

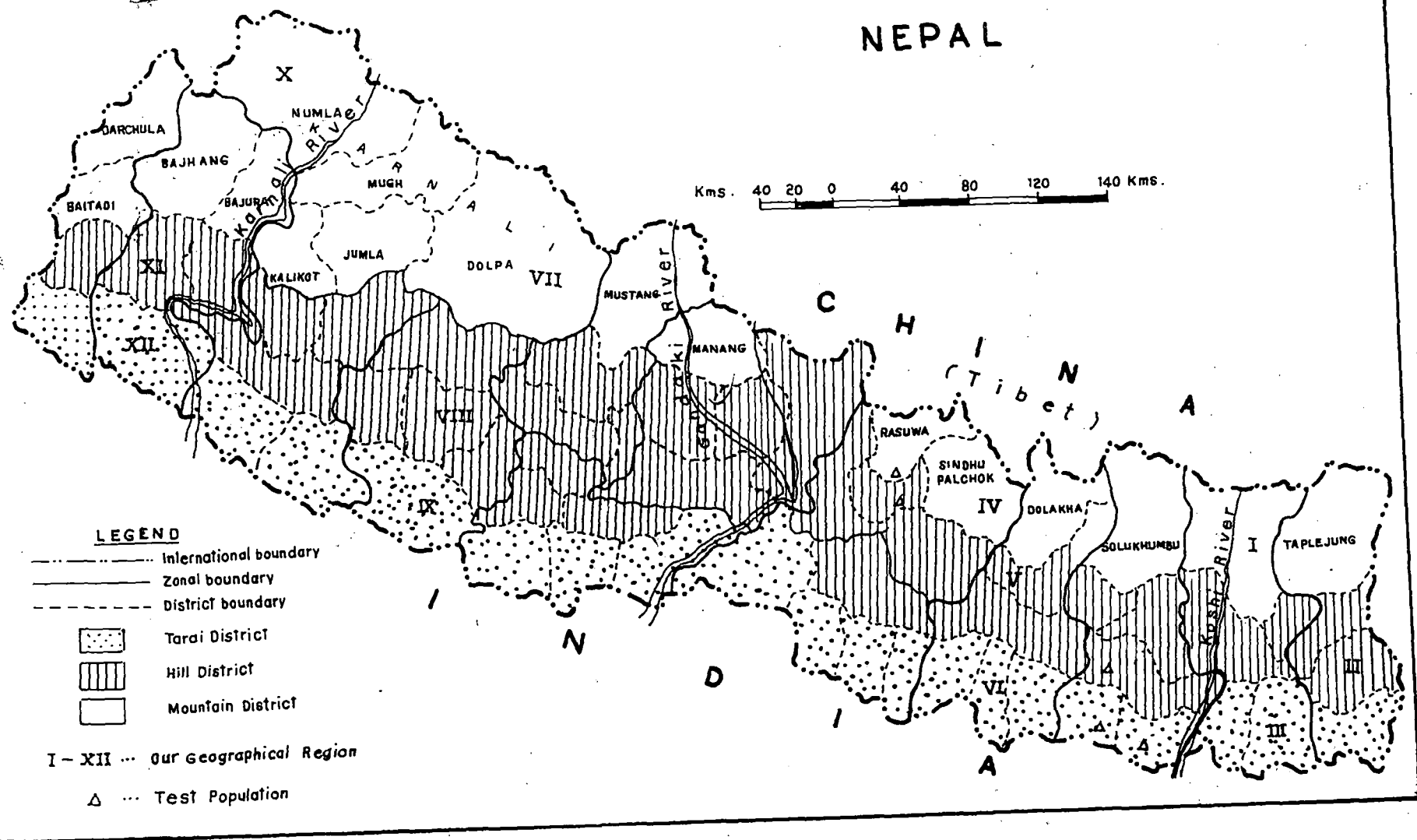
Chapter 1

THE PROBLEM

1.0 INTRODUCTION




1.0.0 Decidedly one of poorest countries of the world the Himalayan kingdom of Nepal lying between $26^{\circ}22'$ and $30^{\circ}27'$ North latitudes and between $80^{\circ}4'$ and $88^{\circ}12'$ East longitudes is locked between the plains of India and the plateau of Tibet (now in China). The need of a concentrated attack on the poverty of Nepal can hardly be overemphasised. Not only is Nepal ranked among the least developed countries of the world, but also in respect of the rate of growth of GNP per capita Nepal is the poorest developing country of the world. The World Development Report 1987 records the average annual growth rate of GNP per capita of Nepal as 0.1 for the twenty-year period 1965-85. Even this picture of constancy crumbles down if we take into account the fact that net migration of Nepali population has been taking place into India every year. The eastern part of Mahendra Raj Marg (East-West Highway) and the Mechi bridge both built with the Indian aid, for example, opened the floodgate of emigrant Nepalis into Eastern India via the West Bengal town of Siliguri. There is, therefore, a strong case for specialist studies of development planning of Nepal to facilitate the growth of insights that might be of use for strengthening the theoretical base as well as the implementing efficiency of development projects or programmes.

NEPAL



LEGEND

- International boundary
- Zonal boundary
- District boundary

-  Tarai District
-  Hill District
-  Mountain District

I - XII ... Our Geographical Region

Δ ... Test Population

1.0.1 We divide the country into a number of agroclimatic divisions. The main bases for these divisions are topography and river systems. We have three topographic zones and four zones created by three river-systems. Thus we have (3 X 4) or 12 agroclimatic zones. The topographical regions are (1) the Mountain region, (2) Hill region or the valleys enclosed by the Mahabharat range and the Churia range (also known by the name Sindhuli range) and (3) the Tarai region.

1.0.2 From the point of view of all economic activities the Tarai region offers the maximum opportunity. The area forms only 17 per cent of the total area. The region is wider in the east. The area gets narrower as we move to the west. On the top of Tarai the forest named Char Koshe Jhadi stretches itself from the east to the west. The breadth of the Tarai ranges from 26 kilometres to 32 kilometres. The altitude of Tarai ranges upto a maximum of 305 metres but the average is calculated at 66 metres.

