Land, Agriculture and Agrarian Transformation



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This book is dedicated to:

Millions of rural people who nurture the nation but have remained themselves unattended and discriminated against.

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Rural life in contemporary Nepal is more complex than it is described by some scholars on primary relationships and cooperation. The land based feudal structure backed by the rulers and elites kept nurturing discrimination, class exploitation and exclusion of the majority of the deprived and powerless people who generally lived in the rural setting. Millions of such small, near landless and landless farmers are poor, ill nourished and lack a respectable social and economic status but have kept the rest of the Nepalese alive by working hard in the fields and producing food for them.

Very few persons who controlled most of the resources and occupied power positions have blocked alteration in the existing unequal agrarian relations. This book attempts to bring such issues to the public. Intellectual works from a wide range of social science disciplines would hopefully contribute to a meaningful alteration in the agrarian relation. This book thus aims at helping the policymakers better understand the issues related to agrarian transformation.

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Editors

January, 2011

Acronyms and abbreviations

ADB	Asian Development Bank
AIDS	Acquired Immuno Deficiency Syndrome
ANPA	All Nepal Peasant Association
AoA	Agreement on Agriculture
APP	Agriculture Perspective Plan
B.Sc. Agriculture	Bachelor of Science in Agriculture
B.V. Sc. & A.H.	Bachelor of Veterinary Science and Animal Husbandry
BAP	Bisheshwar Among the Poor
BoP	Balance of Payment
BS	Bikram Sambat
CA	Constituent Assembly
CBD	Convention on Biological Diversity
CBS	Central Bureau of Statistics
CEAPRED	Centre for Environmental and Agricultural Policy Research, Extension and Development
CEDAW	Convention on Elimination of all Forms of Violence Against Women
CIP	Country Investment Plan
COLARP	Consortium for Land Research and Policy Dialogue
CPI	Consumer's Price Index
CPN UML	Communist Party of Nepal (Unified Marxist Leninist)
CRC	Convention on the Rights of the Child
CSRC	Community Self-Reliance Centre
CTEVT	Council for Technical Education and Vocational Training
DARAB	Department of Agrarian Reform Adjudication Board
DDC	District Development Committee
DFID	Department for International Development
DFRS	Department of Forest Research and Survey

DLS	Department of Livestock Services
DoA	Department of Agriculture
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FEER	Far Eastern Economic Review
FFS	Farmer Field School
FORWARD	Forum for Rural Welfare and Agricultural Reform for Development
GDP	Gross Domestic Product
GEFONT	General Federation of Nepalese Trade Unions
GoN	Government of Nepal
GVA	Gross Value Added
Ha	Hectare
HDR	Human Development Report
HICAST	Himalayan College of Agricultural Sciences and Technology
HIV	Human Immunodeficiency Virus
HLSLRC	High Level Scientific Land Reform Commission
HLRC	Human Rights Law Centre
HNRSC	Human and Natural Resource Study Centre
IAAS	Institute of Agriculture and Animal Science
ICESCR	International Covenant on Economic, Social and Cultural Rights
IFPRI	International Food Policy Research Institute
IIDS	Institute for Integrated Development Studies
ILO	International Labour Organisation
INSEC	Informal Sector Service Centre
IPM	Integrated Pest Management
IPR	Intellectual Property Right
IRDP	Integrated Rural Development Project
ITPGRFA	International Treaty on Plant Genetic Resources for Food and Agriculture
JT/JTA	Junior Technician/Junior Technical Assistant
LDC	Least Developed Country
LIBIRD	Local Initiatives for Biodiversity, Research and Development

LRA	Land Rights Activists
LWM	Landless Workers Movement
M. Sc. Agriculture	Master of Science in Agriculture
M/TNC	Multinational/Transnational Corporations
MDG	Millennium Development Goal
MLAR	Market-led Agrarian Reform
MNC	Multinational Corporations
MoAC	Ministry of Agriculture and Cooperatives
MoF	Ministry of Finance
MT	Metric Ton
NALAR	National Alliance for Land and Agrarian Reform
NARC	Nepal Agricultural Research Council
NARDF	National Agricultural Research and Development Fund
NARSC	National Agricultural Research and Service Centre
NAST	National Academy of Science and Technology
NC	Nepali Congress
NCCR	Swiss National Centre for Competence in Research
NFIDC	Net Food Importing Developing Countries
NGO	Non Governmental Organisation
NIDS	Nepal Institute of Development Studies
NLRCG	National Land Rights Concern Group
NLRF	National Land Rights Forum
NLRGG	National Rights Concern Group
NLSS	Nepal Living Standards Survey
NPC	National Planning Commission
NRs	Nepali Rupees
ODA	Overseas Development Assistance
OECD	Organisation for Economic Co-operation and Development
PAF	Poverty Alleviation Fund
PCRW	Production Credit for Rural Women
PhD	Doctor of Philosophy
PPP	Prioritised Productivity Package
PRSP	Poverty Reduction Strategy Paper

SAP	Structural Adjustment Programme
SLAR	State-led Agrarian Reform
SMS	Subject Matter Specialist
SPS	Sanitary an Phyto-Sanitary agreement
TBT	Technical Barriers to Trade
TDC	Tea Development Corporation
U-CPNM	Unified-Communist Party of Nepal, Maoist
UNDHR	United Nations Universal Declaration on Human Rights
UNDP	United Nation Development Programme
US	The United States
USAID	United States Agency for International Development
VA	Value Added
VDC	Village Development Committee
WB	World Bank
WDP	Women's Development Programme
WFS	World Food Summit
WTO	World Trade Organisation

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Chapter

1

Setting the context: Land, agriculture and agrarian change

Kailash N Pyakuryal
Bishnu Raj Upreti

1. Context

People's successful movement in Nepal has recently dismantled a two- and a half century old Shah dynasty and Nepal has transformed from a kingdom to a federal republic. Consequently, the debate on restructuring of the state and societal transformation has become a common discourse at academic and political levels. Transformation for the purpose of this book is defined as a socio-political process of change in characters, functions and power relations of a society whereby the conventional land-based agrarian relation is altered. Hence, it is a broad concept. It is a gradual process of change in social configuration (alteration in the existing relations, representation, access, control and governance) of social, economic and political context and content. It is often intended and sometimes unintended. Change has qualitative and quantitative characters that alter the existing ones and give different meaning and appearance. In the context of agrarian change, it is an alteration of agrarian social relations and power dynamics. Hence, we have used the terms 'agrarian transformation' and 'agrarian change' simultaneously to denote the same thing. However, we have differentiated agrarian change from agrarian reform, as the former is broader and deeper in its essence compared to the latter. Agrarian reform is often superficial or gradual improvement in the agrarian relation without questioning the fundamental power relations in an unequal, feudalistic society. It is basically a corrective measure whereas agrarian change or transformation is fundamental questioning on unequal power relations and therefore it is more transformative in nature.

Agrarian reform, if narrowly defined, relates to government-initiated or government-backed redistribution of agricultural land but if understood broadly, it also encompasses an overall redirection of the agrarian system of the country, viz., land reform measures, credit measures, training, extension, and land consolidation (Csaba and Nash 1998).

Ben Cousins (2007) differentiates agrarian reform from land reform which is as follows: While land reform is concerned with land rights and their character, and strength and distribution, agrarian reform besides these components also encompasses a broader set of issues: the relations of production and distribution in farming and related enterprises, and how these connect to the wider class structure. Agrarian reform is thus concerned with economic and political power and the relations between them. Land reform aims at enhancement of livelihoods and for this a favourable policy environment is required which is only possible with a pro-poor government (World Bank 2003).

Land reform programmes vary from country to country and these are related to the agrarian structure and the social, economic and political background. Agrarian reform seeks to improve the standard of living of the peasants, and redistribute land and income through creation of employment. It also aims at increasing the productivity of agriculture by modernisation of agriculture and creation of improved infrastructures (Zarin 1994).

2. Agrarian context of Nepal

Nepal's political change has shaped much of the agrarian reform to agrarian change process. Often, demand for agrarian change emerges very strongly at the time of political change and gradually translates in agrarian reform after the political change. The agrarian change process is also influenced by the global, regional and national political context. There were political changes in the continent in the mid-nineties, in particular, during the late 1940s in India when India got independence with the demolition of a century old British rule. This inspired the Nepalese to revolt against the 103 year old Rana regime and install democracy. The People's Movement was successful in overthrowing the oligarchic system with the reinstallation of an active monarchy from the king who was simply a titular head during the Rana regime. Agrarian reform was one of the main agenda at that political change. However, the democratically elected government of 1959 was sacked by the then king Mahendra in even less than sixteen months and in 1961 a partyless Panchayat system was introduced by the king with his direct rule. During the same time, President Ayub Khan of Pakistan who was an Army General himself had sacked the democratically elected Prime Minister Julfikar Ali Bhutto. President Ayub Khan introduced a new political system known as "Basic Democracy" which was more of a military system and all political parties were banned. King Mahendra

might have been influenced and encouraged by this undemocratic step of General Ayub Khan. For nearly three decades Mahendra and then his son, Birendra ruled the nation as active monarchs. During the 30 year period, the state had concentrated its efforts to maintain and enhance agrarian relations to promote or strengthen its autocratic political system. Political parties, carrying agrarian reform agenda, were banned. However, the banned political parties continued their struggle to change the political system by mobilising their sister organisations such as peasant, student and labour unions. A condition for a political change was created when people were mobilised by all the political parties and finally in 1990 the autocratic Panchayat system was demolished and a multiparty political system with Constitutional Monarchy was reintroduced. Again agrarian change became one of the main agenda of political parties. However, it did not progress much.

During the whole period of history, the King represented the feudal minority in Nepal. Several periodic plans were introduced during this period particularly after the overthrow of the Rana regime. But there was more dissatisfaction as the benefits of the plans and programmes rarely trickled down to the people at the grassroots level. This created dissatisfaction among the people. This was reflected in the political change of 1991. Common people's feelings that were suppressed during the Rana regime and the Panchayat system surfaced very quickly under the changed circumstances. The decade old armed people's movement (1996-2006) launched by the Maoist Party paved the way for sensitising the poor and the down trodden rural folks who formed the majority (more than four-fifths of Nepal's population reside in rural areas). All political parties including the Maoists launched an agitation for 19 days supported by civil society organisations. The government led by king Gyanendra was paralysed and the king kneeled down to the people. Kingship was abolished and Nepal was declared a Federal Republic. Later, Nepal was also declared a secular country.

