B) Transport & Communications:

1. Roads:		
Black Top	: Km	490
Gravelled	: Km	546
Fair Weather	: Km	137
Total Km		1173 (Minimum)
		1590 (Maximum)
2. Suspension Bridge:		
Number of incomplete bridges to be completed:		17
New Construction (Number) (Minimum)	25 (Maximum)	50
3. Small Airfields (STOL)	(Minimum) 4 (Maximum)	5
4. Local Telephone Exchange (Addition):		13900
Lines		
5. Micro-wave Communication System:		To establish 6 link channels
6. High Frequency Duplex Trunk System:		To establish 4 link channels
7. Establishment of Post:		
Small Post Office:		32
Additional Post Office:		316
Internal Money Order-		The services will be made available to 45 Districts

(C) Industry & Power:

1. Cotton Textile Mill	(Annual Capacity):	10 Million Metro
2. Cement Factory	(" "):	170000 M. Ton
3. I Rosin & Terpentine Plant	(" "):	2900 M. T. of Rosin 737000 Litre of Turpentine
4. Vegetable Ghee Factory	(" "):	6000 M, T.
5. Vegetable Oil Factory	(" "):	5000 M. T.
6. Tea (Nepal Tea Development Corporation)	(" "):	172500 kg.
7. Magnesite Industry	(" ")	25000 Sintered Magnesite, 20000 Refractory Magnesite Brick, 30000 Fused Magnesium Phosphate Fertilizer.
8. Shoe & Leather (Bansbari)	(Daily Production Capacity)	600 Pair
9. Power:		58945 K. W.
10. Distribution Lines		345 K. M.

(D) Social Services:

1. Education:

Primary Education Facility- To- 64 of the Primary School-going Children
 Tower Secondary Education- To 50 %, of Total Primary School Population.
 Higher Secondary Education- To 40% of the Total Lower Secondary School
 Population.

Adult Education: 600,000 Adults to be made Literate

<u>Higher Education:</u>	<u>High Level</u>	<u>Middle Level</u>	<u>Low Level</u>	<u>Total</u>
(a) Institute of Engineering	48	2897	3930	6875
(b) Institute of Medicine	-	1885	2705	4590
(c) Institute of Agriculture	396	638	1093	2127
(d) Institute of Forestry	15	178	644	837
(e) Applied Science & Technology Centre	-	904	-	904
Total	459	6502	8372	15333

2. Health:

Establishment of New Health Post 459
 Establishment of New Hospital:- 15 (Minimum), 24 (Maximum) (15 bed each)
 Small-pox Eradication:- Total eradication from the country.
 Tuberculosis Control:- B.C.G. Inoculation to all the children up to the age of 14
 in all the districts.
 Malaria Eradication: - Of the total 7.25 million malaria affected people, 6.30
 million will be under surveillance phase (i e. 87 YO)
 Family Planning: - Family planning services to be made available to
 700,000 couples between age of 15 & 45.
 100,000 married females will receive antenatal and Post-natal
 services 500,000 Children,
 below 5 years of age will be inoculated with B. C. Small-pox and
 D.P.T. Vaccines. Crude Birth Rate will be brought down from 40 per 1000
 to 38 per 1000 Mortality of children will be reduced from 200 per 1000
 to 150 per 1000. Drinking water: Carry-over

3. Drinking Water

Carry-over Drinking Water Project (number)
 to be completed (number): 19
 New Drinking water Projects to be
 completed (number): 72 (Minimum), 90
 (Maximum)
 Rural Drinking Water Programme;
 yet specified. Number of Projects not
 Additional Drinking water per day:
 (Excluding Rural Drinking Water
 Programme but including Drinking
 Water & Sewerage Master Plan Project). 14.6 million gallons,

Appendix – 5

The Intensive Development Areas selected for Small Area Package Programmes:

<u>Development Region</u>	<u>Intensive Development Area</u>	<u>Geographic Sub-region</u>
A. Far Western Region	1. Jumla	Mountain
	2. Bajhang	”
	3. Dandeldhura	Hill
	4. Dailekh	”
	5. Rukum, (Chaur Jahari)	”
	6. Rolpa	”
	7. Bardia	Terai
	8. Dang	”
B. Western Region	I. Mustang	Mountain
	2. Lamjung-Manaug	”
	3. Parbat	Hill
	4. Arghakhanchi	”
C. Central Region	I. Rasawa-Nuwakot	Mountain
	2. Dolakha	”
	3. Makwanpur	Hill
	4. Sarlahi	Terai
D. Eastern Region	I - Sankhuwasabha	Mountain
	2. Taplejung	”
	3. Khotang	Hill
	4. Dhamknta	”

Table 1
Sources of Finance for the Public Sector Expenditure during the Fifth Plan
Period

<u>in million.</u>				<u>Rs.</u>
<u>Sources</u>	<u>Maximum</u>	<u>Percentage</u>	<u>Minimum</u>	
<u>Percentage</u>				
<u>Internal Sources</u>	<u>3393.5</u>	<u>55.00</u>	<u>4150.0</u>	<u>55.00</u>
a. Revenue surplus	2072.8	33.59	2432.5	32.24
b. Internal loan	534.4	8.66	670.0	8.88
c. Deficit financing	786.3	12.75	1047.15	13.88
i. Use of foreign				
Exchange resources	600.0	9.73	750.0	9.94
ii. Deficit financing	186.3	3.02	297.5	3.94
<u>External Sources</u>	<u>2776.5</u>	<u>45.00</u>	<u>3395.0</u>	<u>45.00</u>
a. Grants	1504.1	24.38	1685.0	22.33
b. Loan.	<u>1272.4</u>	<u>20.62</u>	<u>1710.0</u>	<u>22.67</u>
Total	6170	100.00	7545.0	100.00

Table No. 2
Population Density (in Sq. Km)

<u>Year</u>	<u>Population Density</u> <u>Per Total Area</u>	<u>Population Density</u> <u>Per Cultivated Land</u>	<u>Population Density</u> <u>Per Forest Area</u>
1961	64.74	308.29	190.41
1966	70.68	336.58	207.88
1971	79.48	378.48	233.77
1977	88.43	421.10	260.09
1981	98.45	468.82	289.56
1986	110.39	525.69	324.69

Table No. 3
Population Density by Region
(In Sq. Km)

<u>Region</u>	1971	—	1986	1981	1986
<u>Nepal</u>	<u>79.48</u>		<u>88.43</u>	<u>98.45</u>	<u>110.39</u>
<u>Eastern Region</u>	<u>99.93</u>		<u>109.96</u>	<u>121.16</u>	<u>134.37</u>
Mountain	30.47		72.66	78.56	85.50
Hill	101.57				
Tarai	197.33		221.17	248.16	280.07
<u>Central Region</u>	<u>137.08</u>		<u>153.45</u>	<u>171.99</u>	<u>194.10</u>
Mountain	61.03		123.26	136.90	153.10
Hill	133.61				
Tarai	189.62		214.46	242.88	276.94
<u>Western Region</u>	<u>67.53</u>		<u>74.80</u>	<u>82.63</u>	<u>91.88</u>
Mountain	39.40		63.16	69.49	76.94
Hill	93.41				
Tarai	149.59		169.96	190.09	214.03
<u>Far Western Region</u>	<u>46.06</u>		<u>51.62</u>	<u>58.00</u>	<u>65.68</u>
Mountain	20.68		47.87	58.66	58.31
Hill	57.83				
Tarai	55.99		66.56	79.33	94.95

Table No. 4
Population Growth by Age Group to the Fifth Plan
(1975 – 1980)

<u>Age group</u>	1975			1980		
	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
0-9	18,05,263	17,70,735	35,75,998	20,11,893	19,61,086	39,72,979
10-14	7,94,374	7,59,308	15,53,682	7,98,594	7,89,087	15,87,681
15-24	11,90,150	10,95,797	22,85,929	14,24,748	13,29,033	27,53,781
25-34	8,51,056	8,93,708	17,44,764	9,35,956	9,19,287	18,55,783
35-44	7,00,526	7,25,141	14,22,667	7,40,697	7,88,043	15,28,740
45-54	4,95,058	4,84,597	9,78,665	5,66,707	5,73,282	11,23,999
55-64	2,91,074	2,89,912	5,80,986	3,39,553	3,37,226	6,76,779
65 +	2,06,645	2,33,112	4,39,757	2,31,079	2,62,687	4,93,766
Total	63,34,147	62,51,293	1,25,85,440	70,49,227	69,60,271	1,40,09,498

