Nepal's Foreign Trade: Prospects and Problems

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Abstract
The aim of this article is to explore the situation of Nepal’s foreign trade, its significance, prospects of foreign trade expansion and problems with regard to international trade. The study is based on secondary data, collected from library and internet of last 11 years. Efforts have been made to detect the prospects as well as problems of Nepal’s foreign trade. This study keeps value in promoting foreign trade by finding the various possibilities and problems of Nepal’s foreign trade. It is found that Nepal’s foreign trade suffers from many problems such as open border, landlocked country, lack of trade diversification, high cost of production etc. causing trade deficit and has good prospects in different sectors such as hydro-electric, forest, mineral resources, tourism, etc. to develop and promote foreign trade. Among the various alternatives, diversification of trade in terms of countries and goods is one way to overcome the problems of trade deficit.

Key words: Foreign/international trade, Import, export, prospect, problem and trade deficit.

Introduction
In the early stage of economic development, people had independent life. They used to fulfill their needs with their own available resources. However it could not continue for long time. The development of means of transport and communication facilitated exchange relationship between the people and organization of different countries to fulfill their wants. Economies are not self sufficient to fulfill their needs.

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(Ghimire, 2010). It implies that one country needs to depend upon another country to fulfill their requirement by means of foreign trade. Every country is not enriched with all the resources (Pandey, 2022). Foreign trade is inevitable in modern days since all economies cannot produce all goods and services efficiently as per their requirements due to the lack of resources. Foreign trade acted as “engine of growth” in bringing rapid economic growth and development (Oke 2007, Rodrik, 2001). Many countries are involved in the production of goods in large quantities with a view to take the advantage of foreign trade. It helps in increasing the volume of production, earning foreign currencies, creating employment opportunities, economies of large scale, established better international relationship, etc. The developed countries import natural resources from developing and least developed countries and export finished goods, machinery and equipment to them. A country cannot fulfill the domestic requirement of the people without importing from international market. Foreign trade or international trade refers to the trade link between two or more than two countries. According to Wasserman and Haltman, “International trade consists of transaction between residents of different countries” (Rajarajan & Sivakumar, 2015, p. 180). It is the exchange of capital, goods and services across the international boundaries. According to D.G. Luchet, "The purchase of goods and services by the citizen of one country form the citizen of another country is called international trade."

A country needs to import those goods which are demanded in the domestic market but not available in own country or are available in less quantities than required or send another country needs to export those goods which have surplus production and highly demanded outside. Foreign trade plays a vital role in accelerating the pace of economic development. Therefore, it is considered as the vehicle of economic development (Silwal, 2008). But being a landlocked and least developed country, the pace of industrial development is very slow that made us more dependent on foreign trade. Economies are unable to meet their own demands by producing all of their necessary goods and services (Meier, 1990). A country imports commodities that are not available and costly to produce in the nation and exports items that are oversupplied and have lower cost of the production in the country (Kafle, 2017).

Nepal is an agro based and landlocked country which is surrounded by India and China. The pace of industrial development is very slow. Agriculture, hydro-power, forest resources, tourism, mineral resources, etc. are some of the important sectors which have greater possibility to promote foreign trade of Nepal. Researchers have conducted various

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studies in the field of Nepalese foreign trade: growth, composition and direction (Acharya, 2019) and direction and problems of foreign trade in Nepal (Sharma, 2020). Still, there is a gap to discuss the prospects of Nepal’s foreign trade. This study will be very much fruitful to learners, potential traders and government as a whole to know about the problems causing the trade deficit and various prospects to promote foreign trade in Nepal.

**Research Objectives**

To know the growth and composition of foreign trade.
To know the significance of foreign trade.
To identify the prospects and problems of Nepal’s foreign trade.

**Research Question**

What are the prospects and problems of Nepal’s foreign trade?

**Research Method**

Research Methodology, a systematic and in-depth study of any particular topic, subject or area of investigation backed by the collection, compliance, presentation and interpretation of relevant data. It is the arrangement of condition for collection and analysis of data in a manner that aims to combine relevance to research purpose with economic in procedure (Sellititz and et al,1796). This study is based on secondary data from library and internet. The data collected are consulted form various books, published reports, surveys conducted by different departments of government of Nepal, journals and websites. The last 11 years (i.e 2009/10-2019/20) data are incorporated for the in-depth study. The researcher made the use of descriptive technique to infer the meanings from the obtained data. The study is based on the three processes of presentation, description and analysis of the data.