Nepal's development performance has not been satisfactory in the past. Improvements in health and education sectors are seen in terms of increased number of schools, colleges and universities as well as health infrastructures. However, poor people's access to these facilities has not been smooth. The population is increasing and agricultural production has not matched with the ever increasing mouths. In spite of the tremendous potentiality of Nepal to develop, its water resources are under utilised. Productivity of major crops such as paddy and wheat has increased during

the past 60 years. This is mainly due to the use of improved varieties of seeds. However, yields of maize, barley and millet, which are the poor man's food have been either stagnant or growing at negligible rates during the past six decades. These crops are not on the government's priority list for research and development.

Table 1.1: Percentage increase in the yields of major food crops (kg/ha) during 1950-2001

	Paddy	Maize	Millet	Wheat	Barley
1950/51	1900	1799	1000	960	1000
1960/61	1938	1951	926	1230	1111
1970/71	1949	1869	1126	846	924
1980/81	1932	1624	998	1218	863
1990/91	2407	1625	1166	1410	940
2000/01	2745	1829	1095	1886	1111
% Increase	44%	2%	9%	96%	11%

Source: Adapted from (DoA 2010; MoAC 2009; MoF 2010)

The share of agriculture to the total GDP has decreased and agro-based industries have not yet been developed. Agriculture is not commercialised nor are there congenial agricultural policies friendly to small and marginal farmers. The declining share of agriculture in the gross domestic product (GDP) in Nepal is often misunderstood as declining importance of agriculture and hence lower investment. This is similar to the mainstream paradigm of the 1950s that suggested that agriculture should be squeezed in favour of more dynamic sectors of the economy (Timmer 1984). This may be true in conditions of growing agriculture. But if agriculture is traditional, yields are low and living standards are near subsistence, the "squeeze agriculture" paradigm creates economic stagnation (Timmer 1984, p 49). For industrial revolution, one needs to induce agricultural transformation.

When individuals realise that there is discrepancy in outcomes between groups of people in similar situations, a sense of injustice is aroused; some are more privileged while others are not. In situations of unfair distribution of resources, societies become quite prone to social unrest. This is supported by the theory of relative deprivation (Deutsch 2000).

Nepal's land distribution violates the principles of equality, equity, and need, and therefore generates conflict. Access of small and the landless

farmers to cultivated land is limited and land distribution in Nepal is skewed as most of the small and marginal farmers have very small holdings and own a small percentage of the total land whereas very few large farmers own a larger percentage of land. According to a government report (CBS 2006), the average land holding in Nepal is 0.8 Ha. Those small land holders who hold 0.1 to 0.5 ha are nearly one-half (47.3%) of the total land holders and they own only 14.7 percent of the total cultivated land. Nearly three-fourths of the total land holders (74.7%) are within the range of 0.1 to 1 ha and they own only 38.9 percent. Twenty-five percent of all the land holders who have more than one ha hold more than three-fifths (61%) of all cultivated land. In the absence of industrial growth, agriculture has been the main source of livelihood to the majority of the Nepali people. Land is a symbol of wealth, prosperity and power in Nepal. Those who were close to the rulers received land against their services that they provided to the rulers. Ultimately, in due course of time such land owners became the feudal landlords and the poor and the powerless worked on land for the owners on various tenure arrangements. Private money lending was practised and the interest was compounded into the capital and the poor farmers were pushed to rural indebtedness. The super structure supported this feudal system. Rural social institutions, infrastructures, bureaucracy, and the country's legal system all supported this feudalism. The poor, Dalits, most of the ethnic groups, women and other minority groups who in number form the majority never had a voice in governance. They are still relatively powerless and devoid of land which is one of the important factors of production.

Until the abolition of the Panchayat System in 1991, those who spoke for their community or ethnic group were taken as "communal" persons and as such they were pathogenic to national integration. They were perceived as deviants by the mainstream elites/power holders. These deviants were called anti-nationals ("*arashtriya tatwa*"), insurgents, extremists or even separatists.

The powerful elites thought that lifting the label 'deviants' from diverse people and recognising their rights of sovereignty and granting autonomy or independence to native nations would imbalance the dominant discourse and if the dominant discourse is changed, it would erode the power of the centralised state and empower the powerless and lead them to resistant movements.

Nepal in the past practised an assimilation approach to national integration with the assumption that diverse caste and ethnic groups would assimilate

into the dominant discourse (Brahmin/Chhetri) (Pyakuryal 2008). However, it seems that this did not happen. During the Rana regime and afterwards with the change of political systems there has not been a power shift yet and groups of people who were deprived of privileges and power have now increasingly manifested their grievances in various forms so as to exert pressure on the state. The indigenous nationalities have demanded that the state should honour the ILO 169 Convention of which Nepal is a signatory. This convention is more related to the rights of the indigenous peoples on their land and other natural resources. Similarly, people of the Terai, the Madhesis, have claimed that the whole of Terai should be a federal state in the republic. It is not only ethnicity which has been a factor for discrimination. People in Nepal have been discriminated against on various grounds such as gender, caste and ethnicity, class, religion and region. An analysis of caste/ethnic representation in the government at policy level in Nepal during the period 1951-2006 (Yadav 2007) concludes that Brahmins, Chhetris and Newars who make up 35 percent of Nepal's total population are over represented in the government and the other 65 percent have been largely left out. Gurung (2007) also suggests demolition of cultural dominance of a particular group so as to respect human rights for all under a multi-cultural setting. And as said before, access and control on land by those dominant groups have been one of the main factors for such a continuous domination.

A recent study on land reform in Nepal (Wily et al. 2008, p 131) concludes that land reform in Nepal has so far failed and it is mainly due to the lack of government will. The same report also mentions that agriculture was "repressed rather than stimulated through the reforms. Similarly, the study of Upreti et al. (2008) reveals that most of the land reform approaches and policies of land reform in Nepal have not succeeded, poor and marginal people have suffered more and land became perennial source of conflict and tension in the Nepalese society.

Nepal is an agricultural country as most of its population is engaged in agriculture. The country cannot transform itself from its subsistence status to a more vibrant economy unless the agriculture sector is reformed and transformed into a more profitable business.

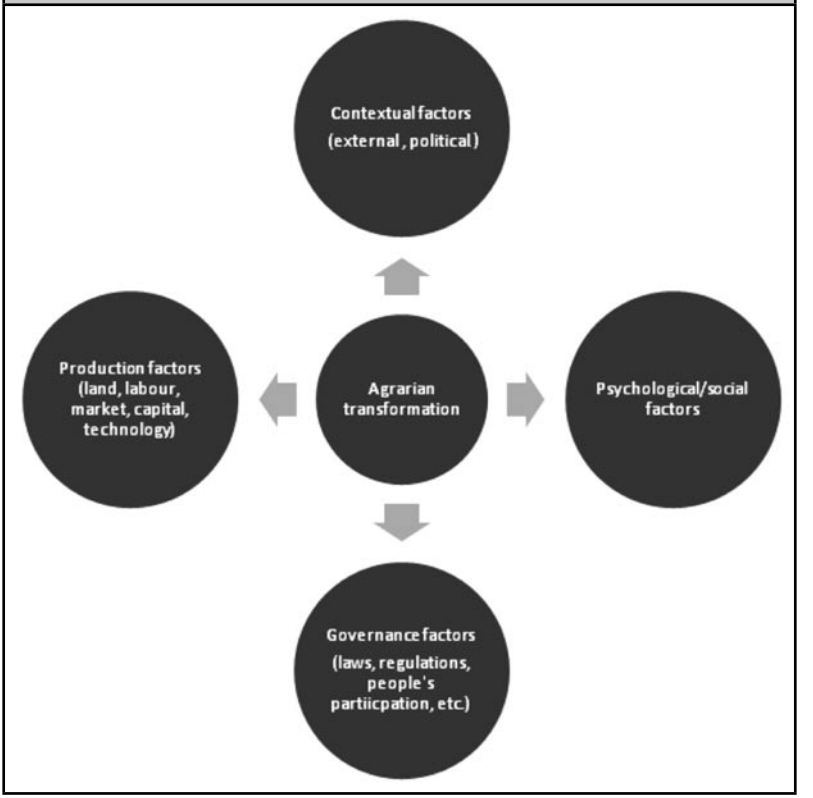
This chapter briefly analyses the importance of land as a means of livelihood for poor farmers, the role of agriculture in terms of employing

the majority of the poor people as well as its potentials to contributing to the national economy. It then discusses the possibilities of agrarian reform and transformation.

3. Conceptual framework

Agrarian transformation is a function of various factors such as production factors, psychological and social factors, governance and political factors and context factor (Figure 1.1). Factors of production (land, labour, market, capital and technology) are still under the control of a small and powerful group and the poor, marginal and the landless farmers operate in an unequal mode of production relations. The elite (conventional landlords and neo-elites) have influence on governance, institutions, laws and regulations and their influences are utilised to serve their purpose at the cost of the poor and marginalised people who constitute a large section of an agrarian society. The poor and deprived have been gradually losing trust in the bureaucracy and in those who exercise economic and political power. These socio-political and socio-psychological factors are shaping agrarian relations. The degree of agrarian change depends upon the level of alteration of these relationships. Hence, changing such psycho-social factors constitutes a basis for promoting participation of the agrarian population in the transformation process. Likewise, the state laws, regulations, policies and strategies are crucially important factors for agrarian change. When the state constitution, laws, acts and regulations and institutional arrangements are facilitating to change the unequal agrarian power relations, social change is faster. Often, elite power centers are resistant to agrarian change because of fear of alteration in their access to and control over stare power and resources. Besides these three fundamental endogenous factors, globalisation and geo-political dynamics are external factors, which have an influence in the agrarian transformation process. The following diagram summarises these interrelated factors affecting agrarian change and provides a conceptual framework for this book.

