

Growing Economic Sectors in Karnali Province



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स्थानीय सरकार सबलीकरण



The Australian Government – The Asia Foundation Partnership in Nepal



HRITI FOUNDATION
TOWARDS PROSPEROUS KARNALI

2024

Published by:
Hriti Foundation
November 2024
Birendranagar-08, Surkhet, Karnali Province Nepal
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This publication is published with the support of the Subnational Governance Program implemented under a strategic partnership of the Australian Government Department of Foreign Affairs and Trade and The Asia Foundation. The views expressed in this publication do not necessarily represent the views of the Australian Government or The Asia Foundation.



Background Paper

Growing Economic Sectors in Karnali Province

Background/Abstract

In Karnali Province, there is an opportunity for the provincial government to enhance its resource allocation and project planning by strategically prioritizing economic sectors with high growth potential and development value. But the inconsistency has delayed the successful implementation of master plans and policies, thus hampering economic growth. Acknowledging these challenges, Shine Karnali: Strengthening the Governance in Economic Sector, an initiative, aims to bridge these gaps and promote sustainable development in the province through research and analysis. Hence, this paper seeks to identify the key economic growth sectors in Karnali Province to promote economic development through research and advocacy. The study analyzes the existing situation of various economic growth sectors of Karnali Province, evaluates government policies and priorities, revenue generation, employment generation and identifies stakeholders' perceptions regarding the growth.

The research provides an overview of the primary sectors driving economic growth. It offers insights that can guide the government and related stakeholders in effectively directing resources and formulating policies to support these sectors. By working closely with government officials, the findings and recommendations from the study can be

particularly valuable in prioritizing the annual budget and making more effective policy decisions.

For this study, seven different economic sectors have been identified based on careful study, analysis and review of both primary and secondary data. The primary data was gathered through a series of consultation meetings with multiple stakeholders and government officials, which provided a deep understanding of constraints and opportunity in the identified economic sectors of Karnali Province. Additionally, secondary data was obtained from the study and analysis of existing literatures and various government reports like economic survey, annual progress report, report on agricultural statistics of Nepal, along with the economic report published by NRB.

There are some limitations to the study, as secondary data collected might not reflect the real-time statistics in the economic sector. Also, some information obtained from stakeholder consultation might be biased individual perceptions. However, the study provides a qualitative and quantitative picture of the existing status and potential of economic growth of the identified sector based on the data and information gathered from stakeholders and secondary resources.

Overview

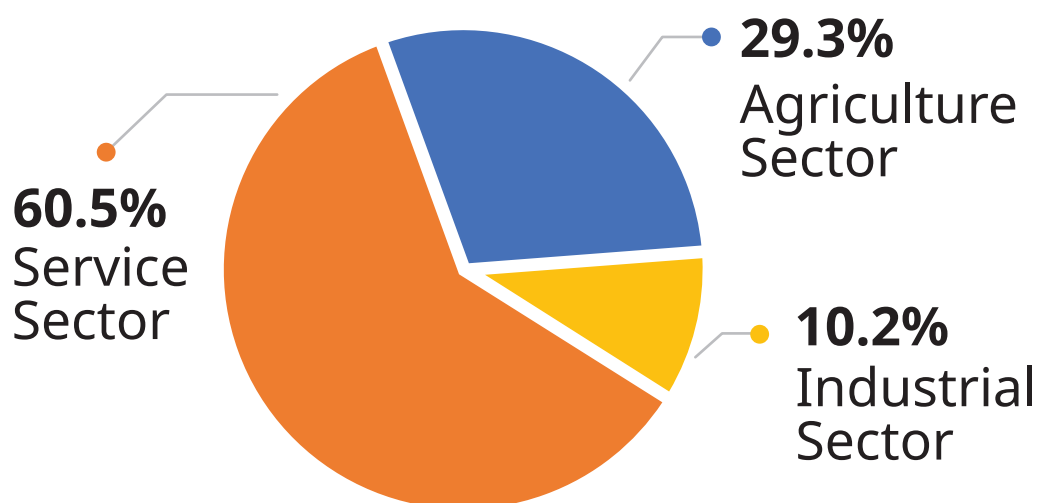
Economic Status of Karnali Province

For the last five years, the average economic growth rate of Karnali province was 4.32%. The province's contribution to the national GDP increased from 3.94% in fiscal year 2075/76 to 4.28% in 2080/81, indicating positive economic momentum. Notably, agriculture accounts for 29.3% of Karnali's GDP, highlighting its importance as a key driver of the local economy. Further, the contribution of the industrial and service sectors in the GDP of Karnali province was 10.2% and 60.5% respectively, during the year¹. Karnali Province is estimated to contribute 5.24% to the nation's overall agriculture sector, 3.19% to the industrial sector, and 4.13% to the service sector, in the fiscal year 2080/81².

From the fiscal year 2075/76 to 2079/80, the Provincial Government collected Rs. 2194.4 million against its initial target of Rs. 2364.7 million, an average of 92.8 per cent revenue mobilisation rate. This showcases effective revenue collection efforts and highlights the province's growing fiscal capacity.

Figure 1

Contribution in Karnali Province's GDP



¹ Economic survey 2080/81 by MoEAP, Karnali Province

² Half year Karnali Provincial Economic Activity Study Report 2080 by Nepal Rastra bank

³ <https://english.onlinekhabar.com/growing-demand-for-jumla-apples-nepal.html>

Economic Growth Sectors of Karnali Province

Karnali Province, known for its diverse landscape and resources, is emerging as a significant player in various economic sectors. Key areas of growth include:

Apple in Jumla

Apple is one of the key fruits with significant potential to generate income and employment in the high mountain districts of Western Nepal. Apple farming in Jumla began in 2024 BS with apple plants from Kashmir, India³. In the fiscal year 2057-58 BS, the Government of Nepal launched the Karnali Zone Special Agricultural Development Program to boost apple farming. Market access too improved with the Karnali Highway construction in 2064-65 BS. Jumla was declared an organic district in 2066-67 BS and became an Apple Super Zone in 2072-73 BS under the Prime Minister's Agriculture Modernization Project. **The project has supported 16,000 out of 19,000 households in the district in transitioning to commercial apple farming by providing technical and financial assistance**⁴.