1.0.3 The hill region accounts for about 60 per cent of the total area of the country. Some call the region by the name Inner Tarai or Doons. There are valleys of various sizes. The altitude of these valleys vary from 610 to 1524 metres. The mountain region, according to our definition, covers the region of the Mahabharat range above 1524 metres and the northern region within the country. The world famous peaks like Mount Everest, Kanchanjungha etc. are all located here. There are various ranges

of mountains within the general name the Himalayas. According to one estimate the mountains make up just less than 25 per cent of land area. So far the area did not accommodate more than 7 per cent of the population of the country. Some cultivation is possible in terrains as high as 3300 metres. Such terrains offer scope of raising potatoes in summer and rearing of yaks, goats and sheeps. Some wheat and millets can be grown. If there are water streams nearby some paddy also can be raised during the monsoon season. The three important river systems water, as has been indicated in a preceding paragraph, water this mountain kingdom of Nepal. The Koshi river system with its seven tributaries carries the waters through the eastern Nepal. The central Nepal is drained by the Gandaki and its tributaries. Nepalis call this river Narayani at the part of the river where all its tributaries meet. The third river system is that of the Karnali which waters the western Nepal.

1.0.4 We superimpose four zones made by these three river systems on the three topographical regions and, as we hint at before, have twelve agro-climatic regions, as shown in the map on page 3. The eastern Himalayas receive more rainfall than the west. The annual rainfall, therefore in general fall as we move from the east to the west. At the same time the annual rainfall falls from the mountains in the north to the plains in the south. One exception to this trend is the rainfall in the Annapurna range. Here the mean annual rainfall is 6000 mm. However, the

annual rainfall varies from 250 mm in the north of the central Nepal to 2540 in the south plains of the eastern Nepal. The rainfall varies from less than 1000 mm near the western boundary of Nepal to 2540 mm in the east of Nepal.

1.0.5 All areas of Nepal offer scope for cultivation, in greater or less degree, of paddy, maize, wheat, millets, sugarcane, jute, oilseed, tobacco, potato. Besides cotton, coffee and tea and some renewable forest products and herbs can also be raised through proper planning. Mountain regions and hill areas can be used for expanded production from animal husbandry of such animals as yaks, goats and sheep and mountain cattle. The raising of special fruits and vegetables is also possible in the mountain and hill terrains. Special types of small industries which do not require the transport of bulky materials but are consistent with heat, humidity, sunshine and rainfall can be planned in stages for these areas.