Figure 1.1: Components of agrarian transformation



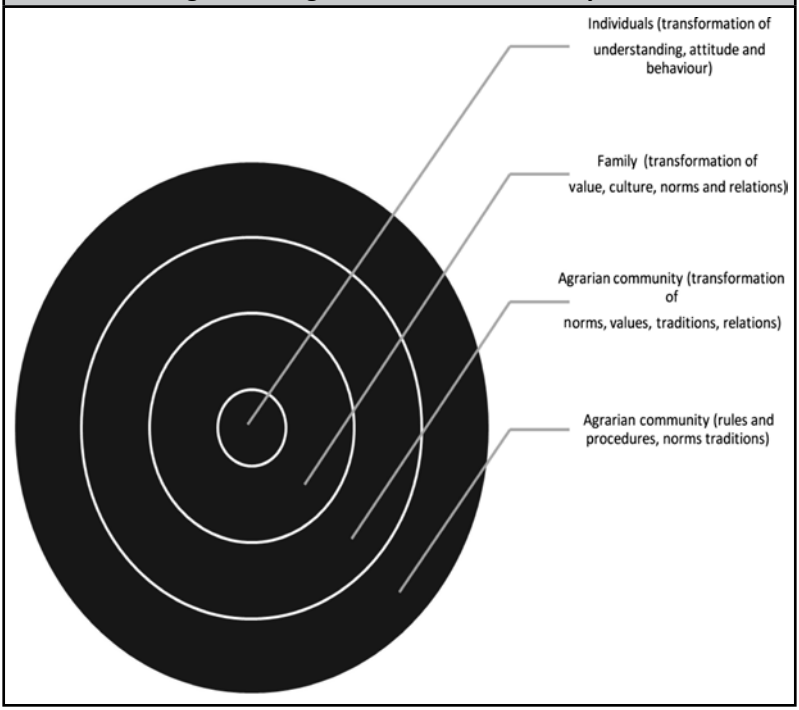
Source: Designed by the authors.

So far, the agrarian change process is mainly focused on land-based relationships. However, we are looking beyond the land-based power relations and covering psychological factors, governance, external context and factors of production.

Agricultural transformation in the Nepalese context is a precondition for agrarian change, meaning that it has to transform itself into a business, moving beyond the subsistence mode. The overly dependent labour force in agriculture needs to move to non-agricultural sectors. Farmers have to be empowered and have to have a greater role in the economy and politics of the country. Though the primary goal of agrarian transformation

is to bring about positive changes in all components of agrarian structure (Figure 1.1) the conditions indicate that prevalent government policies, legislations, rules and regulations are not congenial for the deprived and the landless population and therefore changes need to start there.

Figure 1.2: Agrarian transformation layers



Agrarian transformation is also related at different levels. The very first level is transformation of individual member of the agrarian society in terms of understanding, attitude and behaviour. Then, it has to go to family where changes are needed in the values, norms, relationships and tradition. Then, it has to go to changes in the values, norms, relations and tradition in the agrarian community and finally the fourth level is change in the rules, procedures, tradition and norms of the agrarian society. Hence, it is a hierarchical, interwoven and interrelated process. This is explained in Figure 1.2.

4. Land and agriculture

Nepal which stretches from east to west looks like a giant staircase if seen from above. Up in the north there are high mountains and agriculture is livestock-based. In the middle there are hills which contain fertile valleys and terraces suitable for food crops and fruits. The southern plain known as Terai is a granary of Nepal and food crops, cash crops, tropical fruits, and vegetables are grown. Across these main physiographic regions, there is a plenty of biodiversity. Medicinal plants, wild animals and other natural resources are found which make Nepal a rich country in terms of natural resource endowment.

4.1 Land use

Of the total land area of Nepal, 20.1 percent is cultivated and if this cultivated land is added to the non-cultivated area this becomes nearly 27 percent of the total land. Forest land is nearly double of this area. This is a good ratio between agricultural and forest land as forest is needed for making agriculture productive. Forests supply green leaf for manure, conserve water sources and help in rainfall. The following table gives land use systems in Nepal by different physiographic region.

Table 1.2: Major land uses of Nepal

Area in '000 Ha

Physiographic Regions	Land Uses						
	Agriculture			Grazing	Forest	Others	Total
	Cultivated	Non Cultivated*	Total				
High Himal	8 (0.2)	2 (0.06)	10 (0.3)	884 (26.0)	221 (6.6)	2234 (67.0)	3349
High Mountains	245 (8.1)	147 (5.0)	392 (13.2)	510 (17.2)	1813 (61.2)	245 (8.3)	2960
Middle Mountains	1222 (27.5)	665 (15.0)	1887 (42.5)	293 (6.6)	2202 (49.6)	61 (1.4)	4443
Siwaliks	259 (13.7)	55 (2.9)	314 (16.6)	21 (1.1)	1477 (78.3)	74 (3.9)	1886
Terai	1234 (58.5)	117 (5.5)	1351 (64.0)	50 (2.4)	593 (28.1)	116 (5.5)	2110
Total	2968 (20.1)	986 (6.7)	3854 (26.8)	1758 (11.9)	6306 (42.8)	2730 (18.5)	14748

*Note: * These are non-cultivated inclusions within the mapped agricultural land.*
Figures in parentheses represent percentages.
Source: LRMP Economics Report 1986.

4.2 Land reform

As mentioned in the preceding section, there is however no judicious distribution of land and land reform has always been an agenda of major political parties. Subsequent governments implemented land reform programmes with no influence or change in the agrarian structure. The poor performance of government implemented programmes in various periods of history have been well documented (Wiley et al. 2008). Political parties had their specific positions mentioned in their political manifestoes. Table 1.3 gives a glimpse of the position of major political parties as mentioned in their manifestoes issued prior to the Constituent Assembly election.

By the way of comparison, the manifestoes of the United Nepal Communist Party of Nepal (Maoist) and Communist Party of Nepal (UML) are basically similar in spirit. They promise that agricultural land will be within the control of the tillers. However, the Maoists propose a revolutionary land reform programme whereas UML advocates a scientific land reform programme. None of the manifestoes explains what revolutionary and scientific land reforms are. The Nepali Congress Party and the Madhesi Janadhikar Forum mention the need for a general consensus on the meaning and the type of land reform. They also carry the view that land reform must be linked with agricultural growth and development.

The issue of land and land reform is extensively being debated at present in the parliamentary committee. Should or should not land be taken as a fundamental right of the people and whether land above the ceiling should or should not be compensated are some of the important issues to be resolved.

Table 1.3: Political parties' positions on land rights according to their Constituent Assembly election manifestos

Party	Position
United Communist Party of Nepal (Maoist)	1. Right to land shall lie with the tiller, 2. All forms of feudalism shall be eliminated, 3. Revolutionary land reform should be implemented, 4. Absent landlordism shall be fully eliminated, 5. Land shall be distributed free of cost to the real tiller, tenants, freed Kamaiyas, landless and poor farmers, 6. Different land ceiling shall be determined for terai, hilss and mountain regions and implemented and, 7. Joint Ownership Land Certificates will be issued in all land transactions.

Nepali Congress	1. National consensus about land reform will be sought which would guarantee increased productivity, 2. Serious use of land and policy on land use shall be sought and, 3. The rights, social security and development of landless, Kamaiyas, Badis, and other marginalized communities shall be sought with priority.
Communist party of Nepal	1. Scientific land reform shall be introduced in order to transform old production relations, modernisation and professionalisation of agriculture shall be given high priority, 2. Considering the recommendations of the high level land reform commission in the past and the one to be formed in the future, programmes shall be run for scientific land management, distribution and increasing productivity, 3. Landless people including freed Kamaiyas shall be made the owners of land and their problems of accommodation/housing, education and health shall be solved.
Madhesi Janadhikar Forum	1. Consensus is needed on land reform among several political parties. On the basis of consensus, full support of parties functioning in Madhes-Terai shall be sought, 2. Land reform shall be undertaken in conjunction with other political reform programmes such as state restructuring, proportional state and federalism based on autonomy, 3. Land reform or agriculture reform programme should be undertaken as a 'basket plan'. Land above ceiling should be distributed to local indigenous, landless poor farmers. Plans to modernize and mechanise agriculture shall be provided for irrigation, fertilisers, seeds, cheap loan, roads, electrification, market management and price determination.
	4. In countries like Nepal which is a semi-feudal or has an agricultural economy, the process of capital formation in sectors other than agriculture can not be speeded up without capital formation and investment process should be done rapidly in both agricultural and non-agricultural sectors. The land above the ceiling should be distributed to the local indigenous, landless and poor farmers.

Source: Ekchhin (2009, p 13)

4.3 Agriculture

Agriculture in Nepal is by far the largest sector of the Nepalese economy contributing 34.1 percent to the total GDP in 2009/2010 (MoF 2009) and two-thirds of the economically active population are engaged in this sector (CBS 2008).

Agriculture is also an important sector of the economy which is central to accelerated growth. Sustainable agricultural development would lead the country to prosperity whereas negligence of agriculture would aggravate poverty and unemployment and lead to poor health and education. In the early 1960s, the per Hectare yield of Nepal's major crops such as paddy,

wheat and sugarcane were significantly higher as compared to those of other South Asian countries. Presently, Nepal's yield rates of these crops fall far short of those realised by other countries (APP 1995). With the successful introduction of green revolution technologies during the late 1960s to 1970s Nepal's neighbouring countries have made long strides in raising their agricultural productivity while Nepal has largely been bypassed by the these changes.

To realise an accelerated growth in agriculture and through it a remarkable change and transformation in the social and economic conditions of the majority of the people, one needs to consider other factors of production as well besides land such as marketing, technology, inputs and labour.

Equitable distribution of land, guaranteeing land ownership to the tenants, land consolidation and improvement, and developing and adopting land use plans are some of the land related improvements required to develop agriculture.

