

SUMMARY AND CONCLUSIONS

Various factors have been adopted to determine the level of poverty of the rural people in the Nepal, certain observations have made clear that per capita income of hills people of Nepal is much lower as compared to other people of plain areas of all the country in general. Nevertheless the basis of per capita income cannot be the true index to judge the level of poverty of people in the rural areas. In course of one of the surveys of the Nepal it has been observed that there exists the extreme poverty in the areas of Nepal specially in rural parts. At the same time, it appears it has been seen that many of the total population live below the poverty line. In Nepal rural areas in particular have the vicious circle of poverty which seems not so easily to be removed. Most of the people of country have to be fully dependent upon the land only on account of rapid growth of population and the absence of supplementary and alternative job opportunities. This results into the fragmentation of land holdings and large encroachment of forestry lands through out the country. Ultimately perhaps its next results lies in the land slides and landslips having the loss of agricultural lands as a whole. This may further lead to the loss of agricultural land and forestly lands in the areas of human inhabitation. Thus, this proves the vicious circle in the country

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Very often the natural disasters wipe out the major fruits of development. Therefore, in most of the cases the farmers of Nepal have to live in poverty and in course of time they keep on moving to sensitive areas of the steep slopes at the mountains as well as forestry lands under this situation of natural disasters and calamities the very development programmes of agriculture suffers. Any such efforts to raise productivity of agriculture through the method of intensive or extensive cultivation has its direct bearings on the systems of economy and ecology of the entire country. All the same, the difficulty of increasing productivity of land in the sensitive hills of the country is closely connected with the delicate ecological balance. It is quite apparent that if this affairs continues to operate wit in no time an unreparable damage can take place to the economic system of the country. It is equally that lot of damages have already taken place resulting into the obstruction of improvement of the soil. This has definitely an adverse effect of the operation of land.

This does not, however, mean that the Government has not taken keen interest in order to solve the prevailing problems. The Government has certainly undertaken a number of programmes in the form of intensive cultivation like multiple and so on. In spite of these efforts to increase irrigational

facilities much progress has not been possible. The traditional method of irrigation is, in most cases being followed in the villages alone but other areas have remained more or less cut off even from such irrigational facility. It is true that in the hill areas irrigation becomes a perennial problem. During the spring, and winter seasons it is quite a problem to get water from the rain fed ponds of the areas. It is possible only about 1/3rd of the total cropped area is cultivated twice in the whole year. It is quite impossible to have high intensity of cropping with an assured supply of water. It is also seen that the entire arrangements done by the government are not fully serviceable. The present irrigation system is not properly administered and carried on in view of the physical constraints of the hill areas. Due to the typical topography of area some minor and small irrigation schemes have been feasible keeping aside the execution of major irrigation scheme in the country. Farmers do not get proper drinking water excepting in the monsoon season. Under the above and situation it is clear that the system of irrigation is under developed in the most areas of rural parts of Nepal.

In comparison to the total geographical area, the land available for cultivation in the country is considerable low. Only 18% of the total area are under organisational holdings.

In the presence of existing imbalance between land demand and supply rent controls and acreage ceilings tend to widen the gap further. It was nevertheless been asserted that where-ever land reform has been successfully implemented the basic thrust has been to break the political and economic power of the land lords. In the Nepali context however an administration dominated by the landed elite ensure that price control and rationing as applied to land reform become relatively ineffective. Since the landed elite with its strong bureaucratic connections was at the political fore front in Nepal, the basic spirit of the land reform programme could not take root.

One specific proof of these assention is that the land ceiling provisions have never really in away own land reform programme has more failures that success in that land acquisition is hardly exceeding 3% of total cultivable land and land redistribution has not been made even to that percentage.

As regard the fixing of rent, the Government has been unusually cautious to ensure that the interests of the land lord class do not suffer a serious set back. Firwt, the land Oct. (1964) stipulated that rent could not exceed 50% of the main annual crop, or the prevailing rate, which ever is lower. This provision is in a way simply legalised the status quo as far

the distribution of output between land lord and tenant was concerned since farmers in Nepal ordinarily did not pay more than 50% of the main crop as rent even before the land reform. But even this provision remained non-operational for many years. Since the Government hesitated to fix rent absolutely so that the tenant would know how much has ment by 50% of the crop.