As part of the program, Gutichour Agro Firm received a grant of Rs. 4.69 million, in addition to subsidies for 2.5 million plants and Rs. 2.19 million for irrigation and fencing⁵.

After the government launched a special project in 2075/76 BS to provide irrigation, market access, and saplings, more farmers in Jumla shifted to commercial apple farming⁶. In the fiscal year 2077-78, apple cultivation in

Jumla was 3100 hectares which expanded to 3244 hectares in 2078/79⁷. The district saw significant progress, with 80 new households starting apple cultivation and planting 50 to 150 seedlings each, in 2078-79 BS. Jumla produced 6,000 tons of apples, of which 3,000 tons were sold in various cities, generating Rs 180 million from organic apple sales due to improved transportation. However, despite having the potential to cultivate 10,000 hectares, only 3,000 hectares are used, with apple trees on 850 hectares currently bearing fruit. The farm gate price reached Rs 50 per kg, which is a drastic increase for farmers compared to 5-10 rupees per kg in the past years⁸.

By the end of Poush 2080-81 BS, the area under apple farming had grown by 9.72%. Despite a 3.39% decrease in production during 2077-78, recent data shows a significant 29.45% rise in production in 2080-81⁹. Nevertheless, according to 'online khabar' news article, apple cultivation in Jumla covers 4,299 hectares. Of this, 4,250 hectares are dedicated to local varieties such as Royal Delicacies, Red Delicacies, and Golden Delicacies, while the remaining 49 hectares are being used to expand Italian Fuji and Gala apple plants. As of fiscal year 2079/80, around 10 varieties were cultivated in the

3. <https://english.onlinekhabar.com/growing-demand-for-jumla-apples-nepal.html>

4. <https://kathmandupost.com/money/2023/08/09/farmers-rushing-harvest-before-rain-cuts-off-road>

5. <https://risingnepaldaily.com/news/28875>

6. <https://kathmandupost.com/money/2018/10/15/jumla-sells-apples-worth-rs180-million>

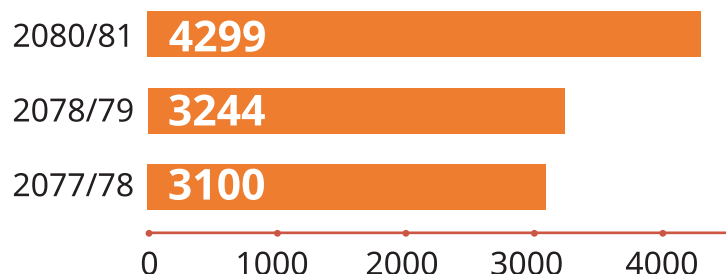
7. *Statistical Information on Nepalese Agriculture 2077/78 and 2078/79*

8. <https://english.onlinekhabar.com/apple-farming-increase-in-jumla-nepal.html>

9. *half year Karnali Provincial Economic Activity Study Report 2080 by Nepal Rastra bank*

Figure 2

Area under apple cultivation (Hectares)



district, primarily from the delicious group. Red, Royal, and Golden Delicious account for approximately 70% of the total plantation. The other varieties include Jonathan and Macintosh types¹⁰.

In the 2022/23 AD, fiscal year, Jumla produced approximately 15,000 metric tons of apples. Of this total, 10,000 metric tons were exported, resulting in earnings of Rs 500 million for the district¹¹. The farmers were able to sell apples at Rs 60 to 70 per kg in the orchard. **Yet, Nepal's production of Jumla, Manang, and Mustang currently satisfies only 8 to 10 per cent of the market demand. The remaining portion is still dominated by foreign apples¹².**

The expansion of apple farming in Jumla, both in terms of area and production, signifies a positive trend, underscoring its potential to enhance the local economy by generating employment and contributing to provincial economic development. Realizing the market potential, the sector requires focused government intervention, whether providing subsidies, facilitating transport with proper road constructions, operating cold store or facilitating proper market access.

Data from the Apple Super Zone office in Jumla reveals that 70% of the local apple production is exported, while remaining 5,000 metric tons are consumed locally, wasted, or damaged during harvesting. The Karnali Highway, the only route connecting Jumla to the rest of the country, is prone to landslides and blockages during the rainy season, forcing farmers to harvest early to ensure their apples are dispatched before the road closes. This early harvesting, however, compromises the quality and sweetness of the apples, as they need to reach full maturity to achieve optimal taste. Moreover, the manager of Chandannath Organic, Hemraj Acharya, during a stakeholder consultation meeting, shared that cost of transport for one truck apple from Jumla to Surkhet amounts to Rs. 60000 which makes the apple more expensive in the market compared to price of Apples imported from India and China. Despite these challenges, the government has yet to provide adequate cold storage facilities or ensure the highway remains accessible during the rainy season. Additionally, farmers face ongoing issues with unreliable transportation, increasing pest infestations, and a lack of fertilizers¹³. Addressing these concerns is crucial for fostering the continued growth and success of Jumla's apple growing sector.