Table No. 5
Demand and Supply Of
Technical manpower in the Fifth Plan

Classification	Demand	Surplus (+)		Deficit (-)
			Supply	
<u>High Level</u>	<u>4,454</u>		<u>2,975</u>	<u>1,478 (-)</u>
- Scientist	246		319	27 (-)
- Engineer	1,975		1,084	891(-)
- Surveyor	59		54	5 (-)
- Agriculture Graduates	1,063		779	284 (-)
- Forest Graduates	222		204	18 (-)
- Medical	789		535	254(-)
<u>Middle Level</u>	<u>8,184</u>		<u>7,777</u>	<u>407 (-)</u>
- Asst. Scientist	234		198	36 (-)
- Overseer & Allied	4,171		4,146	25 (-)
- Asst. Surveyor	372		355	17 (-)
- J. T.	1,292		1,292	—
- Ranger	380		380	—
Paramedical & Allied	1,735		1,406	329 (-)
<u>Basic Level</u>	<u>11,463</u>		<u>9,119</u>	<u>2,344 (-)</u>
- Junior Scientist	354		116	238 (-)
-Sub-Overseer & Allied	1,958		1737	221 (-)
-Junior Asst. Surveyor	1,222		1,222	—
- J. T. A.	1,775		1,775	—
- Forester	1,133		1,133	—
- Junior Health Worker	<u>5,021</u>		<u>3,136</u>	<u>1,885 (-)</u>
Total	<u>24,101</u>		<u>19,871</u>	<u>4,230 (-)</u>

Table No. 6
Demand projection for development materials ★

S.	Minimum	Unit	Maximum
No.	Item		Programme
(1975/76-1979/80)			
1.	Cement●	(1000MT)	1050.00
		840.00	
2.	Iron & Steel●	(“)	215.21
		177.22	
3.	Bricks●	(In million)	1972.50
		1959.1	
4.	Sawn Timber	(1000 CFT)	12321.00
		11019.58	
5.	Petroleum Products●	(1000MT)	685.20
		643.10	
6.	Coke & Coal	(“)	633.00
		578.00	

7. Chemical Fertilizers●	(1000MT Nutrients)	172.50
		162.50
8. News Print	(1000MT)	3.35
		3.35
9. Writing and Printing Papers (“)		43.77
		43.77
10. Explosives●	(“)	2.20
		1.80

★ Preliminary estimate

● Including the materials which will be supplied under Foreign aid Programmes.

Table No. 7
Demand projection for iron and steel products ●

S. No.	Item	Unit	Maximum Programme (1975/76-1979/80)
11.	M.S. Round Bar (Plain)★	(600MT)	133.00
			106.00
12.	C. G. I. Sheets	(“)	13.85
			12.60
13.	Pipes and Tubes	(“)	16.10
			13.10
14.	Sectional Steel	(“)	35.76
			31.05
15.	Plate & Steel	(“)	12.95
			11.16
16.	Strip Steel	(“)	1.50
			1.19
17.	Wire	(“)	2.05
			1.82

★ Including the iron steel products which will be supplied under Foreign aid programmes.

● If tor-steel is used instead of mild steel up to 40% weight could be reduced.

Table No. 8
Demand projection for petroleum products ×

S. No.	P O L products	Unit	Maximum Programme (1975/76-1979/80)	Minimum Programme (1975/76-1979/80)
1.	Petrol	(000K.L.)	91.73	87.25
2.	Kerosene	(”)	274.73	261.38
3.	High speed Diesel	(”)	200.92	182.05
4.	Aviation Turbo Fuel	(”)	82.60	74.84
5.	Lubricants	(000M.T.)	15.17	13.74
6.	Light Diesel Oil	(000K.L.)	97.50	97.50

7. Furnace Oil	(”)	48.54	48.54
8. Jute Batching Oil	(”)	15.60	15.60
9. Bitumen+	(000M.T.)	26.50	21.00
Total	(1000mt)	685.23	643.10

× Preliminary estimate.

