Food security begins with stronger farms, experts say

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On October 18, 2023, India's Ministry of Commerce and Industry and the Directorate General of Foreign Trade extended restrictions on sugar exports beyond October 31, 2023, until further orders.

India later imposed another ban on exports of raw, white and refined sugar until September 30, 2026, apparently to contain domestic prices, secure food supplies and mitigate crop risks associated with El Niño.

Paras Kharel, executive director of the South Asia Watch on Trade, Economics and Environment (SAWTEE), a Kathmandu-based think tank operating across five South Asian countries, said Nepal has repeatedly suffered from export restrictions imposed by India and should therefore focus on becoming self-reliant in strategically important goods.

"We should prioritise the production of goods where Nepal has a comparative advantage," he said.

"We are talking about building an artificial intelligence computing centre and making a leap in information technology, yet the country cannot produce enough food for its own people." Kharel said Nepal continues to suffer from inadequate year-round irrigation and recurring shortages of chemical fertilisers.

"Farmers are abandoning agriculture because it is no longer profitable. This reflects the state's failure to address the fundamentals," he said.

Experts also attribute the rapid growth in food imports to price competitiveness.

Under the Nepal-India Trade Treaty, agricultural products enjoy zero reciprocal duty, while rice is subject to only a 9 percent agriculture reform fee. Combined with heavy farm subsidies in India, imported food often becomes cheaper than domestically produced alternatives, encouraging higher imports.

"The food situation has become critical," said Khadka, who also served as vice-chairman of the National Land Commission. "Agricultural production and productivity have increased, but not enough to keep pace with rising consumption."

As a result, Nepal faces a widening food deficit that is increasingly being met by imports from India.

"In geopolitical terms, if India were to completely halt food exports, Nepal would face a serious crisis," Khadka said.

"Food security is becoming a major concern not because we cannot produce food, but because of the level of dependency we have created."

He stressed that Nepal urgently needs to invest in technology and mechanisation and make farming a dignified and profitable occupation.

In the last fiscal year, Nepal imported crude edible oil worth Rs168.26 billion. Most of it is not consumed domestically but refined and re-exported to India. Exports of processed edible oil reached Rs146 billion during the same period.

Experts say this trade is a classic example of rent-seeking that exploits tariff differentials without generating meaningful domestic value addition.

The rapid expansion of edible oil exports has raised concerns in both Nepal and India. Nepal spends US dollars importing crude edible oil from third countries but earns Indian rupees by exporting refined products to India. Indian vegetable oil producers argue that duty-free imports from Nepal are undermining their domestic processing industry.

After edible oil, cereals accounted for the second-largest category of imports. Nepal imported rice and paddy worth Rs39.53 billion in the last fiscal year.

Although substantial, the figure remains well below the Rs79 billion worth of rice and paddy imported in fiscal year 2021-22.

Seeds ranked as the third-largest import category at Rs38.99 billion, with experts warning that dependence on imported hybrid seeds is increasing at an alarming rate.

Nepal also imported vegetables worth Rs38.35 billion, fruits and dry fruits worth Rs34.73 billion, and live animals, poultry and dairy products worth Rs25.77 billion.

According to the Department of Customs, imports of oil cakes—used primarily as livestock feed—totalled Rs21.62 billion. Spice imports reached Rs16.86 billion, while maize imports, also largely used for animal feed, amounted to Rs12.41 billion in the last fiscal year.

Madhukar Upadhya, author of Ponds and Landslides: Water Culture, Food Systems and the Political Economy of Soil Conservation in Mid-Hill Nepal, recently wrote in the Post that the conflict in West Asia could further strain Nepal's agriculture and increase dependence on imported food. He said shortages of chemical fertiliser and increasingly erratic weather would continue to damage crops and farmland, while El Niño conditions are expected to intensify global temperature records with severe consequences for agriculture.

"The cumulative impacts of this evolving situation are expected to disrupt global food production. Traditional food-exporting countries may soon be unable to sustain exports as they grapple with fertiliser shortages and increasingly erratic weather," Upadhya wrote.

"In normal times, Nepal imports most of its food from India to meet domestic demand. But fertiliser shortages are already affecting Indian agriculture, and several major fertiliser-exporting countries have halted exports to prioritise domestic needs. It is worth recalling the 2008 global food crisis, when India banned rice exports, except for basmati, creating severe hardship in Nepal."

According to Upadhya, the current risks run much deeper. Nepal is particularly vulnerable because of its fragile economy, weak institutions and decades of poor governance.

"Moreover, uncertainty in West Asia and its long-term impact on migrant workers could reduce remittance inflows, compounding existing challenges and creating a perfect storm that may trigger a full-blown food crisis," he wrote.

FOOD IMPORTS IN FISCAL YEAR 2025-26

Commodity	Imports (Rs billion)
Crude edible oil	168.26
Rice and paddy	39.53
Seeds	38.99
Vegetables	38.35
Fruits and dry fruits	34.73
Live animals, poultry and dairy	25.77
Oil cakes	21.62
Spices	16.86
Maize	12.41
Sugar and confectionery	10.72
Soybean	8.60
Refined edible oil	7.27
Wheat	6.39
Flour	4.78
Total	434.26

Source: Department of Customs