**Growth and Trend of Foreign Trade in Nepal**

In the past, the trade relation of Nepal was confined only to India and Tibet of China (Devkota, 2004). Trade relation with overseas countries of Asia, America, Europe and Australia was started only after 1956 A.D. In 1982, Nepal adopted liberal trade policy.

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with a view to diversify its trade relationship with rest of the world. Since then, the volume of foreign trade in Nepal has increased significantly.

Table-1

Growth and Trend of Foreign Trade in Nepal (NPR in Crore)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Total Export</th>
<th>Total Import</th>
<th>Total Trade volume</th>
<th>Trade Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009/10</td>
<td>6028.4</td>
<td>37433.52</td>
<td>43461.92</td>
<td>31351.12</td>
</tr>
<tr>
<td>2010/11</td>
<td>6433.85</td>
<td>39617.55</td>
<td>46051.4</td>
<td>-33183.7</td>
</tr>
<tr>
<td>2011/12</td>
<td>7426.1</td>
<td>46166.8</td>
<td>53592.9</td>
<td>-38740.7</td>
</tr>
<tr>
<td>2012/13</td>
<td>7691.7</td>
<td>55674.0</td>
<td>63365.7</td>
<td>-47982.3</td>
</tr>
<tr>
<td>2013/14</td>
<td>9199.13</td>
<td>71436.59</td>
<td>80635.72</td>
<td>-62236.46</td>
</tr>
<tr>
<td>2014/15</td>
<td>8531.91</td>
<td>77468.42</td>
<td>86000.33</td>
<td>-68936.51</td>
</tr>
<tr>
<td>2015/16</td>
<td>7011.71</td>
<td>77359.91</td>
<td>84371.62</td>
<td>-70348.2</td>
</tr>
<tr>
<td>2016/17</td>
<td>7304.91</td>
<td>99011.32</td>
<td>106316.23</td>
<td>-91706.41</td>
</tr>
<tr>
<td>2017/18</td>
<td>8163.33</td>
<td>124282.68</td>
<td>132446.01</td>
<td>-116119.35</td>
</tr>
<tr>
<td>2018/19</td>
<td>9710.95</td>
<td>141,853.53</td>
<td>1515644.8</td>
<td>-132142.58</td>
</tr>
<tr>
<td>2019/20</td>
<td>9770.91</td>
<td>119679.91</td>
<td>129450.82</td>
<td>-109,909.0</td>
</tr>
</tbody>
</table>

Source:- Economic Survey 2019/2020 Ministry of Finance

The table shows that the volume of foreign is increasing over last four years. Both import and export of Nepal are increasing while trade deficit has been observed to be increasing due to excess of imports over exports. Total volume of foreign trade has increased from Rs 43461.92 crores in 2009/10 to Rs 129450.82 crores in 2019/20. While during the same year trade deficit has increased from Rs 31351.12 to Rs 109,909.0 in 2019/20. This is happening due to the excess of import over export of goods from Nepal.

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Nepal’s total foreign trade in goods shows a growing trend since the last four years. Total export receipts slightly increased by 0.62 percent from NPR 9710.95 crores in fiscal year 2018/19 to NPR 9770.91 crores in fiscal year 2019/20. Improvement in export value was mainly due to newly introduced export commodities in Nepal’s export basket, i.e. refined palm oil and soybean oil. In this year, Nepal’s import has decreased by 15.63 percent to NPR 119679.91 crores from NPR 141853.53 crores in fiscal year 2018/19. Import trade shows decreasing trend and it is due the effect of COVID-19 pandemic which began in Nepal since the end of March 2020. In this year, Nepal’s trade deficit has dropped by 16.83 percent to NPR 109909 crores. The value had reached to NPR 132142.58 crores in fiscal year 2018/19. However, an unfavorable balance of trade in goods persisted in this fiscal year too.

Composition of Foreign Trade
Composition of foreign trade consists of import and export of goods and services. The purchase of goods from other country is known as import trade and sale of goods to

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foreign country is known as export trade. But when the goods are imported from one
country with the objective of exporting them to some other country, it is known as
entreport trade. Composition of foreign trade gives a real picture of the economy
particularly on trade.