1.0.6 The needs of ushering in economic and demographic equilibrium of Nepal demand that her agricultural endowments including the nationally cheap resources of labour and land be developed fast (Sarkar 1984) to provide the sound bases for growth of small industries throughout the country and of medium and big industries on the plains. There have been some initial efforts for development at the time of King Tribhuvan, first with U.S. collaboration and later with Indian collaboration. The initial theory of rural development was based on the concept of community

development. In India the concept of aided self-help were experimented by Rabindranath Tagore. Gandhi, Gokhale and others experimented with Sarvodaya and related forms of constructive work. Almost at about the same time viz. in 1953 a national extension service was set up both in India and Nepal with a Block Development Officer in charge of co-ordination of various specialists posted at the block level. It is now well-known that the vast network of officials posted within the administrative set-up under the Block Development Officer failed utterly till the mid-sixties, to increase the productivity of the rural people. So many things about the services, markets or institutional framework essential to motivate the producers and productive workers were either not thought of or thought of very inadequately. So a large public sector of service-rendering specialists remained in the main functionless or unproductive. It is no wonder, therefore, that a perceptible change in the level of stagnation in the rural economy as a whole did not take place either in Nepal or in India till the mid-sixties.

1.0.7 From the mid-sixties perceptible change appeared in the rural economy of India, while Nepali rural economy continued to remain in the same level of stagnation. Naturally we may address ourselves to answer the question : what is the basic reason ? What happens inside Nepal that differentiates the Nepali economy from the Indian Economy ? One basic reason is that there has been a steady investment in India for (a) the creation on infrastructural facilities, (b) the creation of a large size of scientific and technical personnel and (c) growth of a large number of small

entrepreneurs and contractors who do not hesitate to accept the challenge of new constructions especially for implementing new projects at the district or the grass-root level.

1.0.8 There is a great deal of political and sociological reasons behind this steady growth in India of the kind of investment detailed in the preceding paragraph. India continued pace of extension of education and some form of democracy enriched the tradition of the elite. After the elimination of the mediaeval decadence, the elite in India has continuously extended itself and has been moving with freedom. In spite of occasional setbacks a force of national cohesion based on the rule of law has been gradually strengthened. While in neighbouring Bangladesh and Pakistan a religious fundamentalism is restricting the liberty of a large amount of people and made rule of law a pure mockery in India democracy and rule of law have thrown some roots. Although democracy in India is still in its infancy, it has stood some positive tests of its working as, at least twice, two big governments have been replaced in the centre by the electorate.

1.0.9 The lack of democracy in Nepal has accentuated the living of the groups in exclusiveness from others. An overdose of feudalism enjoyed by the Nepali middle class living mostly in Kathmandu valley has compounded further this exclusive living by the groups whether in the plains, in the hills or in the mountains. Some of the people whose number is not small are living as primitive people. No heroes from the Kathmandu valley, have ever come out to champion their case

and hold out any hope to them to rescue, and brought eventually to competitive fold of an integrated nation. The working of the rule of law and parliamentary democracy would have eroded in one stroke these problems within a span of just a few decades.

1.0.10 The revolution of 1950-51 against the Rana rule, produced some illusory hope of democracy in the country. The first election held by King Mahendra in 1951 under the terms fixed by him, produced a House of representatives dominated by Nepali Congress. But in 1960 King Mahendra dissolved the newly introduced Parliament and introduced ban on political parties in 1961. He introduced in 1962 a partyless panchayat system. King Mahendra died in 1972. His son King Birendra occupied the throne. There was a period of turbulence between 1972 and 1975. The king introduced some modifications in the Back-to-Village National campaign. This machinery was created by Mahendra for electing members of panchayat on a partyless basis. In December, 1975 Birendra tightened the partyless democracy. In May 1979 Birendra announced that he would hold a referendum on the basic question : Should the existing Panchayat system be retained and gradually reformed ? Or should it be replaced by a multi-party system of government? The referendum went in favour of the King's partyless panchayat system. Only the tumult of 1990 saw the defeat of the partyless system. The idea of democracy has remained foreign to the millions of deprived people outside the middle class.