Secondly, the 50% formula, viewed economically may have acted as a deterrent to the use of improved farming methods of the peasants. The acceptance or rejection of a new technology depends among other things on the relevant cost and profit calculations that the farmer associates with its use. One way to change this calculation in favour of new technology would be to increase the revenue share of the tenant, who does the actual farming. The fear that Nepal's 50% formula may have hampered the adoption of modern farming methods by farming only came to be appreciated in the 1970s. The Government agricultural development programme starting in 1973 frankly admitted that the provision permitting the land lord to receive as much as 50% of the output from the tenant served as a deterrent to the adoption of modern technology. As far as a new output sharing formula two major seminars on land reform in the early 1930s recommended that the tenant should pay no more

1/3rd of the principal crop. Government is gradually coming to accept it but its implementation on a national scale in an effective manner is yet to be observed.

A novel feature of Nepal's original land reform programme was the compulsory saving scheme. The logic behind this scheme was to divert active capital and population pressure from the land to other sectors of the economy in order to accelerate the pace of economic development of the country. It was correctly money lending class would stop the flow of credit to farmers. In order to fill this gap, land owners and tenants were required to deposit a certain portion of the annual produce with an agency created for this purpose by the Government. Resources collection in this manner would then be recycled back to the farmers to meet their farm credit needs. Between 1964/65 and 1969/70 the impressive sum of Rs.173.0 million was collected. But the proper use of this fund through the 34,000 ward committees established for the purpose became virtually unmanageable. Thus, a significant portion of the collection savings was used for trading and purchase of Govt. bonds instead of in the manner originally intended. For the farmers this was nothing less than misappropriation of his earned savings and defeated the purpose for which the government had collected them. Farmers opposition caused by the misuse of funds led to the cancellation of the scheme in 1969.

It is clear that Nepal's experience in land reform has not been a success store. A land reform programme led by the bureacracy closely allied with the land owning class has meant that most of the economic objectives of the programme have not been achieved. Ceiling laws have been successfully evaded and the state has not yet mustered the political courage and administration efficiency to fix rents at 1/3 of the main crop land lords have in the mean time been active in evicting tenants by taking advantage of vaguely defined provisions of the law. This has led to land lord tenant conflict, and the law courts as a result over whelmed with cases relating to land.

As regards the establishment of institutional to reach the small farmers with modern agricultural technology and inputs, the records is not encouraging. The failure of the compulsory savings scheme has been a big blow to any efforts towards mobilising local resources for local use under local management. However, the early 1970's did see the consolidation of cooperations under the supervision of the Agricultural Development Bank. But the provision of credit facilities to farmers through institutional sources (i.e. banks, cooperatives etc.) is still limited to about 21% of the total credit supply. The focus of institutional credit is further more primarily on large

farmers. With the result that thus for only 9.98% of the farmers with the small size group have been able to get credit from institutional sources as compared to 16.11% of the medium size group and 48.80% of large size group. Such a trend goes directly against national objectives. In sum finding the means of involving the masses in the management of local level economic institutions a means of eliminating the economic domination of the rural elite remains a problem with no operational solution in sight.

The issues implicit in land reform are going to be increasingly important of Nepal in the future. The country's population is currently rising at a rate of 2.4% increase in GDP has barely kept pace, and the annual rate of increase in agricultural production has remained below 2%. In the mean time, the annual addition to the labour force numbers slightly over 1,00,000. Since the growth rate of the non-agricultural sector continues to be very slow, much of the labour force increment will have to find employment in agriculture. All these factors will continue to increase the demand for land and intensify the process of land fragmentation. The Govt. will thus have to show the political will and strength to pursue a programme of land reform in the coming years, that avoids

indirect concession to the landed elite. Ultimately the question of land reform is not whether a radical or evolutionary approach should be adopted rather it centres on the very ability of the Government to implement any sort of programme to change property relations for the benefits of the masses.

Agriculture is the leading sector for economic development in Nepal. There had been a group which recommended that Nepal should deliberately transfer resources from agriculture to other sectors, notable to manufacture to achieve what is described as balanced growth. But this would be of least help in Nepal. As the country has no other activity which can successfully employ a displacement of even 5% of the agricultural labour. Awareness of this reality prevails up on most planners in Nepal. Though the earlier plans gave more emphasis to infrastructure development. The importance of agriculture was never forgotten. It got top most priority from the third plan onwards.