Nepal’s Import Trade
Nepal’s economy is one of the most liberalized and trade-dependent in South Asia
(SWATEE, 2007). Major items imported by Nepal are petroleum, chemical fertilizer,
pesticides, medicine, transport vehicles and spare parts, machinery, equipment and spare
parts, electrical equipment, synthetic thread, readymade garments, petroleum product,
electronic computer and peripherals, crude soybean oil, etc.

Nepal’s Export Trade
Major export items of Nepal are cereals, pulses, oilseeds, tea, ginger, jute
products, textiles, GI sheet, GI pipes, thread, juice, wool, woolen carpet pashmina
products readymade garments, catechu, cardamom, noodles, shoes and sandals, dairy
products, live animals, hides vegetables ghee, medicinal herbs, etc.

Benefits of Foreign Trade
Foreign trade offers the following benefits:

Better use of Resources.
Foreign trade facilitates international division of labor and specialization. It permits
different countries of the world to manufacture those goods which they can manufacture
economically and has comparative advantage. It reduces waste of resources in the
production of uneconomical goods.

Economies of Large Scale.
Because of specialization brought about by the foreign trade, economies of large scale can
be achieved. Foreign trade helps in carrying production in large scale not only to fulfill
the demand of domestic market but also produces goods for international market. This
generates several economies of large scale production.
Economic Growth.
Foreign trade acted as “engine of growth” in bringing rapid economic growth and development (Oke 2007), Rodrik (2001: 23). It helps in the growth of under-developed or developing countries. Such countries can import machines and equipments, technical know-how etc. from the developed countries and utilize them in the production of goods to exploit the available resources.

Generation of Employment opportunities.
Foreign trade facilitates the growth of industrial sectors engaged in the production of goods for export purpose. The newly established industries create additional jobs opportunities for the growing population. This helps to solve the unemployment problems.

Established Better International Relationship.
Foreign trade helps in the exchange of goods and services among the trading partners. Dependent of one country upon another country can be fulfilled with the help of foreign trade. So, the regular exchange of goods and services among themselves helps to establish better international relationship.

Improve Living Standard.
Most of the countries either do not have resources or technology to produce the required goods. In the absence of foreign trade, the citizens of a country would not be able to consume those goods which are not produced in domestic country. Foreign trade provides such goods and increases the living standard of people.

Prospects of Foreign Trade in Nepal
There are many areas or sectors which are not well developed and commercialised in Nepal. Utilization and development of these areas for commercial purpose reflect that Nepal has high prospects of foreign trade. Nepal is a resourceful country and has plenty of natural resources such water resources, forest, agriculture, mineral, etc. but due to the lack of capital, technological backwardness, lack of skilled manpower and lack of strong government policies these resource are not properly explored (Poudel, 2008; DMG, 2011; Khanal, 2017). So efforts should be made to utilize these resources for production purpose. The surplus production can be exported to the foreign country with a view to reduce trade deficit by increasing the volume of export. Some of the main possibilities of Nepal foreign trade area are presented below.

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Hydro-electricity

Nepal is the second richest country in world in water resource after Brazil. The major sources of water resources in Nepal are rivers, lakes, and underground water. There are about 6000 rivers and rivulets in Nepal. Most of the rivers in Nepal are originated from mountains. They reach the terai region vai hilly region with high speed. Therefore, electricity may be produced easily by erecting dams in these rivers.

The potentiality of hydroelectricity in Nepal is 83000 MW, which is 2.27% of the total hydroelectricity potential of the world. However, only 44370 MW of the potential capacity is techno-economically viable. It is expressed in the table.

Table-2

Rivers with Theoretical and Techno-economic Potentiality

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Rivers</th>
<th>Theoretical potentiality</th>
<th>Techno-economic potentiality</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Koshi</td>
<td>22350</td>
<td>10860</td>
</tr>
<tr>
<td>2</td>
<td>Gandaki</td>
<td>20650</td>
<td>5270</td>
</tr>
<tr>
<td></td>
<td>Karnali and</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mahakali</td>
<td>36000</td>
<td>27360</td>
</tr>
<tr>
<td>3</td>
<td>Southerm Rivers</td>
<td>4000</td>
<td>880</td>
</tr>
<tr>
<td>4</td>
<td></td>
<td>Total</td>
<td>83000</td>
</tr>
</tbody>
</table>

Source: Ministry of Energy, Water, Resources and irrigation (MOEWRI-2022)

By the mid of 2022 AD, a total of 2191 MW hydroelectricity has been generated from the various hydropower projects (MOEWRI-2022) which is 2.639 percentage of the total potentiality. It shows that Nepal still have high potentiality in the generation of hydroelectricity. The surplus generation can be exported to the foreign country to earn foreign currency and correct the trade deficit problem.