1.0.11 The importance of political and sociological obstacles were discounted both by the intellectuals as well as by the monarchy. The early collaboration with India on efforts for rural development gave way to seeking of non-Indian foreign help. Thus a Nepali writer writes : "India does not wish to change the status quo and hence prefers to have the continuity of the bilateral relationship with Nepal unchanged". There is little doubt that a demand has slowly grown for a sort of development through aid from non-Indian sources. This coupled with the suggestion of the World Bank for IRD type projects. Since the tenure of Mr. McNamara as the Bank President the Bank has become an instrument of social change or a productive development institution. It was during his time that the Bank recognised that "a country's gross national product often does not trickle down to the lower income levels". This idea undoubtedly is at the root of the idea of integrated rural development. The content of the word integrated requires that there should be a consistency and complementarity among a number of activities. The whole scheme was indeed the earlier Indian community development and the Integrated Area Development Programme (IADP) of the 1960's, in a new dress. A system of lower level administration with an element of lower level democracy is also a part of the scheme of IRD. The intention certainly is that with the assistance of investments in the public sector private operators would find opportunities to strengthen their productive activities.

1.0.12 As we have indicated that the donors' target has been the lower income levels or more properly the people in absolute poverty.

As there is much scope for raising crops, vegetables, fruits, milk, meat, fish (in valley ponds or lakes) agriculture is surely the principal activity under integrated rural development. The production of inputs for agriculture, is thus next important activity. Within this broad activity there is a number of other activities. The most important of these is water for agriculture or irrigation. The foreign-aided integrated rural development projects, therefore, include a great deal of irrigation networks. Supply of seeds, breeds of animals, servicing of these animals (including the services of veterinary surgeons artificial insemination) inputs of organic manures, inorganic fertilizers, insecticides and credit is also among the activities of the IRD's. Agricultural extension, training of farmers, setting up of technical schools have also been listed. Cottage industries and training for the cottage industries, health centres for health care, projects for supplying drinking water, bridges, tracks and trails, soil conservation, afforestation, construction of roads, community buildings like panchayat houses, residential buildings, offices for various levels connected with the administration of the projects.

1.0.13 The first of these foreign-aided IRD projects has been Rasuwa-Nuwakot IRD. Some of other projects are : the Sagarmatha Integrated Rural development Project, Koshi Hill Area Rural Development Project, Mahakali Hill Area Rural Development Project, Integrated Hill Development Project, Rapti Integrated Rural Development Project, Karnali-Bheri IRDP. A number of projects have been added to this subsequently. A study by the Centre on

Integrated Rural Development for Asia and the Pacific located in Dhaka lists the following objectives as the motivation behind the multivarious activities of the IRDP's

- (a) increase in production of basic rural sectors
- (b) equity in the distribution
- (c) fulfilling the minimum needs of the common man
- (d) having gainful employment on a sustained basis
- (e) to motivate the common man
- (f) reach ecological balance
- (g) ensure self-sustained development with workable rural institutions
- (h) maintain cultural heritage.

There is a clear-cut description of agencies who are authorised to implement the concerned project.

1.1 THE BACKGROUND OF THE PROBLEM

1.1.0 In the light of the preceding discussion we are now in a position to set the problem of our study. It will, however, be in order if we summarise some of the works done earlier on the Nepali Economic problem. From time to time foreign scholars became interested to study this or that problem of the Nepali economy. L.Caplan made several studies : 'Some political consequences of state land policy in East Nepal' Man 2(i) 107-14 (1967), Land and Social Change in East Nepal, Routledge and Kegan Paul, London, 1970; 'Cash and Kind - Two Media of Bribery in Nepal, Man (New Series) VI (2) 266-78, 1971; Administration and Politics in a Nepal : the

study of a district capital and its environs, Oxford University Press, London, 1975. T. Hagen published the following studies :