Technological innovations via appropriate agricultural research are needed to improve agriculture. The research policy also needs to be drastically changed since the constraints faced by small and marginal farmers have not been addressed. Crops such as millet, barley and maize are staple food to most of the poor and these crops can also grow in less fertile land. No significant research has been done on barley and millet. Similarly, agriculture in Nepal is largely rain-fed. There is a need for research on zero tillage and development of crop varieties resistant to drought. Similarly, in the regular programmes of the concerned agencies, crop varieties should be developed to suit the country's agro-ecological diversity and extension needs to be tailored to specific production niches.

Poor farmers are constrained by lack of resources to invest on inputs such as plant protection drugs, chemical fertilisers, seeds and irrigation water. Timely supply of inputs is not assured as Nepal is dependent on import of most of these inputs. The near landless, poor and marginal farmers on the other hand cannot afford these inputs unless supported by the state through an appropriate subsidy policy. Establishing a fertiliser factory in Nepal and manufacturing plant protection drugs with proper consideration of environmental factors need to be given a serious consideration.

Landless agricultural labourers and peasants need to be protected and wage should be fixed by the state. Similarly, these labourers should be helped in attaining the status of farmers. With advancement in agriculture, the labour force from agriculture would shift to the non-agricultural sectors and thus

augment industrial development. At present, neither agriculture nor industry is improving. There is a decline in agricultural labour force with no industrial growth. This means that the performance of agriculture is extremely poor. With increased emphasis and investment in agriculture the scenario could reverse.

Farmers will receive better incentives if, besides other factors as described above, they receive attractive price for their products. This would call for developing the market and linking it with national and international market networks. Farmers should be fully capable of reaping the benefits of globalisation instead of globalisation victimising the small and marginal farmers. Together with market networks farmers' organisations should also be well developed to make them capable to face the challenges of globalisation and bargain for higher benefits. They would then become powerful citizens of the country.

We would now share the following phase-wise strategy for agrarian transformation basically through agricultural transformation.

4.3.1 First phase (5 years)

Redefinition of agriculture: Agriculture should be understood not only as a means of livelihood of the poor people but also an engine of growth (APP 1995, p xvii). Features of Nepal's agriculture is generally understood as a subsistence, rain-fed, low yielding, low paid, unrespectable endeavor. On the contrary, it should be understood as a vibrant sector which provides not only food security to its people but also plays an important role in the country's security. As the largest contributor to the GDP and an employer of majority of the population, it could transform the agrarian society into a vibrant, equitable and inclusive economy. Considering the vast agro-ecological variations, Nepal has a great potentiality to use its comparative advantage and modernise and commercialise its agriculture. Thus, when we think of agriculture we need to consider its unique features as a combination of crops, livestock and horticulture together with agro-forestry, biodiversity, development of market networks and trade and commerce. Feminisation of agriculture and its related consequences in extension education and training should also be reconsidered in redefining and understanding agriculture.

Restructuring (integration of agricultural research, development and education): Until now agricultural research is organised at the centre, the apex body being NARC supported by its regional research stations (see Chapter 8 for further details). Similarly, for extension and training

activities, there is a Department of Agriculture at the centre with its 75 district agricultural development offices. Although programme budgets are prepared at the districts and regions, these are centrally finalised and then sent to the districts through the Local Development Offices. There is an Institute of Agriculture and Animal Science at Rampur in Chitwan with its two satellite campuses, one in Sunder Bazaar, Lamjung, and another at Paklihawa, Rupandehi. These educational institutions offer various degree programmes in agriculture, livestock and veterinary sciences.

Nepal after the promulgation of a new constitution will be a federal republic. Agriculturally, Terai, hills and mountain are the three distinct physiographic regions where research and extension should be re-oriented to meet the regional needs. The centre should support these regional centres. Broad policies such as on land and agriculture should address the problems of the small, landless and the near landless farmers who work on farms. Regions, following the broad guidelines, should develop their own plans and programmes which would help small, landless and near landless farmers to raise their quality of life.

This would also require revising curricula for various levels of agricultural education. Regional agricultural colleges should also offer specialised training on livestock, veterinary science, horticulture, pasture and crops according to the needs and potentiality of different regions. Thus, the existing unitary system should be restructured to match the federal system and accordingly agricultural bureaucracy (ministry, departments and research organisations) should be restructured.

The other problem is lack of coordination among research, extension and education. The Nepal Agricultural Research Council is an autonomous body whereas agricultural development activities (extension and training) are within the scope of the government Department of Agriculture (DoA) and Department of Livestock Services (DLS). Agricultural education is within the mandate of the Institute of Agriculture and Animal Science (IAAS) of Tribhuvan University. Thus agricultural research, agricultural development and agricultural education are run independently and there is a pressing need for a coordinated programme among these three areas of agricultural development.

Implementation of a scientific land reform (research, land improvement and management): As the majority of the Nepalese still depend on agriculture, land becomes one of the most important bases for their livelihood. In the absence of effective alternative options and existing

skewed distribution of land, redistribution of land becomes the foremost reason for an effective land reform. However, it is to be noted that not all types of land across various regions are equally productive. So, while fixing land ceilings, consideration needs to be given to the agro-ecological regions and fertility of soil. In the high mountains, farming is livestock-based. There, farmers need pastureland, not cropland. Similarly, for an example, Doti and Jhapa have different productive capacity per unit land. Agricultural land at one place is differently valued compared to land at a different place. All of these factors govern the decision on fixing land ceilings.

For land reform to succeed, it needs to convert tenants into owners of land; this would motivate them to produce more. The other important factor to consider is that agricultural development must be in commensurate with land the reform programme. Research, extension and education must address the problems of small farms, provide irrigation, and ensure smooth access to credit facilities with adequate and suitable infrastructures. For land reform to succeed the government must establish an excellent data management system, a land use plan and strong farmers' organisations. All of these are important components of a scientific land reform programme.

There are numerous documents written on land reform in Nepal and there are suggestions made by the high-level land reform commissions formed at different times. These reports should be revisited and an inclusive, equitable and a scientific land reform and management programme should be launched with great efficiency and all party (political) support.



Photo 1.1 Interaction on Scientific Land Reform, 20 April 2009 (COLARP)

Infrastructure development: There is a need for further development of agricultural roads; small, medium and large scale irrigation systems; and micro hydro power for generating electricity for irrigation, market networks, cooperatives and cold storage at various places; and fruit and vegetable processing plants.

There is need for an Agricultural University in Nepal. Besides its mandate for agricultural education, it should also be made responsible to conduct agricultural research and extend its services to the farmers. The university should work in close coordination with the government.

4.3.2 Second phase (5-10 years)

In the second phase the direction of research should be changed to making it more relevant and able to face challenges brought about by globalisation. The thrust in research should be on crops which are important to the poor people together with other traditional crops. Commercial and industrial crops should also get priority. This would then require a revision in the university curricula with the aim of becoming better able to address contemporary advancements in agriculture. Commercialisation and industrialisation of agriculture will occur. The details follow:

Research thrust on:

a) Subsistence food crops (viz. barley, maize, millet, sorghum etc.) livestock, NTFPs and agro-forestry,

b) Basic crops, livestock, germplasm,

c) Commercial crops (potato, vegetables, dairy, poultry, etc.),

d) Industrial crops (sugarcane, tobacco, jute, cotton, tea, coffee, timber, etc.),

e) Revision of academic curricula to incorporate subjects related to agriculture transformation,

f) The interrelationship and interconnection between infrastructure development, resource management, enterprise development, trade and export promotion, etc.,

g) A comprehensive database is essential on land resources based on geographic information system and other modern technologies to develop any plan related to land resource and therefore this must be one of the priorities in future.

Presently, academic (toward seeking degrees) and non-academic (for skill development) training programmes are not oriented toward achieving agrarian transformation. Curricula which address the issues of small farmers will equip students and researchers with skills to deal with various issues related to land management and globalisation and would enable students to acquire knowledge that would help farmers to organise, develop and change the structure to meet their concerns.

Scientific agriculture: At this stage, land reform programmes will fully utilise advancements in agriculture. Proper infrastructures are developed; research, extension and education are reoriented, and with the application of science and technology and policies that are friendly to small farmers, agriculture will become the engine of development.

Commercialisation: Until now most of the agricultural produce in Nepal is consumed domestically. In subsistence farming crops are mostly grown for household consumption and not for sale. By comparison, commercial farming provides products for sale. With advancement in agriculture, Nepalese farmers will also look for markets and start producing for trade and commerce. Simultaneously, with the growth of urban centres and emergence of specific demands, agricultural products would become more specialised and commercial farming would be developed. Farms would start producing a sizable surplus of selected crops. Farmers would trade for manufactured goods or sell for cash.

Industrialisation: Industrialisation of agriculture refers to a form of modern farming that refers to the industrialised products of livestock,

poultry, fish and crops. These are innovations made with the help of modern agricultural machineries, farming methods, breeding and proper marketing strategies. In short, the raw products are changed into finished products and marketed with higher profit.

Dealing the Effect of Green/White Revolution: Yield increases are not possible without the use of modern inputs. The green revolution certainly helped to feed millions of people whose life would otherwise have been worse. Nevertheless, it has also been criticised for its hidden costs to the society. These costs were use of poisonous drugs in the soil and crops and pollution of ground water and atmosphere that was hazardous for the health of both animals and human beings. Overuse of "improved seeds" would replace local landraces and the existing biodiversity could diminish. Hence, the third phase sustainability should be prioritised.

In this phase all the points mentioned above in two phases will be integrated into the broader rural infrastructure development.

4.3.3 Third phase (10-15 years)

In the third phase, Nepal will attend sustainable agricultural development. Commercialisation and industrialisation will not devastate the environment. Modernisation of agriculture will commensurate with environmental protection.

Farmers will have strong organisations and they will be represented in decision making processes affecting agrarian changes. They will also influence economic and political sectors. Farming will be established as economically attractive, environmentally or ecologically sensitive, and socially prestigious occupation.

Agro-based industries will be developed and Nepal would export processed agricultural products.

With the development of eco-tourism and other rural infrastructures such as rural roads, cold storage facilities, cooperatives, rural poor including the small, landless and near landless farmers will be fully employed and be able to improve their quality of life.