Extraction and use of Mineral Resources

Preliminary geological surveys show that varieties of mineral resources are available in different places of Nepal. The deposit of mineral resources like iron ore, copper, Mica, limestone, lead, coal etc are available in different parts of Nepal which is shown in the table below.

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Table-3

List of Mineral Resources with Place of Deposit

<table>
<thead>
<tr>
<th>Mineral Resources</th>
<th>Places of Mineral Deposit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Copper</td>
<td>Bhothkhola, Gyaji, Arkhaule, Nangre, Wapsa, Siddhakhani etc.</td>
</tr>
<tr>
<td></td>
<td>Fulchoki, Labdiyoka, Thoshe, Jirwang, Kulekhani, Godawari, Bhaise,</td>
</tr>
<tr>
<td>Iron ore</td>
<td>Pyuthan, Bhandipur etc</td>
</tr>
<tr>
<td>Coal</td>
<td>Dang, Salyan, Rasuwa, kathmandu valley, Thakkhola, Chitwan, Kailali,</td>
</tr>
<tr>
<td></td>
<td>Kanchanpur, etc.</td>
</tr>
<tr>
<td>Limestone</td>
<td>Chovar, Jogimara, Bhaise, Rasuwa, Baglung, Pulchowki, Baitadi, Tipling,</td>
</tr>
<tr>
<td></td>
<td>Salmov Valley, etc.</td>
</tr>
<tr>
<td>Lead</td>
<td>Arkhaule, Durling, Rasuwa, Baglung, Pulchowki, Baitadi, Tipling, Salmor valley, etc.</td>
</tr>
<tr>
<td>Mica</td>
<td>Bajhang, Chainpur, Doti, Bhojpur, Lamjung, Gosaithan, Nuwakot, Dhankuta, etc.</td>
</tr>
</tbody>
</table>

Source: Department of Mines and Geology, 2015

The above table shows that Nepal has the deposit of varieties of mineral resources in different parts of Nepal. However, the proper exploration of these resources is not yet started due to the lack of capital, technological backwardness and lack of skilled manpower (Poudel, 2008; Khanal, 2017). So, govt. should make attempt for extraction and commercial utilization of these resources for the benefit of nation.

**Forest Resource.**

Forest resources are essential for the development of agriculture, industry, water resources, environment, and bio-diversity. Forest resources enhance the natural beauty of the country. Forest management can preserve rare lives like elephant, tiger, rhinos, musk deer, panda, etc which have been the source of tourists attraction in the various wild life conservation in Nepal. The raw material for the forest-based industries like paper, matches, paints, medicinal herb and vanish and turpentine processing are available from forest resources. This resources help in the establishment of forest-based industries for the production of various types of goods based on forest resources. The preservation of forest resources helps to attract the tourist and increase export of forest related products such as

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paper, timber, medicinal herbs, etc. This will help to earn foreign currency and reduce trade deficit.

**Agriculture**

Agriculture is an economic activity that involves the production of foods grain, animal husbandry, horticulture, floriculture, etc. About 66% of the active population of Nepal depends upon agriculture for the daily livelihood and about 35% of the total GDP is obtained from this sector (Ministry of Agriculture and Livestock Department, 2020). Nepal internal as well as external trades depend upon agriculture sector. Carpet, garments handicraft, woolen products, leather, animal ghee, live animals, food product, traditional handicraft articles and different manufactured articles are the major export items of Nepal. The agriculture products like pulses, seeds, tea and coffee, ginger, cardamom, vegetable seeds, flower, silk, mushroom, saffron, fruits, herbs and medicinal plants have the greater prospect for exports. Nepalese Industrial products such as carpet, woolen and ready-made garments have high demand in foreign trade. More emphasis should be given for modernization and commercial of this sector so, that surplus production can be generated and exported to foreign country that will help to increase the volume of export and correct the problems of unfavorable balance of trade.