(a) 'Observations on Certain Aspects of Economic and Social Development Problems in Nepal', United Nations Report FAO/NEP/1 1954, (b) Nepal, the Kingdom in the Himalayas, Oxford and IBH Publishing, New Delhi, 1971. J.T. Hitcock produced : (1) A Nepalese Hill Village and Indian Employment, Mimeo, 1961, British Library, Boston Spa Wetherby, U.K. and 'Some Effects of Recent Change in Rural Nepal', Human Organization 22(1), 1963. S.Iijima's work 'Ecology, Economy and Social System in the Nepal Himalayas' was published in Developing Economics, 2(1) in 1965. The study entitled 'An Evaluation of the Agricultural Sector in Nepal' was completed on behalf of the AID/Washington and USAID/Nepal in 1970. M.A.Brunt and D.J.Pratt wrote in 1970 'Proposals for a Development Project' : Nawal Parasi District, Nepal and got published by the Ministry of Overseas Development, Land Resources Division, London. C.McDougall wrote in 1969 Village and Household economy in Far Western Nepal and published it in Nepal. A Macfarlane got published his work Resources and Population : A Study of the Gurungs of Nepal by Cambridge University Press, Cambridge. Food and Agriculture Organisation produced in 1974 two reports for restricted circulation :

(1) 'Perspective Study of Agricultural Development for Nepal' Working Paper on External Sector and Foreign Aid Implications

(2) 'Perspective Study for Agricultural Development for Nepal' Central Policy Paper. The British team of an economist, a geographer and a sociologist Blackie, Cameron & Seddon have produced

interesting reports on the basis of their studies financed by liberal grants from the Ministry of Overseas Development of Great Britain. Some of their works are : (1) 'The Effects of Roads in West-Central Nepal : A Summary' Mimeo. 1977, Overseas Development Group, Norwich, (2) 'Centre, periphery and access in West Central Nepal : Approaches to Social and Spatial Relations of Inequality' Final Report to the Social Science Research Council, U.K. 1977. Peasants and Workers in Nepal, Vikas Publishing House Private Limited, New Delhi, 1979 and Nepal in Crisis (Growth and Stagnation at the Periphery), Oxford University Press, Delhi, 1983.

1.1.1 This British team began in saying that it would be rather an overimplication "to suggest that the Indians and the Chinese were involved in road construction for direct military and strategic reasons'. This team had to admit that the ruling class especially the king was interested in the building of roads mainly for reasons of internal security. There was also widespread recognition that improved transport would eventually be beneficial for major progress in agricultural and industrial production. They are of the view that the East-West highway (Mahendra Raj Marg) was originally conceived by the king, to cope with the problem of crossing Nepal from the east to the West without entering India.

1.1.2 Nevertheless the finding of these three authors eventually is that the involvement of the Indians in building the East-West Highway was very clearly political in nature. They admit that although between 1951 and 1965 America was the dominant aid giver

to Nepal, during the 1960s the American aid began to fall. India appeared as the major donor to Nepal since 1965. This fact has been used by these three British intellectuals for harping on the stylised centre periphery relations between India and Nepal. They succeeded through their propaganda based on "research" to seduce the Kingdom of Nepal from having a continued collaboration with India and Indians.

1.1.3 Visiting Darjeeling hills in the seventies they found the area and people much more developed than the most developed parts of Nepal. But their comment was that Darjeeling was better developed although it was a dependency. Their dependency theory obviously did not work here. They were hooked to a static theory of Marxism and the Dependency Theory propagated by the Marxian analysts of post-colonial developing world. The team obviously got their liberal research funds from the then labour government of U.K. and applied unthinkingly the Marxian analysis especially in Indo-Nepal relations, the process being aided, as we shall later see, by the thoroughly confused native intellectuals of Nepal who had great vested interests in the administration of the Nepali Economy. These intellectuals themselves are recipients of rentier incomes and are on the look out of large amount of international aid and derive benefits for their class.

1.1.4 The British team of three intellectuals was indeed the remnant of a team of five intellectuals : Blackie, Cameron, Feldman,

Fournier and Seddon. The first field work of these five intellectuals who came from such diverse branches of social sciences as agricultural economics, anthropology, geography, economics and sociology led to the production of an interesting report on the effects of roads in Western Nepal. They could not really find that these roads have had no effects whatsoever on incomes and trade and commerce. In some cases the workers both unskilled and skilled used these roads. But the major share of the real benefits went to those who were not so poor. The poor indeed remained so poor that they were unable to form any pressure as a group on the power centre of Kathmandu. The affluent middle class and the bureaucracy were the main beneficiaries. A set of skilled labourers in some urban areas started to emerge as some force to demand rise in their share of income.