10. <https://www.foodresearchjournal.com/article/69/3-1-7-924.pdf>

11. <https://english.onlinekhabar.com/growing-demand-for-jumla-apples-nepal.html>

12. <https://kathmandupost.com/money/2023/08/09/farmers-rushing-harvest-before-rain-cuts-off-road>

13. <https://kathmandupost.com/money/2023/08/09/farmers-rushing-harvest-before-rain-cuts-off-road>

2. Orange in Salyan

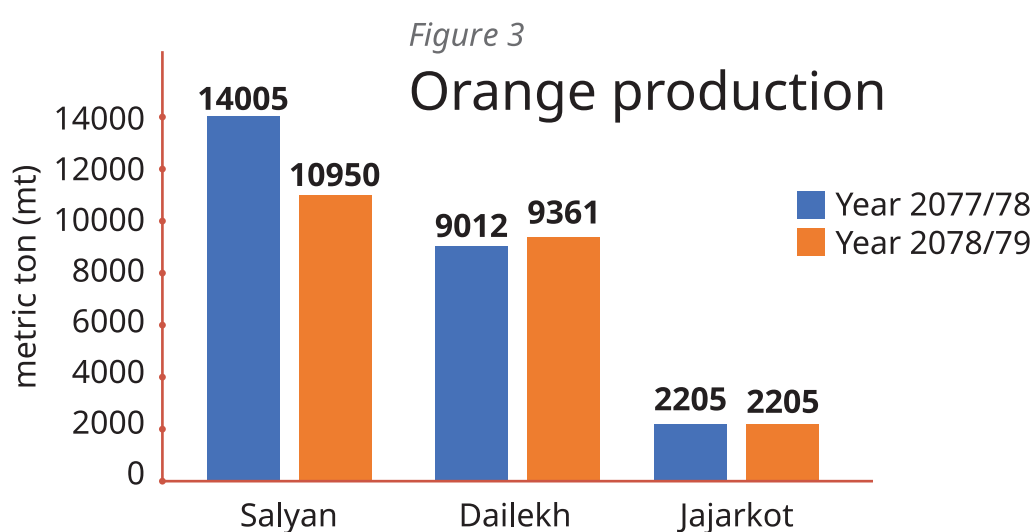
Orange is a key sub-tropical fruit cultivated on the sloping terraces of mid-hill regions. It holds substantial potential for both domestic and international markets. Orange production, in Karnali Province, has a growing market, with Salyan district leading in production, followed by Dailekh and Jajarkot¹⁴.

In the fiscal year 2077/78, Salyan district led orange production with 14,005 metric tons from 1,305 hectares. Salyan continued to be the top producer, although production decreased to 10,950 metric tons from a slightly reduced area of 1,055 hectares in 2078/79. Meanwhile, the production in Dailekh increased from 9,012 metric tons on 667 hectares in 2077/78 to 9,361 metric tons on 797 hectares in 2078/79, whereas Jajarkot cultivated 2,205 metric tons from 210 hectares in both years¹⁵. Despite the decline in both production volume and land area, Salyan continues to demonstrate its significant and stable capacity for orange cultivation in the region.

Orange production of Salyan, in fiscal year 2074/75, was worth 330.48 million on 1,020

hectares, yielding 344 metric tons. This marked an increase from 298.13 million in 2073/74 on 1,008 hectares. Of total production, 75% of the oranges were distributed to markets in Dang, Surkhet, Jajarkot, Nepalgunj, Dhangadi, and Mahendranagar.¹⁶ In 2075/76, the production rose to 8,170 tons cultivated from 1,250 hectares. About 80% of the oranges were supplied to other districts at Rs. 40 to Rs. 60 per kg, while 20% were sold locally. The total revenue from orange sales exceeded 340 million that year.¹⁷ The data reflects Salyan's growth in orange farming, with notable improvements in production and market reach over the years. The district has expanded its cultivation area and significantly increased output, over the years.

Nevertheless, overall orange production in Karnali province increased 10% in 2076/77, followed by 13.90% decrease in 2077/78.¹⁸ During the year, Salyan's harvest was cut in half due to a pest attack during the flowering season. Experts argued that it was caused by sudden climatic changes. According to the Agriculture Development Office in Salyan,



14. Statistical Information on Nepalese Agriculture 2077/78, 2078/79

15. Statistical information on Nepalese agriculture, Ministry of Agriculture and livestock development

16. <https://kathmandupost.com/national/2018/01/20/orange-worth-330-million-produced-in-salyan>

17. <https://www.newbusinessage.com/article/production-of-orange-up-in-salyan>

18. Economic Activity Study, Yearly Report, Nepal Rastra Bank 2077/78

farmers cultivated 1,520 hectares, but 1,800 trees failed to bear fruit. The annual 6 percent decline in production was primarily caused by the pest problem, with climate change contributing to a 40 percent reduction in yield.¹⁹