**Tourism Sector**

Nepal has high prospect of developing tourism industry. The basic requirement for its development is geographic attractions. Switzerland in Europe and Kashmir in south Asia are highly developed in the sphere of tourism industry. Nepal’s geographic environments are almost identical to those existing in Kashmir and Switzerland (Kharel, Upadhyay & Pandey, 2065). So from the comparative points of view, Nepal also possesses the possibilities of developing tourism industry. The development of tourism industry helps to attract large numbers of tourists which is the main source of earning foreign currencies. The fundamental bases for developing this industry in Nepal are as outlined below:

**Natural Beauty**

The picturesque Himalayan ranges on the northern part of Nepal provide numerous charming scenes and scenery. The snowcapped peaks, the gliding glaciers, the foaming waterfalls, the glittering lakes and shrines, the forested ranges and the fascination landscaped existing in great abundance in the mountainous sectors of Nepal exert profound influence on all visitors and viewers. The highest peak of the world “Mount Everest” is the well known place for tourist’s attraction in Nepal (Turner, Rochelle. 2015)
Store-house of Antiques Arts

Nepal is also endowed with a storehouse of antique arts and cultural heritage. There are several renowned temples like Chagunarayan, Swayambh, Pashupatinath, Janakpur, Krishna temple of Lalitpur, Hanuman Dhoka, the five store temple of Bhaktapur and Giant Stupas of Swayambh and Baudhha, Gosainkunda, and the birth place of Buddha “Lumbini” etc. are the notable religious centers and holy places of Nepal depicting various images pertaining to ancient arts, crafts, and religious beliefs. These antique arts and cultural heritage contribute a lot in promoting and developing tourism sector.

Wildlife

Nepal offers plenty of scope for wildlife conservation. The wildlife conservation areas are located in different parts of the country where one can see and enjoy with different kinds of animals, birds, and plants. Tourists can visit different places throughout Nepal because there is no seasonal obstacle on visiting different areas in Nepal. Maps, tourist booklet, poster and information centers are very much essential to attract tourists and promote tourism industry.

Development of Handloom and Handicraft industries

There are skilled craftsmen and artisan who produces artistic, handloom and handicraft items. Thanka painting, metal crafts, wood crafts, idols and statues, Dhaka fabrics, pashmina etc. are important handloom and handicraft items produced in Nepal which have great demand in national and international market. Nepal has potential in export of these items.

Cheap Labor

There is gap between the growth of population and generation of employment opportunities to absorb growing population which creates the problem of unemployment. The involvement of labor in agriculture sector is more than requirement which creates disguised unemployment. Due to unemployment, labors are compelled to work at low wage. The cheap and surplus labor from agriculture sector should be diverted to manufacturing sector for the production of consumer as well as industrial goods. This will help to increase the industrial output and surplus can be exported to earn foreign currencies.

Problems of Nepal’s Foreign Trade

Despite of many opportunities and prospects of Nepal foreign trade, its achievement in the field of import and export is goods is not seen satisfactory (Economic Survey 2019/2020 MoF). It shows that there is some problems associated with it that hinder its progress. As a result of it, Nepal’s foreign is facing the problems of ever
increasing trade deficit. The major problems of Nepal’s foreign trade with suggested remedial measures are explained below:

**Geographical structures**

Nepal is a landlocked country which is surrounded by India on three sides and by China one side. The transit facilities for Nepal depend on Indian will. This creates problems for Nepal in dealing with international trade. Structural bottlenecks and landlockedness (Devkota n.d., Shaakha 2008).

As a landlocked country, Nepal has to make claims for facilities on behalf of landlocked country as on international law. It will help to give relief to deal with international trade.

**Open Boarder with India**

Nepal has opened boarder with India. Due to long opened boarder between Nepal and India various types of illegal activities are happening. There is large flow of Indian goods into Nepal through unofficial road at cheaper price. It encourages black-marketing, hampers the trade of domestic industries and reduces the tax base of country.

Nepal has to take initiation to build wall in the open boarder area and establish armed check points in different area as per requirement to control the illegal entering of Indian goods into domestic market. For this, if necessary, talk with the Indian government should be started.

**Lack of consistent trade policy:**

Due to unstable government, the foreign trade policy of Nepal’s keeps on changing from time to time. Foreign trade policy gets affected after the change of government which also creates problems for smooth functioning of it.