1.1.5 The crisis in the country, remains crisis because the bulk of the people remain poor under the pressure of centre periphery relations exerted from the capital valley of Kathmandu and another exerted from the heart of India. We are certainly free to include in the national centre periphery relations a rent racking hierarchy implicitly supported by the absolute monarchy with the result that the rentiers remained by and large royalists till the successful uprising in 1990 for multi-party democracy.

1.1.6 Some Indian writers who wrote on Nepal were also appalled by the great incidence of rent earning among the urban middle class

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of Nepal. On the other hand, the reforms in the ownership and the tenancy system of agricultural land upto 1964 did not usher in the kind of success that came to the Indian economic system after the first spate of reforms in Indian agrarian relations. An Indian writer who often worked in Nepal presents some data on the basis of which a conclusion can be drawn that more than 50 per cent of the area are farmed were tenant farms in the seventies long after the land reforms. But there is a big gap in this kind of farm profile because many tenancy farms, reported themselves as labourers and similarly land owners as owner cultivators. So it stands to reason that a reasonable estimate of the percentage of area cultivated by tenancy farms may be as high as eighty.

1.1.7 An Indian sociologist supports this view when he says that a new class has emerged to connive concessions from the government and has been forcing the latter to prevent the growth of fully peasant economy in the rural sector. Thus Yadav mentions Yadav 1984) that landlords now try to evict tenants and turn them into wage labourers. Secondly, landlords are also becoming conscious of income prospects of large and high input farming on the basis of aid from the development agencies, set up by the government. What he thinks amounts to saying that the monopolistic feudalism has been changing into some sort of pluralistic feudalism. None of these Indian writers could foresee that slowly there has been some growth of skilled urban workers who have been psychologically ready to join action to remove some clutches of feudalism. There is little

doubt that this class has been induced by the political leaders in the uprising of 1990 for multi-party democracy.

1.1.8 The Nepali writers on development in Nepal, cannot be held as belonging to one school of thought. As for the improvement of the political system, a constant campaign was lodged by Rishikesh Shaha. He campaigned for quite some time on the need to curtail the powers of the king. He even warned that the "personal involvement of the monarch in the day-to-day politics of the country is apt to expose him as the main target of public criticism and render him open to uncalled for risks in the future". His demand for a fully democratic constitution and his adoration of king Tribhuvan for his commitment to a democratic constitution framed by elected representatives of the people has directly or indirectly prepared the urban people for the uprising of 1990.

1.1.9 As for the pure economic calculations, Nepali economists (Poudyal and Sharma 1985; Khatiwada 1985) have become justly pessimistic about the high growth rate ambitions of seventh (1985-90) and eighth plan (1990-95). They are justly apprehensive about the absorptive capacity of investments in the present politico-socio-economic set-up of the country. Perhaps, not having a definite insight about the present shape of their national economy they plead for working out a simple aggregative planning model with a view, among others, to estimating the domestic as well as foreign resource requirement for a target rate of growth. They also plead for information on various economic parameters and interlinkages among

major macro-economic entities.

1.1.10 Khatiwada, in particular, takes the stand that as the distribution of income and wealth is highly skewed, there is scope of tightening the tax noose around the higher income group. He may unknowingly ventilate his class interests when he says that the vast capital technology and entrepreneurship required for the unused resources cannot come from the private sector. He demands increased foreign aid and increased role of public enterprises.

1.1.11 This demand for foreign aid and independence from Indian collaboration either from the official level or from the private business in India is more or less common among the Nepali writers. This, as we have hinted at before, strengthened the actual launching of the foreign-aided IRD projects. This need not hide the fact that at times many writers favoured themes other than formulating demand for foreign aid. One example is Pant's Population Growth and Employment Opportunities in Nepal.

1.1.12 There has been some assessment of IRDP in Nepal especially by J R Baral and K.Koirala. They report that "the state of under-employed is not particularly curbed" by the foreign aided IRDPs. They report further that the unemployment and underemployment position of the project areas has not changed. More than 16 per cent of the people of the hills areas covered by the project left the region permanently. In Rasuwa also the state of unemployment and under-employment stayed firmly. The authors do not believe that the trend

in agricultural production was rising either. They agree that production increased in most IRDP districts. But they do not believe that this was due to increase in the efficiency of production. They even claim that in some of project areas food deficit has even increased.

