

Meeting of Association of Agricultural Machinery Dealers and Importers

Today's meeting held on 4th May 2005 was based on Agricultural Machinery Importers and formed a Tractor Association including the following persons and also discussed about the following points given below: -

- 1) Yam Adhikari (Mankamana International, Naxal, Kathmandu)
- 2) Shekhar Shrestha (Harati International, Naxal, Kathmandu)
- 3) Lalit Khandelwal (Nepal Trade and Service Link)
- 4) Umesh Manandhar (Habi Auto Trading, Birgunj)
- 5) Sanjay Shrestha (Kosati Trading Concern Pvt. Ltd.)
- 6) Swyambhu Krishna Shrestha (Bajrayogini Trade Link Pvt. Ltd.)
- 7) Ravi Shrestha (Om Store, Kathmandu)
- 8) Ujjal Tuladhar (Sawari Auto, Kathmandu)
- 9) Luv Adhikari (New Mankamana Emporium, Dang)
- 10) Kapil Shivakoti (Bhajuratna Engg and Sales Pvt. Ltd.)

Venue: - National Agricultural and Environmental Forum (NAEF)
Madcha Gate, Rabibhawan, Kathmandu
P.No. 01-4274170
(Head Office: - Padsari, Bhairawa. P.No.071-526371)

In this meeting, following points were discussed: -

- 1) Bank Loan: - While banks/finance companies provide loans to individuals for vehicles like trucks, buses, cars and motorcycles without land certificate (lal purja), we should not need to keep the land certificate in the banks/finance companies for tractors and power tillers. Such type of imbalance in the system should be avoided.
- 2) Transmission of ownership: - The tractor and power tiller imported by the dealer when handed to one person can't be transmitted to other until 5 years. Due to this kind of bondage in transmission of ownership, neither banks nor finance companies want to provide loans for tractors and power tillers (except ADB/N).
This policy has created a type of monopoly by ADB/N in this sector, and ADB/N has insufficient amount of funds to invest in it. Furthermore, due to the insufficient amount of fund, we the dealers are not able to fulfill the demand/reach their marketing goals in this sector.
If this 5 years bondage is ended then other banks/finance companies will also be interested to invest on it and the farmers will be able to access loans for these machinery and even perhaps lower interest rates. If the 5 year bondage is removed, the banks/finance companies that have provided loans to farmers for tractors/power tillers who are incapable of repaying their loan to the bank, will then be able to transmit these vehicles from one to another loan recipient, thereby reducing the bad interest rates and also helping in proper fund distribution.
- 3) Power Tiller registration restrictions: - Nowadays, tractor and power tiller registration is banned Bagmati and Gandaki zones¹. Nonetheless, there are high sales to farmers in these zones as the power tillers are registered in Naryani zone are sold in those areas and then transported into the banned zones (but must stay out of the municipalities). Such type of

¹ This heavy handed restriction was placed long ago simply to keep power tillers out of the municipal areas of Kathmandu and Pokhara Valleys. Perhaps a different color number plate could be used in "zoning" these tractors out of restricted areas.

restrictions should be avoided so as to sell it freely everywhere and use local zoning laws instead.

- 4) Imbalance taxation: - Four Wheel Tractor costs Rs. 7,00,000/- and its registration tax per year is Rs. 2300/-. However, power tiller costs only Rs. 1,00,000/- and its tax per year is Rs. 1600/-. As these smaller farming oriented power tillers are going to small (poorer) farmers/owners, a reduced tax system should be considered and kept in a similar ratio as to the costs.
- 5) License: -Similar to Item 4, to drive the power tiller, the smaller (poorer) drivers/farmers should be provided a drivers license through a more easy process and its renewal time should be extended to every 2-3 years. Currently drivers license costs are: for tractor Rs. 1700/; power tiller Rs. 1200/; motorcycle Rs. 900/.
- 6) Subsidy: - If His Majesty's Government (HMG) is able to provide regular fund to the power tiller used for Agricultural purposes then the small and medium farmers will be able to cultivate the land following the modern technology rather than traditional one based on plough and bullocks for cultivation.
- 7) High taxes on agricultural equipment and spare parts:- HMG provides reduced tariffs on agricultural equipment like harrow, cultivator, pumpsets etc used in agricultural sectors are to benefit all farmers. These farmers in turn provide affordable and easy available services with these machinery to their neighbors (custom hiring). Why then does HMG place high tariffs on the spare parts of these equipments that are used to benefit all farmers?

If the tractor and power tiller spare parts which are used for agricultural purposes are provided with lower tariff rates, it will then not only encourage owners to repair and maintain their equipment more timely, but also encourage the assembling of these machinery in our country thereby establishing new industries and employment opportunities. In Nepal, large numbers of population are engaged in agriculture but due to the lack of improved technology in agriculture, they are not being able to depend fully on it as a source of their income. Thus, using these technologies to prepare land, establish crops by improved technologies will be very helpful in increasing, reducing costs and for bringing agricultural revolution in the country. Power tillers can play a crucial role to make the all farmers but especially the smaller and poorer farmers more productive, more self reliable in agriculture. Thus its importance must be emphasized.