+ Including the bitumen which will be supplied under Foreign aid programmes.

Table No 9
Demand projection for chemical fertilizers

S. No.	Fertilizers	Unit	Demand
1.	Nitrogenous Fertilizers	(1000MT. Nutrients	103,800
2.	Phosphatic Fertilizers	(”)	35,250
3.	Potassium Fertilizers	(”)	2 3, 82 5
		162,875	

Table No. 10
Demand projection for explosives+

S. No.	Item	Unit	Maximum' Programme (1975 / 76 – 1979 / 80)
1.	Gelatine	(‘000 M T.)	2.2
2.	Detonator	(in ‘000 PCs.)	50,000
3.	Fuse	(in '000 Meters)	1,00,000

+ Including the supply of explosives under Foreign aid programmes.

Table No. 11
Demand projection for machinery & equipment

S. No.	Machinery & Equipment	No.	S. No.	Machinery & Equipments.	No
<u>A Transportation</u>					
1)	Truck, Lorry and Tank cars	2,700-3,125	2)	Bus, Minibus etc.	750-1,100
3)	Jeep	1,400-1,640	4)	Aero-plane●	8
<u>B. Agriculture</u>					
1)	Tractor ÷	1,000	2)	Pumpset +	2,450
3)	Tube well	300-400			
<u>C. Construction Δ</u>					
1)	Bulldozer	130	2)	Power shovel	40
3)	Loader	50	4)	Crawler shovel	6
5)	Dozer shovel	20	6)	Rocker shovel	10
7)	Back hoe	5	8)	Scraper	10
9)	Excavator	20	10)	Grader	40
11)	Roller	290	12)	Crane	40

13) Tipper Truck	470	14) Concrete Vibrater	310
15) Air Compressor	100	16) Concrete Mixture	165
17) Concrete dumper	45	18) Drill	175
19) Jack hammer	50	20) Generator	115
21) Boring Machine	25	22) Crushing Plant	12
23) Bitumen Plant	15	24) Bitumen sprayer	20
25) Paving Machine	3	26) Tank car	60
27) Pump sets	200		

D. Electricity

1) Water Turbine (K W)	47,045	2) Generator (K W)	47,045
3) Transformer (K. V. A-)	57,000	4) Distribution Trans-Former (K. V. A.)	13,500

× Preliminary estimate.

★ Average 5 tones capacity.

● Types and capacity not specified.

÷ Various H. P. range.

× Average 6 H. P.

• 1 and 1.25 cusecs Pump sets.

△ The machinery and equipment are classified without detailed technical specifications.

Table No. - 12

Demand projection for essential consumers, goods +

S. No.	Item	Unit	Total consumption (1975 / 76 – 1979 / 80)
1.	Coarse and medium Textiles		
	(a) Factory made	(million meters)	605.0
	(b) Handloom	(“)	154.6
2.	Sugar	(000 MT.)	116.30
3.	Salt	(“)	369.00
4.	Soap	(“)	33.60
5.	Cigarettes	(billion sticks)	17.48
6.	Shoes	(‘000 Pairs)	115,700.0
7.	Tea	(‘000 MT)	8.60
8.	Edible oil	(‘000 Liter)	65,000.0
9.	Ghee	(‘000 MT)	7.08

+ Preliminary estimate.

× Only the demand of urban sector is considered

Appendix – 5

The Intensive Development Areas selected for Small Area Package Programmes:

	<u>Development Region</u>	<u>Intensive Development Area</u>	<u>Geographic Sub-region</u>
A.	Far Western Region	1. Jumla 2. Bajhang 3. Dandeldhura 4. Dailekh 5. Rukum, (Chaur Jahari) 6. Rolpa 7. Bardia 8. Dang	Mountain ” Hill ” ” ” Terai ”
B.	Western Region	I. Mustang 2. Lamjung-Manaug 3. Parbat 4. Arghakhanchi	Mountain ” Hill ”
C.	Central Region	I. Rasawa-Nuwakot 2. Dolakha 3. Makwanpur 4. Sarlahi	Mountain ” Hill Terai
D.	Eastern Region	I - Sankhuwasabha 2. Taplejung 3. Khotang 4. Dhamknta	Mountain ” Hill ”