1.1.13 One particular feature of their writing is that they do not mention the methodology on the basis of which they arrive at these conclusions. Nobody expected that there could be a fundamental change in the income distribution as a result of the first launching of the IRDPs. It is natural that they found that considerable disparity in ~~xx~~ income persisted. They are of the view that the projects were not bound for target groups. They complain of vagueness about goals, excessive diversification without real integration, concern about the area rather than about the people in the area. They also complain about stress on indirect infrastructural development rather than on direct productive investment. An important point made by the authors is that the manner of executing the projects is marked by a dichotomy. The line agencies (regular departments) of the Government implement the projects. But the projects are supervised and monitored by the local panchayat. The organs of the Ministry of Panchayat and Local Development are authorised to co-ordinate. The line agencies have come under sharp attacks by these two authors.

1.1.14 They point out that many movements like the co-operative movement of the sixties, the land reforms of 1964, regional planning

of 1970 failed before launching the foreign-aided IRDPs. In their view the failures of these movements have vitiated the settings for the IRDPs. Besides the local institutions have not been adequately developed and the new decentralization Act of 1982 has not been adequately implemented.

1.2 THE PROBLEM

1.2.0 On the basis of the preceding two sections it is very clear that the Nepali economy has been moving from one level of poverty to another. What stands at the root of Nepal's economic problem is the fact that Nepali peasants and rural working class are still being prevented from releasing their energy to the task of ceaseless expansion of rural productive capacity. Theoretically and empirically a number of alternative routes are possible to reach such high productivity syndrome. It will be in order if we can study how the foreign-aided IRDPs have helped the Nepali peasants and labourers to rejuvenate the rural processes of production. The problem of investigation in this study is, therefore, to see how the the working of these IRDPs have increased the extent of use of the land and labour resources of the Nepali rural economy. The developing countries of South Asia in one way or the other have suffered from a centralised system of planning. Naturally this type of planning causes either a lop-sided development or delays development altogether.

1.2.1 A restructuring of development planning of this

over-centralised type has recently been suggested (Sarkar 1989). In a system of planning the need of a mutual aid team of a grand model of development as well as an operational model both of target making and balancing has been emphasised (Sarkar 1984a). A path of balanced development may not always lead to a balanced development. Because often a balance is struck on the basis of the expansion of income of a sector or sectors which dominate the economy at the starting point of a plan period. It is, therefore, necessary that a non-mathematical model of development is made an integral part to enable a long-range chart being prepared for the full use of the nationally cheap resources like land and labour with a view to achieving a fast rate of growth of output per capita in the country. A hypothesis has been built by Prof. P.C.Sarkar, for example, that if a developing country with large agricultural lands, can produce enough to satisfy all physical demands of food articles of all its inhabitants including the last man, the economic growth of the country will be more or less automatic (Sarkar 1984b). The process of reaching this position of complete satisfaction of all physical demand for food articles involves many stages of planning of details.

1.2.2 A fully balanced and hence a fully integrated development of a rural economy needs a many-sided support from the community, market as well as the state. It has been, therefore, proposed (Sarkar 1989) that we replace centralised planning at the centre of the government by a type of planning that integrates the

autonomous plans of grass-root rural economies into a national agricultural plan and then redesigns the planning of the non-agricultural sector to make the concomitant growth process meaningful in more respects than one. In the first place, the growth potential of our land and water resources with the specific agro-climatic characteristics will help fuller use being made of labour power and will lead to higher levels of outputs and employment. In the second place, the processing industries based on outputs from land and animals may be set up right within the bounds of the grass-root rural area economies. In the third place, as we shall illustrate later, some inputs for agricultural and animal husbandry processes of production may also be produced within the grass-root rural areas. Along with these inputs mention may be made of services of new machines and implements, irrigation enterprises and biogas enterprises based on wastes of agro-animal husbandry enterprises. A fourth dimension will be the additional activities of health care - additional to what can be provided by the state without the autonomous planning of the grass-roots - covering institutional set up for care of children and family planning but providing for all round medical care for the people. The additional facilities for health care will be financed by the people themselves of the grass-root rural economies if the balanced development strikes roots.