Although a number of development works have been undertaken, there has been virtually no note worthy change in the basic condition. Irrigation has improved only a little and the production increase is lower than population increase. Though detailed figures are not available, reviews show that actual production fell short of targets widely in successive plans. There are many constraints and problems in the agricultural development in Nepal.

The first and foremost constraint is that the cultivatable area in Nepal is limited. The geography of the hills does not allow any significant expansion of cultivable area without impairing full ecology. In the terai also expansion of agricultural area would mean destruction of forest which is again unadvisable. Therefore improvement of agricultural production will have to be achieved by intensifying the already existing agricultural land.

Intensive agricultured demands certain material and institutional inputs such as irrigation, better seed varieties, fertilisers, credit and marketing facilities etc. it has often been suggested that agricultural production in Nepal can be increased substantially by adequate irrigational facilities. There is vast potential for irrigation also. Each of the three river systems discharge even during the dry winter season about 214 cubic meters of water/second most of which goes waste.

Irrigation facilities were very meagre (15,000) hectares before the first plan period started. During the last twenty years a number of projects which is understandable and logical in the delicate mountain environment, upto the end of the third plan a total of 1,17,000 hectares of land were irrigated. With the view that only major irrigation projects can satisfy the long term needs of Nepal, the 4th plan featured a dozen major projects in

in different parts of the country, apart from a few minor projects. The target was to irrigate an additional 1,83,000 hectares. However, none of these projects started in time and the achievement was less than 5% of the target.

Primitive practices are another constraint. This constraint is further strengthened by the land tenure system. Even after the implementation of the land reform act, a majority of the holdings are tiny which allow only subsistence farming. Even the larger holdings are not big enough for commercial agriculture and more after they are sublet to tenants. Small holders first priority is to produce staple food for consumption and therefore diversification is very meagre. Though Govt. has been encouraging new varieties, techniques and diversification through trained technicians and organising extension work such as demonstrations, farmer training etc. these have not reached the poor peasant. Shortage of fertiliser is also a constraint. Moreover, the majority of farmers do not have adequate capital to shift to the new practices. The credit situation is very poor and most farmers are indebted to local moneylenders, lack of marketing facilities also add substantially to the problems. In the hills absence of any developed market system and trade makes it difficult to get adequate return to farmers and trade makes it difficult to get adequate return to farmers which is a major disincentive to farmers. In the terai, the situation how even is different. The higher prices in the Indian markets drain the surplus of terai out of the country. The

transport costs and lower prices thus prevents the food deficit hill to desire any benefit from the terai, the major agricultural area of the country.

Another lacuna that has been pointed out is that the allocated budgets are not efficiently utilised due to the absence of a well organised administrative machinery and poor relation between sub-programmes. For example, the 3rd plan envisaged a very high use of chemical fertilisers amounting to about 1/3 of the outlay for the agricultural sector. Even half of this was difficult in the absence of adequate irrigation facilities, distribution of facilities and extension services. Obviously the ear marked amounts were not spent fully. Poor co-ordination between different departments implementing agencies and scattering of projects all over the country beyond the management. Capabilities were also responsible for this under utilisation of allocated budget.

More than anything else, one most important factor for regarding the expected development in agriculture was that in each plan, these programmes disregarded the farmers who is the key figure in this sector. All planning was done in the abstract figure in gross production in view and in that process the the skill capability and need of the poor farmer was not taken

account. Secondly, the distribution aspect was neglected and planning for agriculture production led to deficiency at one place and surplus in another. This situation was heightened by non availability of dependable cheap transport.

With the increasing awareness that agricultural production depends not only on irrigation facilities and improved techniques but also on the farmer increasing stress is being given to develop project with emphasis on the large number of poor peasants.