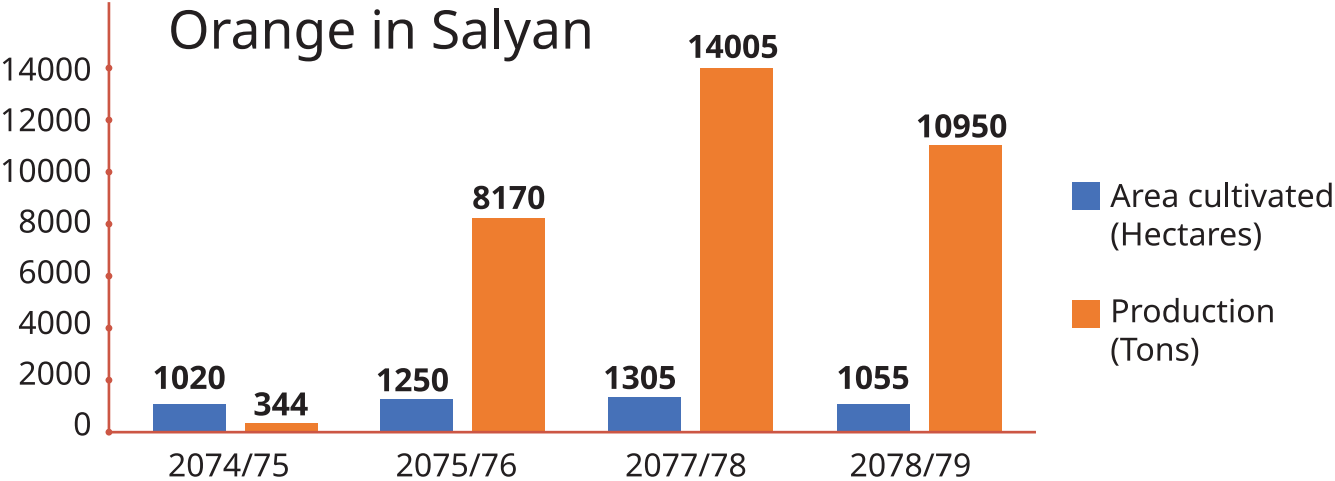
In 2080/81, the productive land covered by orange farming in Karnali province increased by 1.72 percent, however, the increase of land covered by orange farms in 2079/80 was 3.80 percent.²⁰ During 2079/80, production of orange in Karnali province was 5728 metric ton. The production worth 331.54 million was exported to Nepalgunj, Butwal, Chitwan, Kathmandu, Kailali, Pokhara, Birgunj.²¹

Orange production in Karnali has fluctuated, marked by both growth and decline over the years. Despite the challenges stated previously, the expansion of cultivated land highlights the growing scope and potential of orange farming in the region. This emphasizes the economic significance of orange farming in Salyan, showcasing its potential as a key agricultural sector. However, the quantity and popularity of orang-

es cultivated in eastern Nepal still surpass those in Karnali, highlighting the need for effective marketing strategies that focus on adding value to oranges produced in the Karnali region.²² Also, to realize the full potential, government interventions are needed to tackle climate challenges, pest control, and market access, ensuring sustained growth in the orange farming sector.

In 2074/75, the government launched an orange zone in Jajarkot under the Prime Minister Agriculture Modernisation Project to boost productivity. Pocket areas, blocks, zones, and super zones were established, providing farmers with subsidised fertilisers, irrigation, seeds, and an 85% subsidy on facilities like agro centres and warehouses, Across the country, cross the country.²³ In 2080, government declared Orange as national fruit to increase the production.²⁴ Despite additional government initiatives like the 'Citrus Priority Program' and 'Systematic Citrus Development Initiatives,' there remains significant scope for further policy development and prioritization.

Figure 4



19. <https://kathmandupost.com/money/2021/02/21/orange-harvest-slashed-by-half-due-to-pest-attack>
 20. Provincial Economic Activity Study, Half yearly report 2080/81 by Nepal Rastra Bank
 21. Economic Survey 2080/81, MoEAP, Karnali Province
 22. Consultation Meeting Stakeholder discussion
 23. <https://kathmandupost.com/money/2018/01/19/govt-to-set-up-orange-zone-up-in-jajarkot>
 24. <https://myrepublica.nagariknetwork.com/news/orange-declared-as-nepal-s-national-fruit>

3. Mutton production in Karnali

In Karnali, meat production was 27,429 metric tons in 2076/77, then fell to 22,928 metric tons in 2077/78. It increased to 24,492 metric tons in 2078/79 and further grew to 24,781 metric tons in 2080.²⁵ In 2079/80, production grew by 36.51%, but the growth rate decelerated to 10.12% in 2080/81.²⁶ Though production decreased initially, it was followed by recovery and growth over the years. The growth rate slowed down in the most recent year. However, overall trend indicates a steady increase in production.

Compared to previous years, there has been an increase observed in the production of sheep and mountain goats in the Himalayan districts of Jumla, Kalikot, Humla, Mugu, and Dolpa in Upper Karnali.

This growth can be attributed to local and provincial government efforts to attract farmers through various subsidy programs, which have boosted the animal husbandry business.²⁷

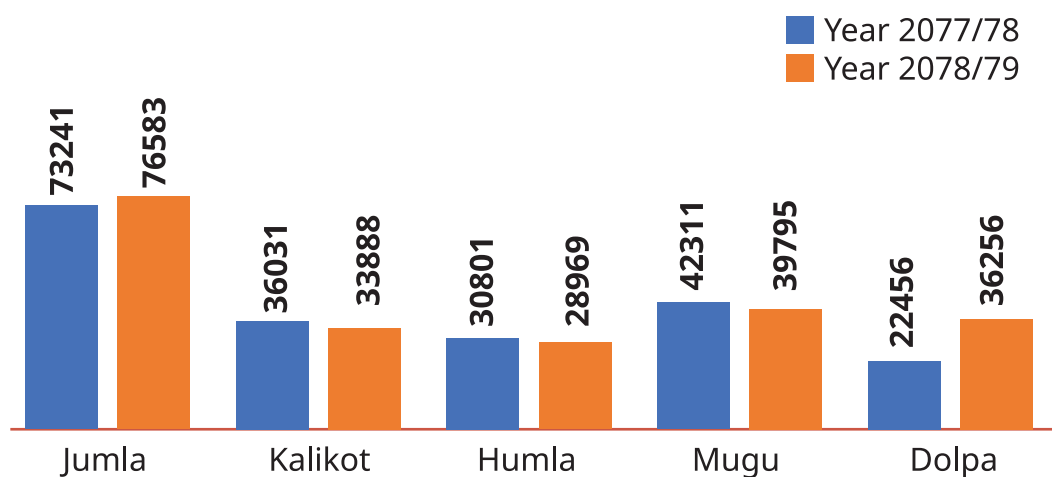
In fiscal year 2079/80, the provincial government distributed Rs 8.3m to 463 sheep farmers and 41 yak farmers with more than 50 sheep or 10 yaks, to promote commercial sheep and yak farming.²⁸