1.2.3 Viewed in this light, the problem of this study, namely, the measurement of the impact of the foreign-aided IRDPs on the

use of basic resources of land labour of Nepal will throw much light on the prospects of building up a system of autonomous planning at the grass-root rural areas and the consequent redesigning of the national plan. The discovery of the obstacles to the successful implementation of these projects will help us not only to fix the various bases for successful grass-root rural planning but also might indicate whether with Nepal's backwardness at the grass-roots we need some external collaboration of a team of skilled entrepreneurs and workers to execute the project within time.

1.2.4 Nevertheless, one direct use of this study is undoubtedly to assess the employment creating capacity of the projects. In any scheme of eradication of poverty, the main aim has to be to usher in employment to all employment-seeking people in the grass-roots. As an indicator of poverty real income per capita or per consumption unit is sound enough. But a measurement of real income of a segment of a village population means a great deal of work at the expert level. This means the investigator has to be trained and skilled in the process of economic investigation. The counting of employed man days, on the other hand, can be done by investigators with ordinary education. At best the counting may be done in different seasons of the year. The employment data and the data on the intensive use of labour that this study will also release may provide a base study for future studies of the growth of employment in the concerned areas.

1.3 METHODOLOGY

1.3.0 We have already explained earlier in the chapter the role of the World Bank and the IMF system in the financing of the development of the poor throughout the world. For the first time, in the history of the process of development, the attention of the international financiers was divided in the seventies between the communist and the non-communist countries. Large aids started to flow into communist China and the East European communist countries. Funds for integrated rural development gathered nevertheless some momentum during this period. But the nature of aid and the contents of the programme were not uniform in the aid receiving countries.

1.3.1 There is, for example, some difference in the contents of the IRDP in India and those in Nepal. In India the stress is on target groups of people, although the underlying concept of integration or balance has been always there. In Nepal, on the other hand, the foreign-aided IRDPs are in fact package rural plans. There is multipronged expenses on various agents of increase of agriculture production and non-agricultural production including health care, education or literacy, roads and market complexes.

1.3.2 In order to study the impact of the IRDP, investigators have concentrated on measuring the effects on the beneficiaries and the percentage of persons benefited to the total number of poor (V M Rao 1986, Schal & Ramulu 1989). Some studies although

few, have been undertaken to measure the overall impact of IRDP types of benefits showered on the grass-root rural area economies and on the reduction of the number of people under the poverty line (Sarkar & Kar 1991).

1.3.3 Because of the nature of the IRDPs in Nepal we cannot study the impact selectively on the beneficiaries and hence on the percentage of the poor. A useful method could have been found if a base line study would have been available for the purpose of our type of measurements for the centre where the project activities are found in concentrated form. The results of a survey of this area after some years of project activities could be meaningfully compared with the earlier results. But since no base-line studies are available for most of the project areas such a method cannot be resorted to.

1.3.4 The only alternative left to us is to compare the results of the test population with those of the control population. In other words we may compare the performance of the centre with that of the periphery outside the main exposure of the same project activities. However, as we experiment with this methodology we face principally two difficulties. In the first place, the areas of the periphery outside the influence of the project activities have remained inaccessible to us because of lack of transport as well as for lack of large enough, though primitive, accommodation.

In the second place, in some cases where we succeed to get a periphery far enough from the centre of project activities we face the queer position that the periphery is exposed in some indirect way either to the activities of some other centre of the same IRDP or some other unusual agency causing greater employment to all or to certain ethnic sections of the people.

1.3.5 As a matter of fact in one form or other most methodologies are open to one or the other defects. Even the powerful methods of statistics are not always for blanket use. We are under obligation to take caution and, in particular, apply special screens to form conclusions. In spite of difficulties of the methodology we shall use, where we can, supplementary data to find out true comparability of our data and form a reasonable appraisal of the impact of the projects on the use of land and labour power in the grass-root rural areas of Nepal.

1.3.6 Some of the supplementary data that we use to filter our conclusions are (1) the 1977 Survey Employment, Income Distribution and Consumption Patterns in Nepal, (2) Some basic studies undertaken by Prof. Sarkar on the depressed areas of the Indian Tarai at about the same time as the late seventies and (3) some data we collected in the course of field work.