The pressure on agricultural land will gradually decline as industries will grow. Agriculture and industry will complement each other.

Transformation will occur at individual as well as family levels. With higher income, there will be more investment in health and education. Values and norms of the community and the society will also change. The fatalistic

attitude will change to one's capacity. Conservatism will be transformed into openness looking forward positive changes.

Agrarian change will alter the existing agrarian relations and as explained in the section on conceptual framework, production factors, psychological and social factors, governance and political factors, as well as the contextual factors will change leading to agrarian transformation.

5. Conclusions

There have been great political changes in Nepal in the past such as the overthrow of autocratic Rana regime in 1950, demolition of three decade-old Panchayat system, conversion of monarchy from an active to a constitutional status in 1990, and turning Nepal into a federal republic in 2006. These are great political changes. Unluckily, within this span of time (60 years) there was no significant progress made in the areas of economic and social conditions of the vast majority of the Nepalese people. The economic and social base of feudalism has remained intact and with such political changes, the poor and the marginal people were not empowered. Income inequality has increased and the existing rules and regulations are not friendly to the powerless.

In this regard, land becomes one of the most important factors to make a group powerful or powerless. Inequitable land distribution needs to be seriously corrected and hence the importance of a scientific land reform.

Having done this, agricultural development programmes should immediately assist the deprived with appropriate technological support and institutional arrangements.

Agriculture should take off from its subsistence nature to a vibrant modern and commercial farming leading to industrialisation. Current low productivity of the five main food crops (paddy, wheat, maize, barley and millet) has the potential to increase three folds, and as a result, Nepal could become a food grain exporting country from its present importing status.

Once the present land-based feudalism is broken and a breakthrough is attained in agriculture with the integration of agricultural research, extension and education and implementation of farmer friendly policies; there is no way anyone could stop Nepal advancing with respectable economic growth and development.

Agrarian transformation would occur, subsistence agriculture will turn into a modern, commercial and industrial agriculture and agricultural

development will accelerate industrial development in the country. Farmers will be more powerful and influential in policy formulation and decision making leading to agrarian transformation through alteration in the existing feudal agrarian relations (as explained in Figure 1.1).

About the book

Realising the importance of land in the life of small, marginal, near landless and landless farmers and the need for dismantling the century old land-based feudalism from Nepal, the Consortium for Land Research and Policy Dialogue (COLARP) initiated a discourse on land issues with its member institutions: Swiss National Centre for Competence in Research (NCCR) North-South, South Asia Coordination Office, Central Department of Geography, Tribhuvan University, Human and Natural Resource Study Centre (HNRSC), Kathmandu University, Nepal Institute of Development Studies (NIDS) and Community Self-Reliance Centre (CSRC) and then with a broad spectrum of Stakeholders such as farmers, landless people, politicians, media persons, high level scientific land reform commission (HLLRC) and the likes. COLARP organised seminars, meetings and radio programmes, and participated in public hearings, mass rallies. It brought up land related issues in radio and television programmes and also prepared a documentary. All these are important activities leading to the liberation of the deprived. The need for a book that contained authentic evidences, ideas and development models was more obvious while COLARP kept growing.

The book has a collection of articles contributed by senior researchers of national and international fame in areas that they have specialised. Student researchers during their masters and PhD. programme also contributed to this endeavour with empirical evidences. The book should be useful to researchers, students, policy makers and politicians. As most of the authors are social scientists, the book may also become a reference book for the students of economics, sociology, anthropology, political science, and rural development.

The book contains 11 chapters related to land with focus on small farmers and with an emphasis on agricultural development aiming at agrarian transformation.

The first chapter deals with agrarian transformation which is viewed as a socio-political process of change in terms of characteristic function and power relations of a society where conventional land-based agrarian

relations are altered. Chapter two is on food security. Food security is taken as a basic and fundamental human right of each citizen of the country. Access to food is a human right issue; the state should ensure the right to food of its citizens. The author mentions that besides technical solutions dealing with food it also needs a firm and continuous political commitment of those who are in the government. Chapter three is about human security. The relationship between land-based agrarian tension, human security and armed conflict in Nepal is analysed in this chapter. Land-based inequities have triggered armed conflict in Nepal. During the 10-year armed conflict people faced economic, social, political, environmental and personal insecurity. Such a situation leads to outbursts of agrarian tension. The authors carry the view that socially constructed inequities and oppression in an agrarian structure should be minimised by addressing the issues of landlessness, tenancy and skewed distribution of land. Chapter four is on small farms. Nepal's agriculture is predominantly made of small farms and this chapter makes a case with empirical evidences that small farms still perform better than large farms. It argues that there is a need for a pro-poor governance policy which protects the interests of small farmers and such a strategy of the government would defend the small farmers' concerns from global hegemony being observed in agriculture.

In chapter five, the author reviews land reform programmes of few selected countries of the world and Nepal. He views land reform programme as a catalyst to transform a rural and agrarian society. The author argues that redistribution of land is essential for productivity enhancement, maintaining the environment and imparting equity and social justice. He recommends launching of a land reform programme through radical measures.

In chapter six, the authors mention that landlessness makes a person devoid of productive resources such as land and discrepancy gives rise to two antagonistic classes—the resource rich (with land resources) and resource poor (landless). Class struggle brings societal changes. Redistribution of land empowers the poor. The process of globalisation and urbanisation also helps in bringing agrarian changes but opportunities created by globalisation are harvested better by the more educated and informed rich class. For the landless poor, land reform is the mechanism for improving their quality of life. Chapter seven is on land movements and agrarian change. The paper argues that the dominant elite, i.e., the power holders have controlled most of the land and have thus continued to protect their power. However, land movements have emerged to put

pressure on the government for a genuine land reform in the country. Due to lack of political sincerity and lack of a genuine land reform programme, issues such as food insecurity, power imbalance, unemployment, social injustice and dependene on foreign assistance still persist. Chapter eight is related to poverty alleviation through the reorientation of agricultural research, extension and education in Nepal. The article critically examines the current research, extension and education systems of the country and explores the possibility of improving the systems and linking these with poverty alleviation. Bearing in mind the role of agriculture in improving the quality of life of the majority of the people the chapter suggests the need for improving the way agriculture systems operate at present. A functional linkage between research, extension and education is essential. There needs to be a greater involvement of the private sector and upgrading of extension personnel to address the changing structure of agriculture. Chapter nine analyses the macro-economic aspects of agrarian transformation in two ways: first, it reviews the current situation of Nepalese agriculture as the focus area, and second, it portrays that Nepal's agriculture continues to be neglected by both the government and the donors alike. The authors mention that agriculture suffers from low productivity, skewed land distribution, land fragmentation, low ratio of capital expenditure, scant flow of foreign aid, and absence of a land use policy.

Chapter ten investigates the issues of agrarian transformation within agriculture/rural society, and from an agrarian to industrial/modern society in Nepal during the 1961-2010 period, and compares it with lessons from India, China and Thailand to drive home some important policy implications.

The principal concepts employed in the study are political, economic schools and methods and some sociological theory, agrarian structures and dynamics of their transformation within agriculture/rural society such as a shift from feudal to capitalist methods or peasantry fundamentalism about production relations. In this process, the principal stakeholders, their power base, and economic interests are also discussed in the light of the Nash bargaining triangle. In Chapter 11, the authors, using Giddens' structuration theory and following Carter's economic approach of conflict and change, argue that an agrarian structure is influenced by attitude, behaviour and practice (actors) and conflicting political ideology (Marxist and liberal). Transformation of an agrarian society depends on the structural changes, actors' attitudes, government policies, socio-economic development, and the role of the state, multiple actors, structures, ideologies and external factors.

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Chapter 2

Right to food and food security in the changing context

Yamuna Ghale

1. Introduction and review

Nowadays, the food security and hunger issue has become prominent in the political and development discourse worldwide. It is an important issue because of its fundamental nature associated with the right of every citizen to have access to food and the obligations mainly of the State for continued human existence. Historically, it has been dealt with in relation to production, food based trade and transactions, cultural values and gender relations. Nowadays, food is increasingly being considered a tradable commodity, which is mainly guided by the political interest of different stakeholders driven by economic motives. The social and cultural aspects of food is thus consistently over-shadowed. Moreover, the costraints posed by the shrinking production base and growing pressure on the resource base, globalisation of commodity and associated services, and investment plans and patterns in the agriculture sector have played a major role in defining the future state of food security, mode of production relation, resource mangement apparoaches, trade rules and safety provisions.

1.1 Right to food

Right to food is right to life. Without food, sustenance of life is out of imagination. Therefore, right to food is one of the fundamental human rights. Within the human rights framework, everyone has the right to have access to nutritious and culturally acceptable food in the required amount all the time. The concept of rights has been first coined in 1941 by Franklin D. Roosevelt while addressing the American Congress on January 6, 1941 within the framework of rights to be free from want (Franklin D. Roosevelt 1944). The subsequent United Nations (UN) frameworks and other international instruments have laid further emphasis on protecting various other human rights.

While dealing with the Right to Food, an understanding of hunger and its different manfestations is very important. It gives a strong foundation to analyse the context, develop perspectives and then devise appropriate measures.

1.1.1 Hunger

Hunger is the state of denial of access to food and the threats associated with it due to different factors. Therefore, hunger needs to be understood and interpreted from all spheres of economic, social, cultural and psychological wellbeing of a person in relation to food. Hunger therefore has its manifestation in different forms; some forms of hunger are visible and draw immediate attention of different stakeholders for quick response. However, some other forms are not directly realised easily by many but can have longer term effects damaging the human potentials.

The forms of hunger are quite diverse and contextual. The form and nature of hunger has been revealed in different forms in different countries ranging from location specific epidemics to violent social unrest. However, the severity and complexity of hunger mostly exists in developing countries, especially the least developed countries (LDCs) and conflict affected situations. Whichever is the form of hunger, its nexus with the production relations, market dominance and safety provisions are very vital to be looked at carefully. To understand hunger more, below are some elaborations.