Similarly, rising interest in commercial livestock farming among youth, along with increased government subsidies, is likely driving up animal-based production in Surkhet, Dailekh, and Salyan as well.²⁹

Mutton production in Karnali Province was recorded at 1,147 metric tons in 2077/78, while

Figure 5

Sheep Population in upper Karnali



25. Economic Survey 2080/81, MoEAP, Karnali Province

26. Provincial Economic Activity Study, Half yearly report 2080/81 by Nepal Rastra Bank

27. <https://myrepublica.nagariknetwork.com/news/karnali-province-earns-rs-600-million-by-exporting-over-50-000-goats/>

28. <https://www.theannapurnaexpress.com/story/50031/>

29. Economic Activity Study, Yearly Report 2077/78, Nepal Rastra Bank

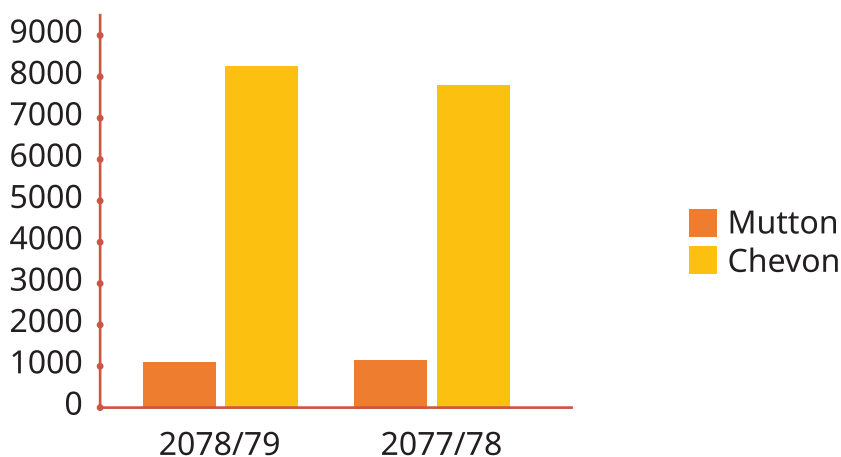
chevon production stood at 7,755 metric tons. Despite a slight decline, mutton output dropped to 1,132 metric tons and chevon increased to 8,195 metric tons in 2078/79.³⁰ However, the Annual Progress Report from Karnali Province highlights a significant rise in mutton production, reaching 8,249 metric tons in 2079/80.³¹ The province earned 600 million, during the year, with export of over 50,000 goats whereas, in the previous year more than 2000 goats out of 50,000 were returned without sale.³² 122536 metric ton worth 196.108 million was supplied to Nepalgunj, Butwal, Chitwan, Kathmandu, Tikapur, Pokhara, Birgunj and Dhangadi in 2079/80.³³ In total, Karnali earned 3.24 billion through the export of Goat in 2080/81.³⁴ During the festive

season, goats, sheep, and mountain goats are primarily exported from various districts in Karnali to major cities across the country.

For a long time, Karnali has been self-sufficient in livestock. The goats, sheep, and other animals from Upper Karnali significantly contribute to the province's meat and other animal product consumption.³⁵ However, significant rise in production and revenue in recent years underlines the huge scope for enhancing Karnali's economic growth. With increased effectiveness of subsidies and proper commercialization, including better market access, the sector could dramatically boost income, resulting to increase in province's GDP.

Figure 6

Mutton production in Karnali



30. Livestock statistic of Nepal 2077/78 & 2-78/79

31. वार्षिक प्रगति पुस्तिका १०७९/८०, कर्णालि प्रदेश सरकार

32. <https://myrepublica.nagariknetwork.com/news/karnali-province-earns-rs-600-million-by-exporting-over-50-000-goats/>

33. Economic Survey 2080/81, MoEAP, Karnali Province

34. <https://myrepublica.nagariknetwork.com/news/karnali-exports-goats-worth-rs-3-24-billion/>

35. Consultation Meeting Stakeholder discussion

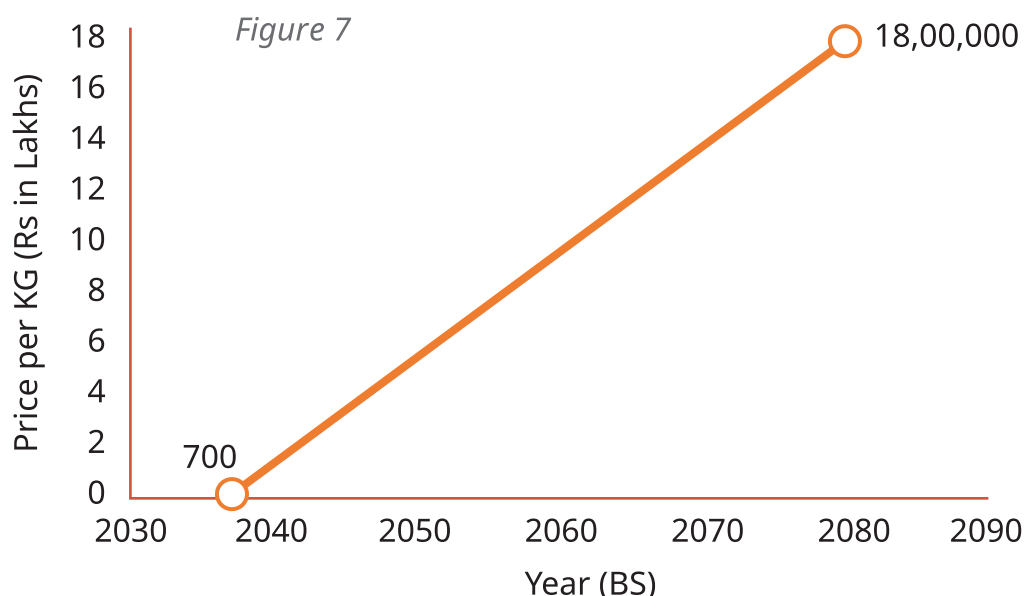
4. Yarsagumba in Upper Karnali

About 2000 plants among enlisted plants of Nepal are recognized as non-timber forest products (NTFP) of which 1624 plant species are being used as medicines currently.³⁶ More than 400 varieties of Medicinal and Aromatic Plants (MAPs) are available in Karnali, Yarsagumba being one of the most popular ones.³⁷