First of all irrigation projects are being diversified with major and minor programmes and left irrigation and ground water irrigation. Support is also given now for repair renovation and extension of traditional irrigation system consisting of very small but remarkably useful and operational irrigational channels (Kulos) constructed by the local people out of their own resources secondly, credit facilities are being extended to provide agricultural credit against the tenancy rights certificate on an experimental basis. Diversification of rural occupation is also being attempted through live stock development, horticulture and fishery. Further, the 5th plan has set a target of providing agricultural loan to the extent of Rs.1.42 million through 573 guided co-operatives and 453 guided large committee.

Infrastructure development including transport and communication facilities and power development were the major

sectors of investment during the earlier plans. Still it continues to occupy an important position in the public sector. The development of transport and communication was essential, even to keep the country together and maintain law and order if not for integrating the economy and lay the foundations for economic growth. The pre plan condition was so deplorable that hardly any one in government knew what was going on outside Kathmandu Valley, Power is an essential item for modernising any sector of the economy and the power supply situation in Nepal before 1956 was such that the country virtually lived on primitive energy sources such as fire wood and electricity was known only to a minute fraction of Nepal.

Prior to the first five year plan, the transport facilities available in Nepal were 260 Km of all weather, melted roads, 365 Km of fair weather roads, 80 Km of narrow gauge railways and 24 Km of ropeway and half a dozen air strips, There were in addition several traditional mule and foot trails which were not usable through out the year.

The situation has improved quite a bit, but it is not any where near adequacy, inspite of larger shares of plans, The total length of road at present is just over 3,000 Km including all weather and fair weather roads, Most of these are in the terai, railways have not increased as it would require a huge

investment in the rugged terrain, First plan provided for increasing railways line but was given up later. No subsequent plan took this up again, the ropeways were also never improved significantly, Air transportation took large shares and now there are more than 2 dozen airports including STOL (short take off and landing) air fields, but this caters mainly to the well to do class, tourists and administration.

The development of transportation in the past was handicapped by short sighted priorities and investments on few prestigious projects, first of all there can be no justification for developing costly air ports while airstrips would suffice for emergency purposes, secondly, highway project could have been planned using less capital intensive technology. Unwarranted projects such as the beautiful ring road around Kathmandu where no traffic exist, or beautiful double line road from the airport to the city could have been avoided instead more jeepable roads and mule tracks trails and suspension bridges would have serve the people better, a majority of whom are dependent on their legs and animals for transport, the construction of major high ways in Nepal were mostly donations of other countries which was a major drawback in framing priorities.

The priority changed alightly from the fourth plan towards, A 20 year highway plan was prepared, no new road was taken up during the 4th plan and this policy continues in the 5th plan

also, instead priority is given to completing continuing projects and attention is also paid for constructing local roads mule tracks, foot paths, suspension bridges etc. Under the panchayat sector, with the assistance of local people.

The communication development in Nepal includes the internal telephone systems in about 15 urban centres, a few trunk lines, wireless services, microwave stations and postal services. All the district in the country are accessible to Kathmandu by wireless and microwave links a few important places. At the beginning of the 3rd plan, there was only one post office for every 43,000 people. The corresponding figure at the end of the 4th plan was about 12,500. The 5th plan proposes to improve all these facilities and to introduce more microwave stations. However, most of these are utilised mainly for official purposes as communication requirement of people are extremely limited.

Before the first plan, the total power generation in Nepal was 6,280 KW. Out of which 2,077 Kilo watt was hydle power it is estimated that Nepal has a potential of 80 million KW of power. But only a small fraction is tapped now about 40,000 KW power is generated at present part of which is produced by diesel plants for local supplies. Hydropower generation projects are installed by lack of funds. Moreover, lack of demand and high cost of distribution are also limiting factors. For years to come

the average Nepali may have to depend on firewood for energy sources, unless alternative strategies to tap local sources, such as small streams, wind power or solar power are developed. Considering the mountain ecology and limited demand, a number of tiny generation projects requiring less capital would be most suited for Nepal. Feasibility studies of a few micro-hydro projects are underway.

Though the first four plans allocated a substantial share to industrial development, no clear policy or strategy was evolved. Instead the plans identified probable and feasible industrial units. Some of them were establishment.

The fifth plan had a shift of priorities from infrastructure to productive activities and has allocated approximately 18% of the total outlay for industrial development including power. At present the objectives of industrial development in Nepal are (1) the encouragement of import substitution industries for essential goods such as sugar, textile, paper etc.

