

Nepal blowing earnings on imports: Report

KATHMANDU, AUG 27 - Nepal has been spending almost all of its foreign currency earnings on importing goods, said Nepal Rastra Bank (NRB). In the last fiscal year, the country's combined income from remittance, grants, pensions and exports amounted to Rs 723.47 billion while its import bill came to Rs 708.76 billion, said the central bank.

According to NRB's annual report on the country's macro economy, remittance inflow reached Rs 543.29 billion, export revenues came to Rs 90.29 billion, grants totalled Rs 48.51 billion and pensions totalled Rs 41.37 billion.

Due to runaway growth in imports, the country's trade deficit jumped 28.9 percent to Rs 618 billion. The trade deficit with India and third countries soared 30.8 percent and 25.3 percent respectively, said NRB. Posh Raj Pandey, executive chairman at South Asia Watch on Trade, Economics and Environment (Sawtee), blamed a weak supply capacity for the massive trade deficit. He said that poor government policies failed to channelise remittance into investments leading to low exports.

The government had projected exports of Rs 100 billion in the last fiscal year, but shipments fell short of the target.

The government has set the same export goal for the current fiscal year. "The government should think of providing incentives to potential investors of remittance in productive sectors to improve the situation."

In the last fiscal year, Nepal's imports from India soared 28.8 percent to Rs 472.73 billion. The figure represented 66.69 percent of the country's total imports.

Petroleum products were the largest import with a bill totalling Rs 131.33 billion. Similarly, vehicles and spare parts, MS billet, machinery and parts, medicines and rice were the major imports.

Meanwhile, the country's imports from third countries leapt 24.4 percent to Rs 236.03 billion. Gold came at the top of the list with imports valued at Rs 24.79 billion. Crude soybean oil, telecommunication equipment and parts, silver, machinery and parts and electrical goods were the other major imports from overseas countries.

NRB records show that exports to India increased 16.5 percent to Rs 59.41 billion, representing 65.79 percent of the country's total exports. Zinc sheet, textiles, polyester yarn, cardamom, juice, jute products and GI pipe were the major exports to India.

Similarly, the country's exports to overseas countries rose 19.1 percent to Rs 30.87 billion. Woollen carpets stood first among the products that were exported to third countries with revenues totalling Rs 7.36 billion. Other major export products were readymade garments, pashmina products, pulses and hides.