Yarsagumba was first discovered in Nepal in Chakure Lek, Jumla, in 2009. Its trade began in late 2037 BS in Dolpa, where the price for each kilogram was Rs 700. However, the collection of yarsagumba was banned by the Forest Regulation of 2051 BS, with a fine of Rs 500 imposed for each piece found. This ban lasted for about seven years before being lifted. After the ban was lifted, a collection tariff of Rs 20,000 per kilogram was introduced, although the export of unprocessed yarsagumba remained prohibited. The export ban was removed around FY 2062/63 BS, and the collection tariff was reduced to Rs 10,000 per kilogram. Nevertheless, in 2072, the tariff on

yarsagumba collection was increased to Rs 25,000 per kilogram.³⁸

In the fiscal year 2070/71, the government saw a notable revenue increase to Rs 24.59 million, representing a 109% rise from the previous fiscal year 2069/70. During this period, Nepal was the second-largest supplier of yarsagumba, with an official annual production of three tons. In fiscal year 2071/72, approximately 53,000 people in Dolpa alone joined the ranks of yarsagumba collectors.³⁹ Meanwhile, in the regions of Mugu and Dolpa, between 5,000 and 6,000 pickers visit community forests annually to gather yarsagumba. As of the fiscal year 2080/81, high-quality yarsagumba is priced between Rs 400 and 500 per piece, and the cost per kilogram ranges from Rs 1.6 million to Rs 1.8 million. Collectors can earn between Rs 100,000 and Rs 200,000 by harvesting yarsagumba, with around 180 kilograms typically being collected from the community forests in Mugu and Dolfu.⁴⁰



36. Sustainable harvesting plan of Yarsagumba (*Ophiocordyceps sinensis*) in Api-Nampa Conservation Area (ANCA), 2017

37. <https://bioone.org/journals/journal-of-resources-and-ecology/volume-14/issue-5/j.issn.1674-764x.2023.05.021/Contribution-of-Medicinal-and-Aromatic-Plants-on-Gross-Domestic-Product>

38. <https://thehimalayantimes.com/business/yarsagumba-lifts-living-standard-of-rural-nepalis>

39. <https://thehimalayantimes.com/business/yarsagumba-lifts-living-standard-of-rural-nepalis>

40. <https://risingnepaldaily.com/news/27214>

In the fiscal year 2078/79, Karnali Province exported approximately 11,700 metric tons of various medicinal herbs, including yarsagumba, guchi chyau, rato chyau, satuwa, atis, nirmasi, and kutaki, as reported by the Directorate of Province Forest in Birendranagar. These herbs are found across all 10 districts of Karnali. The herb industry supports around 50,000 jobs annually in the region. Additionally, the Ministry of Industry, Tourism, Forest, and Environment in Karnali Province generated about Rs 30 million in revenue from these herb exports.⁴¹

The significant market value of yarsagumba provides substantial income for collectors, highlighting its economic significance in the region. The government must ensure the sustainable harvesting and commercialization

of Non-Timber Forest Products (NTFPs), with a particular focus on Medicinal and Aromatic Plants (MAPs). Currently, Ministry of Forests and Environment is leading the effort to develop the "Yarsagumba Management (Collection and Transportation) Guideline, 2080 BS."⁴² As per the FY 2080/81 budget of Karnali province, the government will partner with the private sector to boost domestic industries by establishing businesses focused on medicinal herbs and forest products. These efforts will emphasize using local raw materials, linking them to geographical indications, and encouraging innovation, with training programs to support their development. Hence, the contribution of NTFP or Yarsagumba (MAPs) in Karnali's economic growth can be expected to increase in upcoming years.

5. Tourism in Karnali - Rara and Shey Phoksundo Lake

Karnali Province, covering an expansive area of 30,716.23 square kilometres, is the largest province in Nepal.⁴³ With its breathtaking attractions such as the pristine Rara and Phoksundo lakes, tourism has the potential to be a key driver of prosperity in the region.⁴⁴ In 2076/77, the Karnali Provincial Government established a 10-year master plan for tourism development aimed at enhancing and managing tourism in the area. The plan projects an average annual increase of 12.6% in tourist arrivals. By 2029, it is estimated that 1.5

million domestic tourists will visit Karnali, with a goal of attracting 200,000 visitors each from India and other countries. Additionally, the master plan aims to create employment opportunities for 50,000 people by 2029.⁴⁵

In fiscal year (FY) 2075/76, Karnali Province welcomed 454,864 domestic tourists but only about 21,291 international visitors, which amounted to roughly 1.5% to 2% of the total international arrivals in Nepal. International tourists in Karnali were predominantly

41. <https://kathmandupost.com/karnali-province/2023/07/17/in-karnali-highlands-harvesting-medicinal-herbs-is-the-way-of-life-and-source-of-livelihood>

42. <https://myrepublica.nagariknetwork.com/news/govt-to-implement-new-guidelines-for-yarsagumba-collection/>