1.1.1.1 Acute or transient hunger

This form of hunger is caused by immediate event such as natural disaster like drought and flood, market disruption and ineffective supply chain at the local level. It can have a direct impact on the state of human physiology and immediate access to food and production resources which can lead to famine in certain locality at a particular time period such as influenza and diarrhoea if not addressed timely.

1.1.1.2 Chronic hunger

According to Food and Agriculture Organisation (FAO), people who have access to less than 1710 to 1960 Kcal are considered as being in chronic hunger. This form of hunger is generally a manifestation of systematic denial of access to productive resources and weak purchasing power. This form of hunger can make permanent damage to human life due to sustained uncertainty on access to productive resources and other means of livelihood. In the long run, it can cause malnutrition and poor state of health thus hampering attainment of improved livelihoods.

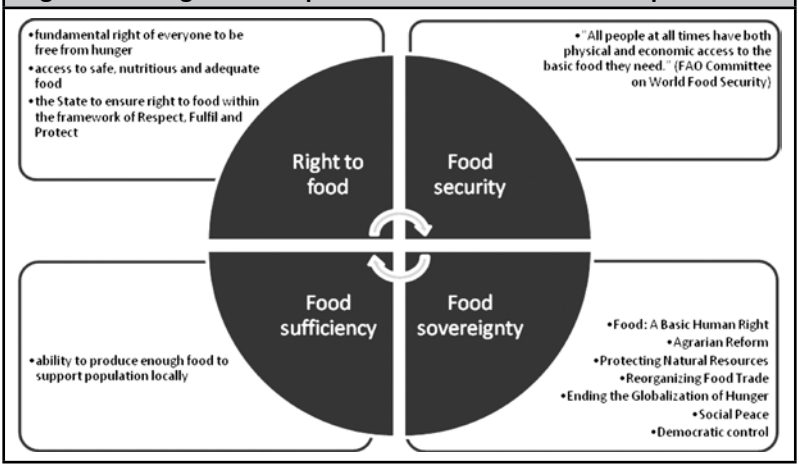
1.1.1.3 Hidden hunger

This form of hunger is complex and remains invisible in many instances. It is generally triggered by macro level economic alignment and structural adjustment processes. Sometimes, the economic processes undermine the leverage and space of developing nation states to challenge prevalence of negative implications of macro economic reforms. The influence can be seen in the production system, changes in food habit and food basket composition, capture of food supply chain by the corporate companies, and commoditisation and privatisation of productive resources. The overall process of corporate control ultimately creates dependency and paralyses purchasing capacity of the people. In the long run, food can become a political weapon to alter power relations and sometimes to threaten national sovereignty. Therefore, it is very important for the State to position itself in the course of protecting the right to food of its citizens.

1.2 Different concepts of food

Different concepts of food are in discourse, with their own background, areas of competence, legality, mandates and diasporas. However, the most important issue is that each Nation State has the leverage to opt for any mix of the modalities to be more effective in course of being responsible to guarantee the right of its citizens to food. Four most commonly discussed and basic concepts are presented in the pictorial diagram below.

Figure 2.1: Diagrammatic presentation of different concepts on food



The four basic concepts have their own specialties and backgrounds. The right to food has its fundamental logic in being consistent with the human rights priciples and provisons that are enshrined in many international documents accepted and agreed to by many Nation States. Likewise, national policies, laws and staretgies need to be aligned accordingly to ensure the right to food. Therefore, this concept basically advocates the right to be free from hunger and the State to ensure right to food by promoting equitable production relations, regulation and facilitation of the market to benefit the most vulnerable and protection of people from being exposed to hunger during crisis and other situations such as old-age, diasabilities, etc.

The concept of food security is guided mainly by the Food and Agriculture Organisation (FAO) definition, where it seeks a mixed modality for ensuring access through local production as well as enhacning the purchasing capacity of people to afford food all the time. It therefore encourages Nation States to be able to ensure food security through both physical and economic access.

The concept of food sufficiency is very narrowly defined, where food supply is expected to be fulfilled through the local and or national production itself. It might have been the case long time back when the food production relations were not challenged so far by economic greed, population pressure over production resources was low, other livelihood assets such as education, employment and out-migration were not given priority except food, and the food basket composition was very simple based on natural production. Nowadays, this concept is being heavily challenged mainly due to liberalised market economy, globalisation of food production and marketing related services and encroachment on production resources due to political reasons. However, this concept emanates from the fundamental principle of self-sufficiency in at least staple foods if not in all food items. This is expected to reduce dependence on import and protect Nation States with weaker economies against the global financial crisis, trade flaws and negative impacts of food price hikes.

Food soveriegnty is a newly emerged and widely advocated concept worldwide. It is mainly being promoted by the peasant farmers, fisherfolks, indigenous communities and environmental groups, who believe in a democratic control on production resources mainly by the local communities, indigenous people and small holders. This concept is gaining ground due to the fact that hunger is being globalised and is

aggravating the negative impacts of free trade. The concept aknowledges the principle of right to food through agrarian reform ensuring a holistic alteration in the production, distribution and marketing systems in the fight against hunger.

In a nutshell, all four concepts are interrelated in different ways. The Nation States therefore have a choice to adopt a specific modality for ensuring the right to food of its citizens. In this context, food sovereignty is a wider concept which strongly advocates agrarian reform. Therefore, the section below further elaborates the relationship between the right to food and food security, and agriculture and agrarian reform agenda.

2. Right to food, food security and their linkages with agriculture and agrarian change

As described in the foregoing section, ensuring the citizens' right to food and food security by the State is intricately related to the production relations and agrarian context of an individual country. Therefore, this section highlights both international and national scenarios of food security, different provisions to promote the right to food and draws logical relations for transforming the agriculture sector through agrarian reforms.

2.1 International context

The number of people suffering from hunger and under-nourishment is sharply increasing worldwide. According to a recent estimate of FAO, 1.02 billion or one-sixth of all of humanity is suffering from hunger, which is the highest level of chronic hunger since 1970. Among the hungry and undernourished people, majority of them belong to the Asia Pacific and Sub-Saharan Africa accounting for 642 million and 265 million, respectively. Among those, children and women are the most vulnerable groups (FAO 2009). It is estimated that to feed the ever growing population, there is need for increasing the world food production by 70% by 2050. Though there are controversies about whether food production in itself is a major challenge, the other factors such as distribution, availability, access, affordability and proper utilisation are equally important aspects to deal with hunger. The new trends of an increasing food prices, limited employment opportunities and economic downfall and climate changes have posed further vulnerability to dealing with the long-term challenges.

The world leaders have now realised that dealing with hunger and undernourishment requires a multiple approach to production and marketing focused programme as well as safety net programmes dealing with emergencies and crises. In this process, the heads of the state had once again put their effort to deal with it jointly. Most importantly, it has been recognised that longstanding underinvestment in food security, agriculture and rural development has been further exacerbated by other economic and climate related factors. As a consequence, meeting the Millennium Development Goal (MDG) targets is becoming more difficult. Likewise, national efforts are seriously lacking for progressive realisation of the right to food. Considering the complexity of the problem, the Heads of States and global institutions made joint commitments to deal with hunger with strengthened international coordination and governance through the Global Partnership for Agriculture, Food Security and Nutrition.

Developed countries have well identified economic potentials of their agriculture despite the limited proportion of their population involved in it. At the global level, increasing interest to invest on bio-energy has been guided dominantly by political reasons. For example, the US decided to invest on bio-energy to limit its dependency on fossil fuel imported from the Middle East. Likewise, EU is investing in bio-fuel to mitigate the negative impacts of climate change. The trend to invest on bio-fuel is thus on the rise. The worldwide investment of USD five billion in bio-fuel in 1995 rose to USD 38 billion in 2005 and it is expected to reach USD 100 billion by 2010. It shows the increasing interest to shift investment priorities. At the same time, in cases of shortage, like the present food crisis experienced globally, resourceful countries are in a position to adopt immediate measures to mitigate the negative impacts. For instance, American cattle feed industries started to produce bio-fuel from maize and use the residue for cattle feed. The European Union has decided to compulsorily set aside agricultural land to produce enough food grains in coming years. China decided to discontinue production of bio-fuels from agricultural crops. Likewise, overall investment by developed countries in land grabbing in developing countries and possible displacement of small holders from agriculture is increasingly becoming more likely. This is actually a strategy followed by the developed countries to ensure their own reliable food supply system. This on the other could severely jeopardise the agrarian reform and right to food agenda of developing countries, particularly LDCs. The land grabbing trend can be seen in the following table:

Table 2.1 Investment on land and food supplies in selected countries

Region	Target country	Investor country	Nature of deal	Source
Africa	Kenya	Qatar	40,000 ha leased for fruit and vegetable cultivation in exchange for funding US $2.3 billion port	http://www.nation.co.ke/News/-/1056/513528/-/view/print Version/-/3wecp8z/-/index.html; www.arabianbusiness.com/543415?tmpl=print&page=
	Mali	Libya	100,000 ha secured for rice	http://www.lemonde.fr/planete/article/2009/04/15/securite- alimentaire-2-5-au-mali-les-nouvelles-mises-en-culture-beneficient-surtout-aux-investisseurs-libyens_1180879_3244.html#ens_id=1178742
	Sudan	Jordan	25,000 ha secured for livestock and crops	http://www.jordantimes.com/?news=12422; http://www.jordantimes.com/?news=12484

Source: IFRPI (2009)

The table above gives a very clear idea that there is a growing interest to invest on agriculture especially to ensure supply for domestic consumption of the developed countries. The number of private firms and or companies based in developed countries is increasing and they have made substantial investments in land acquisition for food production in developing countries whose governments are showing an increasing interest. It clearly shows that there is a strong relation between the available production resources, investments patterns, trade functions and food security agenda, where increasing interest of both the state and non-state actors can be seen. It also gives an idea of how the future trend of investment in agriculture and food production would look like and how they would be increasing pressure on agricultural land and in the process changing production relations and capturing decision making processes in determining global food prices by the investors. It shows that this is not only important to understand the future trend of global and local food security but largely of governance issues in the whole food chain. It has therefore created an opportunity to make a careful analysis of the situation in each country and plan for their own future. It also sends an alarming signal to the developing countries to be careful about the possible and increasing threat of losing their local and national control on production

and marketing processes and becoming net food importing countries. Becoming a net food importing country largely means drastic increment in the food import bill, conversion of small farmers to wage labourers on the farms of mostly the foreign investors, loss of indigenous gene pools and associated knowledge and technology, low investment in research and development of local cultivars that have different cultural and nutritional values, and finally loss of national sovereignty. Therefore, it is high time to engage, understand, analyse and plan together in partnership of both international and national, and state and non-state actors to fight against hunger.