Nepal is required to make the trade policy stable which remains unaffected due the frequent change of government. Traders need safety and security of their investment. Without stable trade policy, traders who are involved in foreign trade feel unsecured and desire result cannot achieve.

**Lack of trade diversification**

Nepal’s foreign trade is concentrated with only few goods with few countries like India, USA, Germany, UK etc. for exports and Asian countries for import. So, there is lack of trade diversification which directly affects the volume of foreign trade.
Diversification of trade is seen very much essential to cope with this problem. Nepal's should start diversifying its trade in large quantities to many countries of the world. It will provide opportunity to Nepal to increase their status in international market, helps in earning foreign currencies and increase the volume of export to rectify the unfavorable balance of trade. Similarly, import of goods with few countries must be diversified because heavy dependency with few countries cannot increase the volume the volume of trade.

**High cost of production**

Nepalese products are high in price but low in quality. High in price is due to the use of primitive technology, i.e. labor intensive technology and low in quality is due to the use of child and unskilled labor in the production system. So, Nepalese products cannot compete with foreign goods in terms of price, quality and quantity.

Nepal should introduce modern technology in the industrial sector for the production of goods. Capital intensive technology supports to produce of goods in large quantities who can economise the cost per unit of product that will help to reduce high price. So, far as quality is concerned, the use of child labour should be prohibited.

**Tough Competition with Foreign Goods**

"Free trade" implies trade without tariffs and other barriers to trade. It is act of opening the economics and allows foreign goods to enter into domestic market without any restrictions. Due to the free trade policy adopted by government, Nepalese products are highly dominated by the foreign goods in terms of price, quality, quantity and competitiveness (Bhatt, 2005, Poudyal, 2007, Shaakha, 2008). As a result, Nepalese products are losing their position in national as well as international market.

Free trade and liberal policy is the main cause for tough competition. Nepal should give emphasis for protectionism to some extend so that we can protect the infant industries.

**Lack of Research and Publicity**

Research and publicity play an important role for the exploration and expansion to promote export. Research helps to design new product based on customers taste and preference and publicity helps to make the product popular in national and international markets.
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market. But there is lack of sufficient research and publicity of Nepalese goods in international market.

To cope with problem, Nepal should provide adequate space for research in order to investigate the customers' taste and preference to design the product and more publicity is to be made with a view to aware the customers about the availability of product in national and international level.

**Dependence on Primary goods**

Nepal export raw materials and agriculture products at lower price and import finished goods at higher price. It makes the value of import more than the value of export which creates the problems of trade deficit.

Nepal should adopt the strategies to export finished goods and import less luxuries goods.

**Low Capital Formation**

Nepalese production system is mostly based on labor intensive technology due to low capital formation. Majority of the labor is unskilled which leads to high price and low quality.

Nepal is required to give due care for the development of infrastructures such as road and communication. Good network of road and communication will help to attract the industrialists to invest their capital in productive sectors. Training, subsidy and encouragement will also help to increase the level of capital formation.

**Conclusion**

Foreign trade is a trade in goods and services between two or more than two countries across the boundary of a country. Goods are produced at a particular place but used by the people living in and outside the country. Foreign trade helps to bring goods from the place of production to the place of consumption. Although foreign trade is helpful to fulfill the mutual needs, utilize the available resources, improve the living standard of people and establish better international relationship, it also suffers a lot due to increasing trend of trade deficit. The reasons behind it is that Nepal foreign trade has lots of problems such as land locked country with an open boarder, increasing import and decreasing export, lack of trade diversification, high cost of production, lack of capital, excessive import of luxury goods, tough competition with foreign goods, economic liberalization and free trade. Nepal's foreign trade not only has problems but also have

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good prospect and potential to expand and promote foreign trade to solve the problems of trade deficit. The expansion and promotion of foreign trade depends upon the role of government. Government should make efforts to solve the open border issue, demand facilities on behalf of land-locked country as per international law, makes policies to grant subsidies, declare tax holiday and reduce tax rate to encourage domestic industries for increasing their production capacity, trade diversification etc. help to increase export and reduce import. Similarly, government should make plan to extract the mineral resources, develop and commercial various sectors such as hydro-electricity, forest, agriculture, tourism, etc. which have high prospects in foreign trade.
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