43. Karnali Province Tourism Master Plan 2076/77

44. <https://myrepublica.nagariknetwork.com/news/tourism-can-be-a-catalyst-for-change-in-karnali-province/>

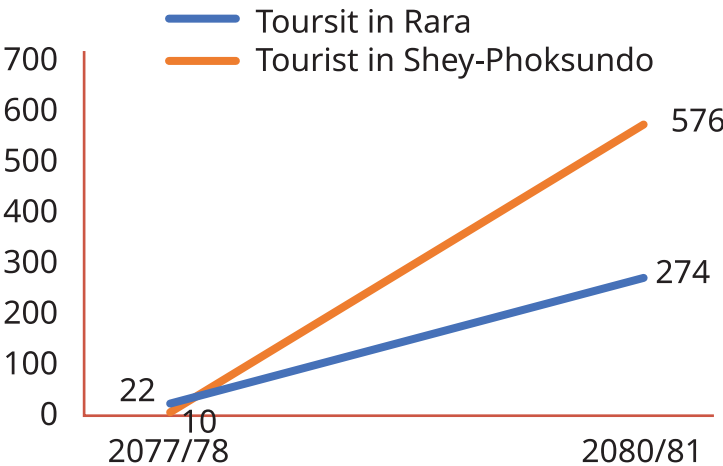
45. <https://old.risingnepaldaily.com/business/karnali-draws-tourism-master-plan-for-10-years>

concentrated in just a few destinations: Dolpa, Jumla, Mugu (Rara), and Humla. The impact of the COVID-19 pandemic was evident in FY 2077/78, with international tourist numbers plummeting to just 23 at Rara National Park and 10 at Shey Phoksundo.⁴⁶ However, the tourism sector began to recover after the pandemic. By FY 2080/81, international tourist visits to Rara had increased to 274, and to Shey Phoksundo to 576, reflecting a significant rebound.⁴⁷ During the same period, there was a 2.11% increase in direct employment within the hotel industry in Karnali Province. This growth is notably lower compared to the 13.10% increase observed in the previous fiscal year (FY 2075/76).⁴⁸ Karnali Province has seen a rise in international tourism post-pandemic, especially in key destinations like Rara and Shey Phoksundo. Despite this recovery, the rate of growth in direct employment within the

hotel industry has decreased, indicating a need for further development and support to sustain employment growth and fully capitalize on tourism's potential.

Despite the significant tourism potential in Karnali Province, it remains untapped due to several factors. These include inadequate road infrastructure, a shortage of skilled professionals in the hospitality sector, subpar tourism services and facilities, a lack of coordinated and strategic efforts toward shared goals and visions, and insufficient promotion and branding, among other issues. In Surkhet, existing tourist attractions are inadequate for even a one-day itinerary. If the government could develop an environment that encourages tourists to stay in Surkhet for several days, local hotels and hospitality businesses are prepared to provide top-notch services.⁴⁹

Figure 8
International tourist in Karnali



46. Economic Survey 2079/80, MoEAP, Karnali
 47. Economic Survey 2080/81, MoEAP, Karnali
 48. Provincial Economic Activity Study, Half yearly report 2080/81 by Nepal Rastra Bank
 49. Stakeholder consultation meeting

6. Honey- Humla

Over the decade, Honey production in Karnali province has doubled, from 1365 metric ton in 2067/68 to 4062 metric ton in 2077/78.⁵⁰ During the year 2078/79, total honey production was 5168 metric ton, harvested from 248,995 bee hives. In fiscal year 2079/80, 10.5 metric ton of honey produced in Karnali, worth Rs. 8.764 million, was exported out of the province, to Nepalgunj, Butwal, Chitwan, Kathmandu, Kailali, Pokhara, Birgunj.

In 2075, honey production in Humla increased by 25% compared to the previous year. The Agricultural Knowledge Centre reported that over 100 farmers in the district manage 15 to 27 beehives, with even more farmers keeping 2 to 4 beehives. In Simikot, 132 kg of honey was produced from 27 beehives, while Namkha's 15 beehives yielded over 100 kg.

The key factors for this increase were the development of grazing areas and enhanced care of bees during off-seasons.⁵¹ There was further increase in honey production in Humla, by 29 percent, in 2078. The total of 300 metric ton Honey was expected to be produced in Humla. Yet, neither government nor non-governmental organizations have been conducting programs to promote beekeeping

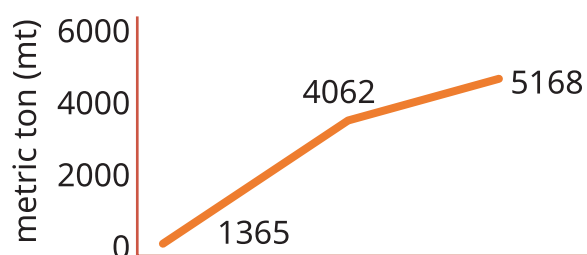
businesses.⁵² According to Agriculture development office, Humla, more than 300 farmers in Humla making income from the sale of honey, in 2080. **One of the beekeepers in Humla mentioned that she alone has sold 240 Kg honey at the rate of 1800 per Kg, making income of Rs. 2,52,000.**⁵³

Honey production in Humla has significantly increased over the years, driven by improved beekeeping practices and development of grazing areas. As, bees in Humla feeds on Bis (a type of flower) and other types of wildflowers, it is considered of best quality throughout the country. For being organic and superior quality, it is sold for higher price. More specifically, honey from Limatang village in Simkot-3 is considered even better, which was sold for 2000 per kg, even in 2078.⁵⁴

Despite increased honey production, there is still a lack of proper attention or promotional programs for beekeeping from the district or provincial government. However, Local farmers benefit financially. With, effective marketing and branding, value addition of the product is crucial for growth. Emphasizing quality and strategic marketing can help Karnali's honey stand out despite lower production levels.