Many efforts are under way in international forums to address hunger and food insecurity worldwide. The recently concluded 7th Session of the United Nations Permanent Forum on Indigenous Issues identified and discussed the theme of "Climate change, bio-cultural diversity and livelihoods: the stewardship role of indigenous peoples and new challenges" and urged to deal with global issues with the people at the centre. Likewise, the World Development Report 2008 of the World Bank has given a clear emphasis on the need to invest more in the agriculture sector. Similar is the assessment of other actors like the UN, OECD, Asian Development Bank, and New Partnership for African Development. Signatory states are bound to fulfill the provisions of a number of international instruments. They are morally bound to abide by the provisions made in the Universal Declaration of Human Rights. ILO 169 obliges them to respect the rights of indigenous communities over natural resources. The Convention on Elimination of all Forms of Violence Against Women (CEDAW) requires the states to guarantee women's access to productive resources. They have to utilise and develop benefit sharing mechanisms in accordance with the Convention on Biological Diversity (CBD). The International Treaty of Plant Genetic Resources for Food and Agriculture adopted by FAO requires protecting farmers' rights and respecting the consumers' rights to access quality food in the required quantity. To fight against the "silent tsunami" of global food crisis, a joint effort of all global actors, nation states, the private sector and citizens is a must. If not well organised and envisioned, such a tsunami will occur quite frequently, which will cost the poor most.

2.2 National context

According to the Global Hunger Index of 2009, Nepal scores an index value of 19.8, which portrays the alarming situation of the country (IFPRI and

Concern Worldwide 2009). According to the recent scenarios of hunger and undernourishment as reported by the World Food Programme, there has been a decline in winter crop harvest due to late and/or erratic rainfall, skyrocketing food prices, increase in short-term migration and vulnerability to HIV and AIDs risks especially in the west and far-west regions of Nepal. Its impact on women and children, out-migration and negative impacts on agricultural production are some of the results Nepal has alarmingly witnessed. Nepal, an LDC having approximately 66 percent its people still engaged in agriculture and also being at the edge of falling in the alarming category of hunger severity, needs to develop plans with focus on agrarian reform, conservation and utilisation of natural resources, value chain, participation and representation of producers in policy making processes, adequate resource allocation, research and development, promoting local technology and its transfer, protection of genetic resources and provisioning safety net programmes.



Photo 2.1 Vegetables sale at Kalimati. (COLARP)

Agriculture has been considered the main driver for poverty reduction in Nepal. However, the agriculture sector has not received adequate attention at the policy making level. Adoption of a holistic and participatory policy process is constrained by lack of political positioning regarding food and agriculture issues, limited resource allocation and uncoordinated approach to implementation of policies and plans. The 20-year Agriculture

Perspective Plan (APP), which was adopted by the Government of Nepal (GoN) in 1995 as a guiding document to transform the agriculture sector is yet to be realised. Major flaws in development plans and policies in the agriculture sector are: adoption of an input based production modality, ignorance of structural issues such as reforms in production relations, inadequate attention given to ensuring social justice and equality through agrarian reform, exclusion of producers especially women and land poor in policy processes and programme implementation, treating agriculture as a production-based sector in isolation of other sectors, and weak assessment and preparedness to deal with contemporary issues like privatisation and liberalisation led by the globalisation process. The cumulative effect of all these has thus limited the potential of gaining momentum in developing the sector and in a holistic transformation of the agrarian economy.

Nepal is now a part of the economic globalisation process. The country became a member of the WTO in April 2004. It is associated and aligned with different international provisions and regional trade forums exposing itself to different forms of opportunities, obligations and vulnerabilities. Gaining membership of different forums does not bring automatic change, it requires many conscious efforts to tap the opportunities and deal with the worst case scenarios that can occur anytime. With its rich biological diversity and associated knowledge, Nepal can reap benefits from the provisions of international agreements like the WTO. If not prepared, it will make the situation even more vulnerable. The need to amend around 42 laws and policies as part of Nepal's accession to the WTO is a concrete example of how complex and demanding the process and its consequences are. The level of international pressure and consequent weak groundwork at home can expose Nepal to further vulnerability. Among many, four agreements within the WTO are directly related to the agriculture sector, agricultural trade, farmers' rights, and food security. The four most important agreements are: a) the internationally contentious clause of Intellectual Property Rights regime, which advocates establishment of monopoly rights of resourceful individuals or institutions to acquire patents on genetic resources, b) trading of agricultural products under Agreement on Agriculture (AoA), c) sanitary and phyto-sanitary agreement (SPS), which deals with the quality aspects of produced goods, and d) technical barriers to trade (TBT). Nepal being a Least Developed Country (LDC) and NFIDC, certain exemptions are given at the WTO. However, the

important message that has to be internalised is that it is the responsibility of the state to take corrective measures in consultation and collaboration with the private sector, civil society, farmers' associations and alliances with like-minded regional and international stakeholders. Therefore, the political visioning on how Nepal would like to protect, manage and mobilise natural and other associated potential base for the benefit of the nation and is citizens is of utmost importance. Nepal therefore requires urgent but coherent programme and policies in partnership with the public and private sectors to deal with this serious issue. Since Nepal is at the stage of finalising its Constitution, it can pave its way by guaranteeing the Right to Food through all means and eradicate hunger at individual, household to national levels. For this, the opportunities brought forward by political positioning such as Nepal as the chair of LDCs can also provide space to influence global programmes and policies through joint efforts of all LDCs and its issue-based alliances. If Nepal does not deal with the situation carefully by exploiting available strategic spaces while there is still time, it can lead to different forms of conflicts and social unrest, which at any cost is not helpful to restore just peace in Nepal and do justice to others as one of the global actors.

2.3 Agrarian reforms with respect to multifunctionality of agriculture and food

Agrarian reform in its narrow sense refers to government-initiated or government-backed redistribution of agricultural land but in the broader sense, it is the process of overall redirection of the agrarian system of the country, which often includes land reform measures. Agrarian reform can include credit measures, training, extension, land consolidations, etc. The World Bank evaluates agrarian reform using five dimensions: (1) price and market liberalisation, (2) land reform (including the development of land markets), (3) agro-processing and input supply channels, (4) rural finance, and (5) market institutions. Agrarian reform is very important for the developing countries, where majority of the population remains engaged in agriculture for their livelihoods. It therefore has more significance in protecting food sovereignty which emphasises system transformation for equitable distribution of production services among the rural populations to live a dignified life. Agriculture in this context has therefore meaningful multifunctional value. The performance status of the agriculture sector represents the state of agrarian structure, political vision and commitment

of the state to deal with productive resources linked to citizens' autonomy, entitlement and ownership. Decision of the government to identify the priority sector for investment and producing synergetic effects from the development process and practices determine the production potential, marketing opportunities, and equitable economic growth. In Nepal, 66 percent of its population is engaged in agriculture but the poorest and those who suffer from hunger are the landless labourers and subsistence producers. The costs of production have been increasing and transactions costs between the place of production and consumers are high. Distribution mechanisms have remained poor and ineffective leading to widespread emergence of hidden hunger. Agriculture should thus not be taken as only the source of production but also part of commerce, trade and centre of holistic development of Nepal without compromising the citizens' autonomy and right to productive resources.

Food and agriculture in the Nepalese context has its social, cultural and religious values linked with social identity as well. The rationale of different crops and foods used for cultural purposes has its significance to the farming system, nutritional fulfillment and protection of biodiversity. For example, Quati Purnima celebrated mainly by the Newar community, Udhauli/Ubhauli by the Kirant community, Maghi by the Tharu community, and Chhat by the Terai/Madhesh community have their significance in conserving different types of germplasms, and crops for cultural and nutrition purposes.



Photo 2.2 Varieties of maize displayed at the National Maize Research Programme, Chitwan (Yamuna Ghale)



Photo 2.3 A man preparing a Samaybaji with different food items in Bhaktapur (Yamuna Ghale)



Photo 2.4 Different types of root crops, Chaku. (Yamuna Ghale)



Photo 2.5 Sesame balls selling in the market on Maghe Sakranti. (Yamuna Ghale)

Some of the pictures can depict their importance and use. Food security is an issue of national sovereignty. The Forum for Food Sovereignty in Nyéléni 2007, adopted certain principles of food sovereignty focusing on the right to food, valuation of food providers, localisation of food systems with local control and building knowledge and skills while working with nature. It depicts the importance of dealing with food from the human and national sovereignty perspectives. At the same time, food security is directly associated with different agreements associated with national, regional and international provisions. Therefore, dealing with food requires short to medium and long term vision and appropriate measures. Some of the immediate and medium term measures can be identifying the main causes of food crisis, surveillance measures to control artificial shortages, provision of market monitoring and ensuring equitable distribution of basic food items at reasonable prices through existing stocks. Likewise, expanding initiatives like food-for-work can create more employment and emergence of an unpredictable situation of price hikes may not hit the receivers directly as they get grain in return of their labour. In the long run, such initiatives can damage the local production system and agrarian transformation is possible only through structural reforms dealing with land administration, planning and reform, migration management by creating employment in the agriculture sector, investment on value addition, enhancing road connectivity to market, dealing with the international community to ensure adequate investment in the agriculture sector, and advocacy for elimination of trade barriers to agriculture and protection of farmer's rights.