(2) development of export industries based on available raw materials such as jute and tea.

(3) encouragement of viable industries in less developed areas, especially of small scale village and cottage industries and

(4) the expansion of job opportunities. The major promotor of

Industrial development in Nepal in the Nepal Industrial Development Corporation (NIDC) establishment in 1959. It is fully a government owned institution which receives technical and financial aid from outside agencies and gives similar services to private industry in modern sector and tourism. However, the industrial development in Nepal is very limited mainly because of raw material difficulties lack of skill, entrepreneurship and internal demand Government is now trying to attract foreign capital also.

One of the sector which grows quite fast in Nepal is tourism. The number of tourist arriving in Nepal reached 75,000 (excluding Indians) in 1975. It provides employment to 7500 people and the foreign exchange earning in 1976 was estimated as \$13.6 million. To increase the tourism opportunities in Nepal without affecting the historical, cultural and geographical characteristics of the country, a tourism master plan was prepared with German technical assistance. In accordance with the recommendations of the master plan hotel capacity and services and transportation services are being increased inside and outside Kathmandu Valley. H.M.G. recently commissioned a study by Pacific Asia Tourism Development Authority (PATA) to develop Pokhara as a tourist centre. Similar studies are being conducted at Kumber Region and Kaligandaki valley.

These industries with less than Rs. 2,00,000 of fixed assets are called cottage industry and village industry. After agriculture this sector provides the main source of employment and it is estimated that it accounted for 7% of GNP in FY 75, which was almost double the contribution of the modern sector. There is scope for development of this sector substantially. To promote these industries a cottage and village industrially. Development (CID) was created in 1956 under the Ministry of Industries and Commerce. It provides training programmes, financial help, conduct research in design and techniques and operates handicrafts emporium centres for sales out let. After 1975, however, all the financing in this sector has been transferred to commercial banks to provide 7% of their total deposit to village and cottage industries in 1977. The Rastra Banks imposed penalty also if the target was not achieved by the bank. A credit guarantee corporation was also set up in 1975 to guarantee small scale loan from commercial bank.

Nepal's population has been increasing rapidly and though this trend is expected to taper off some what in the future, the absolute population of the country will continue to expand rapidly.

Rapid population growth has put considerable pressure on cultivable land, not only are there great disparities to

in cultivated land among the three major geographic regions in the country but the land available per capita and per household is already very low. With further population growth the pressure on land can be expected to create new problems in 1980s.

About 94% of the population earn their living from agriculture. Most of the additions to the labour force will thus be felt in the agricultural sector. This problem is reinforced by the fact that the rate of increase in GDP average no more than the growth rate of population. In addition the effect of Nepal's weak resource mobilisation efforts has meant that the capacity of the non-agricultural sector to absorb increases in the labour forces remains limited. Most of the additional to the labour force will therefore have to continue to find employment in agriculture despite the fact that this sector is already overcrowded and suffering from serious symptoms of under employment if not out right un employment.

Population growth in the presence of a relatively high man land ratio should in theory suggest that a shift in population from the agricultural sector to the non-agricultural sector would be observed in Nepal. The actual trend, how ever appears to be in the opposite directions as indicated. Increasing number of people are being faced to find employment in agriculture which is already suffering from the productivity level that is barely above subsistence. Under these circumstances

circumstances increasing numbers of people are also being forced to remain idle. This phenomenon is indirectly reflected in the statistics on economically active persons to total population in 1961 was 45.8 by 1971 it has decreased to 42.0

A recent study by the Planning Commission indicates that open unemployment defined as those without any work, spending time without doing any thing, idle, remains at 5.6% of the labour force. In comparison with many other developing countries this may seem a low figure, but it provides a maximum on which to base estimates of the general problem of full utilisation of the available manpower. Generally in a country like Nepal, where will over nine tenth (9/10) of the people live in rural areas, open unemployment remains low because most rural people will report their main occupation as farming whether they are actually productively occupied or not. Thus, the low figure on unemployment cannot be taken as more than a maximum indication of the degree of manpower utilisation in the country.

Manpower development in Nepal is limited mainly to two areas (i) education including basic education to all and training of skilled personnel. (ii) improvement of the health condition of the people.