Figure 9

Honey production in Humla



50. Statistical information on Nepalese agriculture, 2077/78

51. <https://nepalkatha.com/2019/01/30/867/>

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7. Potato and Fresh Vegetables - Guras Rural Municipality, Dailekh

In the fiscal year 2080/81, potato was cultivated on 193,997 hectares in Nepal, yielding 3,131,830 metric tons with a productivity of 16.65 mt/ha.⁵⁵ In Karnali, potatoes were grown on 12,757 hectares, producing 220,790 metric tons with a productivity of 17.31 mt/ha.⁵⁶ In previous year (2079/80), the potato of 13254 metric ton out of total production was exported to different districts, generating income of 152438 thousand.

In the fiscal year 2080/81, Dailekh was the largest potato producer in Karnali, yielding 33,450 metric tons from 1,924 hectares of land.⁵⁷ Although potatoes are grown in all 10 districts of Karnali, those produced in Guras Rural Municipality of Dailekh district are particularly popular. Guras Rural Municipality in Dailekh, known for its vegetable cultivation, has been taking several initiatives to increase potato production. In 2076, the provincial government allocated NPR 10 million to enhance potato production using advanced seed production technologies. The municipality also initiated a campaign to modernize traditional potato farming, focusing on implementing new technologies and encouraging local farmers to produce high-quality seeds.⁵⁸

Located on the border with Surkhet, the municipality aims to establish itself as a key vegetable-growing area. To achieve this, they are providing orientation training for farmers, distributing agricultural materials and seeds with subsidies, and assisting with the provision of agricultural loans.⁵⁹ In 2075, Guras Rural Municipality in Dailekh exported vegetables valued at NPR 220 million. In 2076, the municipality aimed to boost the number of commercial farmers to 2,000, with the goal reaching an annual income of NPR 1 billion, over the next two years.⁶⁰ The rural municipality produced and sold vegetables worth NPR 150 million in 2077. Due to its hilly terrain, the area produces a substantial number of vegetables such as potatoes, radishes, cauliflower, cabbage, and beans.⁶¹

Guras Rural Municipality has particularly focused on potato production. According to the municipality's chairperson, Khemraj Oli, 400 youth from wards 2, 4, 5, 6, and 7, including poor, disadvantaged communities, and those who lost employment due to COVID-19, were involved in agriculture starting from 2077. This initiative has provided local employment through vegetable production.⁶² Since the fiscal year 2079, a program promoting fresh vegetable and potato cultivation has been

55. *Production dynamic of potato in Surkhet district, Nepal- Sudip Ghimire and Dipak Kande*

56. वार्षिक प्रगति पुस्तिका १०७९/८०, कर्णालि प्रदेश सरकार

57. वार्षिक प्रगति पुस्तिका १०७९/८०, कर्णालि प्रदेश सरकार

58. <https://abhiyandaily.com/article/aalu-utpaadn-bddhaaune-abhiyaanmaa-guraans-gaanpaalikaa>

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62. <https://palikakhabar.com/agriculture/2021/11/10071>

running across four pocket areas, in Guras rural municipality, covering 350 hectares. Approximately 2,600 farmers in the municipality export fresh vegetables and potatoes worth around NPR 200 million annually. In the last fiscal year, the municipality exported 19,000 metric tons of potatoes.⁶³ In current year (2080/81), Vegetable farmers in Guras Rural Municipality are increasingly focused on planting potatoes. Although vegetables from this region reach markets as far as Rupendehi (India) via Nepalgunj, unstable prices sometimes result in returns that don't match the labor invested. To support local vegetable farming, the federal

government has introduced a potato zone program in wards 3 to 8 of Guras Rural Municipality.⁶⁴

Despite market price challenges, Guras is emerging as a prominent vegetable hub with increased local employment and significant annual exports. Its vegetables, especially potatoes, are valued for their rich taste and organic quality, particularly in Surkhet. The growing focus on potato production underscores the sector's expanding potential, including opportunities for international exports.

Conclusion

The study highlights that Karnali Province, with its diverse economic growth sectors, shows significant potential for development. Key areas include apple cultivation in Jumla, orange production in Salyan, mutton production, yarsagumba collection, tourism around Rara and Shey Phoksundo lakes, honey production in Humla, and vegetable cultivation in Guras Rural Municipality. Each sector demonstrates distinct opportunities for growth, from enhanced revenue and employment generation to increased exports and market expansion.

However, challenges such as infrastructure deficiencies, climate change, and market volatility must be addressed to fully realize these opportunities. Strategic government intervention, improved infrastructure, and targeted support for these sectors are essential for sustaining and accelerating economic growth in Karnali Province.

63. <https://onlinejagaran.com/archives/10755>

64. <https://gorkhapatraonline.com/news/60992>

Hriti Foundation is a policy think tank based in Karnali Province. Along with policy research, policy action, and policy recommendation, it organizes a policy festival named Karnali Utsav Kuda Karnalika to help promote the idea of a prosperous Karnali.

Hriti Foundation envisions a society where individual rights and economic freedom are cherished and protected. The mission statement of Hriti Foundation is to promote individual and economic rights and advance liberal principles as the foundation of public policies through research, training, advocacy, and dialogue.

The foundation has conducted research on diverse policy issues. Hriti always keeps eyeing the government policies and their deliverables. Hriti tracks the parliamentary actions of both the parliament and the parliamentarians to make the public representatives more accountable. Moreover, Hriti carried out research relating to the budget. It also supports the governments i.e. province and local to create a larger impact of their policies. For that Hriti Foundation has been organizing policy discussions, workshops, and conclaves. Hence, Hriti provides policy recommendations to the governments, particularly to the Karnali province government based on the policy research.



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