Education and health attracted little attention in the earlier plans. But recently there is increasing awareness

that they are very important variables in the overall development of the country. The new education plan adopted in 1971 reflects the determination of Government to use education as a medium of development. The plan seeks to relate educational output to the country's manpower requirement standards of education were set, priorities defined, text book made available and educational opportunities expanded to villages by ensuring guarantee minimum salary for the teachers. The primary education was also made free. The 5th plan targets in education were :-

- i. To provide primary education to 70% of primary school age children.
- ii. To provide lower secondary school facilities to 50% of primary student (enrolment) and to provide higher secondary school facilities to 40% of lower secondary enrolment.
- iii. Extension of vocational training institution.

One objective of the national educational plan is to gear up programmes to meet the demand for lower and medium level technicians. Training facilities are being increased in the field of agriculture, forestry, engineering, medicine, and technology through the concerned institute of Tribhuvan University scholarship and special programmes are offered for students from remote rural areas.

Thus, the education programme of Nepal is mainly worked out from the point of view of getting enough people to join the Government services or to man the development programmes. To that extent, the literacy and skill development is more emphasised than providing functional education. Moreover, the programme stresses on hardware items to improve quality and to extend educational among poor children who find it difficult to attend school for several reasons.

The health services are also being improved. The health services plan envisages that every community will receive the services of a junior. Auxillary Health Centre(AHW) trained to communicate fundamental health project projection techniques including mother and child care the family planning. They will be suspected and supervised from the health post covering a large area, 810 such health posts are planned in the fifth plan. There is also a programme to provide a hospital and a rural health office in almost all district headquarters by the end of the plan. At present 30 districts do not have such facilities.

Though these is increasing awareness about the need of or controlling the growth of population. Very little has been achieved or done in this direction. The target to reduce the cruce birth rate from 40 per 1000 to 38 per 1000 and child mortality

from 200 per 1000 to 150 per 1000 was launched but target could not be achieved. The growth of population from 1971 to 1981 was unprecedented compound growth rate of 2.66 percent per annum. After this the growth rate has restarted to some extent that is 2.49 percent during 1986-87. As it appears that the situation is still worse in the health front where there is high concentration of all the health centres in the urban and semi-urban areas of the district head quarters only. It is very clear case that rudimentary health services does not exist in the agricultural areas of the Nepal. The cases of tuberculosis are very high and other water borne disease like dysentery, hook worm, glottis asdos on are rampant in the area of rural hills of Nepal.

Improved health conditions reduces the waste of human and physical resources. The health hazard of the hill areas of Nepal particularly in villages is compounded by the fact that there exists complete scarcity of drinking water in all the months of the year with an exception of the monsoon season. Governmental attempts are being made to solve the problems but they are inadequate and ineffective in the rural areas. In case of the farmers of the remotest villages are not getting the benefit of the drinking water supply scheme of the Government.

In the last that not the least more emphasis must be given on the growth of ancillary industries to cup-up with the

with the increasing population and pressure on agriculture, since the industrialisation of large scale seems to be possible because of the hilly terrain. Steepness of mountains social erosion and land slides. Therefore there exists wider feasibility to develop small scale industries, horticulture, bee-keeping flouriculture, piggery, goatery and daily farming in the hilly terrain of the rural areas of Nepal. It is quite unfortunate that farms are illiterate to understand the importance of ancillary industries deep agriculture and use of modern methods and machinery for agriculture. Governmental efforts are very often not upto the mark since planners are having more interest in large projects which are mostly financed by the foreign countries (not in favour of Nepal but in favour of financing country) rather than tiny programmes which seems more suitable to the rural areas. While formulating any programme the previous plan execution and its output alongwith all other parameters are to be given place so that the plan in true means goes on smoothly and gives its benefits to all the concern authority. The marketing is very very poor in Nepal in my view it is so because the product of this contry which is undeveloped or under the process of development cannot complete to the product of advanced and developed countries. So Govt. must make some such policy to which can give protection to the products of the country. It can

be safety suggested that direct provision for health, child care, education, suitable training (jobs oriented) facilities supply of pure drinking water and so on will definitely tackle the existing problems of agricultural economy of the rural Nepal. Nepal needs a basic need approach for its rural development with emphasis on increasing the quality of human resources.