2.4 International and national provisions/instruments

International

The main international instruments that constitute or develop the right to food are:

- **The Charter of the Organisation of American States, Article 34**: States likewise agree to devote their utmost efforts to accomplishing the following basic goals: Proper nutrition, especially through the acceleration of national efforts to increase the production and availability of food;
- **Universal Declaration on the Eradication of Hunger and Malnutrition, 1974**, which literally reads, "Every man, woman and child has the inalienable right to be free from hunger and malnutrition in order to develop fully and maintain their physical and mental faculties."
- **Universal Declaration of Human Rights, Article 25:** Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control;
- **International Covenant on Economic, Social and Cultural Rights, Article 11:** The State Parties to the present Covenant recognise the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions. "The fundamental right of everyone to be free from hunger" is recognised in paragraph 2 of Article 11. Article 11, especially the right to food, has been interpreted by the UN Committee on Economic, Social and Cultural Rights in its General Comment No. 12, from 1999. The committee mainly interprets the State obligations that derive from the right to food, the principles that govern it, its normative content, what constitutes a violation of the right, and steps the States should take to achieve national implementation.
- **The Convention on the Elimination of All Forms of Discrimination against Women (CEDAW):** Article 14 g: Equal treatment in land and agrarian reform as well as in land resettlement schemes, Article 15: contracts and to administer property

- **The Convention on the Rights of the Child (CRC)**: Article 24 c: provision of adequate nutritious foods and clean drinking-water, which recognises the right of each child to a standard of living adequate for its physical, mental, spiritual, moral and social development.
- **International Labour Organisation 169, 1989:** Rights of local and indigenous communities over natural resources, e.g., Article 14.1; The rights of ownership and possession over territorial land, Article 15.1; The rights of the peoples concerned to the natural resources, right to participate in the use, management and conservation, Article 17.1; transmission of land, etc.
- **Declaration of Principles and Programme of Action of the World Conference on Agrarian Reform and Rural Development**, **1979**
- **International Conference on Nutrition**, 1992: It deliberates about agriculture, trade and nutrition and commit their countries to implement policies to achieve sustainable food security for all.
- **Millennium Development Goal (MDG):** Goal Number 1: Eradicate extreme poverty and hunger.
- **Voluntary Guidelines of the FAO:** Support progressive realisation of the right to adequate food in the context of national food security. The Voluntary Guidelines reiterate the legally binding standards already existing for the right to food in the sources as mentioned above, focusing on how States can fulfill their general obligation to progress towards the full realisation of the right to food as soon as possible, and in the development, implementation and monitoring of its public policies. Considering how different Guidelines have been developed, it has to be taken into consideration that not only have they been adopted by State parties to the ICESCR but also by State members of the FAO, who should apply them in good faith, in compliance with international law.

National

Interim Constitution

For the first time, the Interim Constitution of Nepal recognises the importance of the right to food. Article 18.3 mentions: every citizen will have right to food sovereignty as provisioned by law. Likewise, Article 19.3 makes provision for compensation for land if confiscated by the State while implementing a scientific land reform programme for the national

interest. Such compensation will be based on the reasons and methods devised for it.

National Planning Commission (NPC) currently is preparing a National Food and Nutrition Security Plan and Nepal Agriculture Sector Development Strategy. GoN has recognised the existing poor infrastructure and technical, financial, institutional and managerial capacity to deliver services in an equitable and effective way. For this, GoN intends to prepare a long-term and comprehensive agriculture sector development strategy to address those limitations. Technical and managerial constraints are considered as constraining growth in the sector. GoN is also preparing a proposal on Global Agriculture and Food Security Programme. The overall goal of the Agriculture and Food Security Strategy in the Country Investment Plan (CIP) is to reduce poverty and household food insecurity on a sustainable basis and to strengthen the national economy. The immediate objectives set forth by this document are: (i) to improve coordinated planning and investment of resources in the agriculture sector that will address food availability, food access, and food utilisation, (ii) to increase external resources through government-international partnership and collaboration, and (iii) to monitor and evaluate the indicators and management of the investments made in agriculture, food security and nutrition so as to maintain an efficient and robust agricultural investment programme. There are many other food security related initiatives in the pipeline and more resources are to be invested in Nepal as in other countries of the world. For this, the international instruments ratified by the GoN can also be instrumental in materialising the objectives of securing food for all.

Table 2.2: Some of the major instruments related with poverty and hunger-ratified by GoN

S. N.	Instruments	Date of Signing/ Ratification	Major provisions
1	Universal Declaration on Human Rights (UDHR)		Article 25: Right to food, clothing and shelter for all
2	International Covenant on Civil and Political Rights, 16 December 1966	14 May 1991	Article 1: pursue their economic, social and cultural development, Article 6: Right to life

S. N.	Instruments	Date of Signing/ Ratification	Major provisions
3	International Covenant on Economic, Social and Cultural Rights, 16 December 1966	14 May 1991	Article 1: pursue their economic, social and cultural development, Article 2.1 and 3: full realisation of the rights and guarantee the economic rights, Article 7: employment and fair wages, Article 9: social security, Article 11: adequate food, clothing and housing
4	Convention on Elimination of all forms of Discrimination against Women (CEDAW)	22 April, 1991	Article 14 g: equal treatment in land and agrarian reform as well as in land resettlement schemes, Article 15: contracts and to administer property
5	Convention of Biological Diversity (CBD)	15 September 1993	Local community rights over biodiversity, its use and benefit sharing
6	World Trade Organisation (WTO)	23 April 2004	Article 27.3b of TRIPs: patent rights
7	Convention on Child rights (CRC)	14 September 1990	Article 24.c: provision of adequate nutritious foods and clean drinking-water
8	International Treaty on Plant Genetic Resources for Food and Agriculture (ITPGRFA)	2 January 2007	Article 1: fair and equitable sharing of the benefits arising out of their use, Article 5: exploration, conservation and sustainable use of plant genetic resources for food and agriculture, Article 6: sustainable use of plant genetic resources, Article 9: framer's rights: protection of traditional knowledge, right to equitably participate in sharing benefits and right to participate in making decisions
9	International Labour Organisation (ILO) 169	22 of August 2007	Rights of local and indigenous communities over natural resources e.g. Article 14.1. The rights of ownership and possession over territorial land, Article 15.1. The rights of the peoples concerned to the natural resources, right to participate in the use, management and conservation, Article 17.1: transmission of land etc.

Source: HRTMCC (2010) and compiled from different sources

2.6 Globalisation and food security dynamics

2.6.1 Globalisation of hunger

Worldwide, hunger has drawn the attention of all stakeholders. Different countries are facing different forms of hunger due to different reasons. Manifestation of hunger can vary from damage of human competence to contribute in peace and development to fueling social unrest and conflicts around the world. Response mechanisms for food aid to be devised for various target groups such as refugee camps, conflict or post-conflict area residents and abandoned family members of out-migrants. Similarly, support needs to be provided for the development of climate responsive crop varieties, resource management and implementation of inclusive governance. Despite global attention hunger persisits and it is shame against humanity.

2.6.2 Politics of hunger

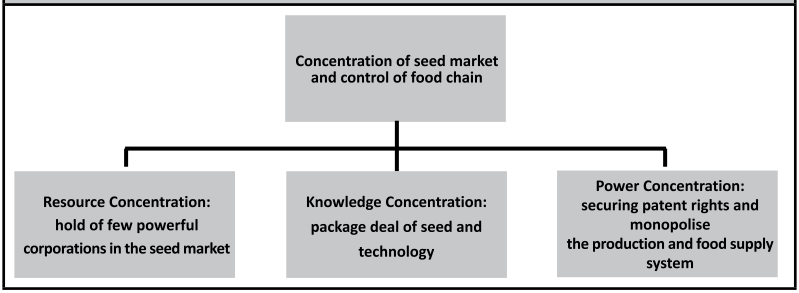
Worldwide, hunger is the most common and effective tool of politicisation. Therfeore, majority of the developing countries that have an agrarian economy are supposed to consider food sovereignty as their principle. Some other countries irrespective of whether they are capitalististic or capitalistic-welfare oriented protect their right to food through supply assurance systems and/or raise a strong voices for trade-offs in bilateral, regional or global trade arrangements.

The political priorities of a nation state indicates its national status and future prospects of food security. For this, the political parties should have a clear positioning and commitment to eradicate hunger and restore peace and development in the country. In Nepal, the farmers' movement has been one of the important parts of major political breakthroughs in history. The movements related to *land to the tillers* adopted by the Nepali Congress and *Bhakari Phor* (burst-open grain storages) led by UML-Nepal, and scientific land reform by the U-CPNM are some specific initiatives in the history of farmer's movement. The democratic movement since the 1990s and after the election of the Constituent Assembly has brought even more opportunities to promote food and agrarian agenda in the forefront. However, the very agenda of food, agriculture and land has so far been shadowed by other political interests.

2.6.3 Concentration of production resources in the hands of corporations

The major production inputs are land, seed, fertiliser, insecticides, pesticides, information, knowledge, technology, credit, etc. The overgrowing corporate globalisation is increasingly controlling those input domains. For example, genetic resources in the world were considered as a common heritage since time immemorial. However, the globalisation and privatisation trend has led to concentration of resources, knowledge and power in the hands of resource rich multinational/ transnational corporations (M/TNCs). The system of granting monopoly rights over genetic resources has consequently posed new challenges in local production, processing and marketing systems of seed and food commodities. The resource-rich countries and profit oriented MNCs are increasingly having more leverage to shape and determine national policies and priorities in the seed sector.

Figure 2.2: Encroachment by corporate organisations on resources, knowledge and power domain in the food chain



The trend of powers concentration through inputs, knowledge, information and technology has been on the rise. The increasing interest and involvement of MNCs in the seed business led to their control over the total production system thus threatening the biodiversity and indigenous knowledge base of local farmers/communities mainly in the developing countries. Investment in research and development and marketing of seeds has guided the production pattern throughout the globe and farmers increasingly rely on companies and their sales agents for knowledge about how to grow, when to grow, where to grow and where to sell the product. This has largely diminished indigenous knowledge and skills associated with those local varieties. More and more investment is made by the MNCs/ TNCs in the seed business that is leading to securing monopoly rights over

seeds through patent protection as provisioned by the WTO, the global institution mandated for global trade facilitation. It shows how seed as a source of crop/food production is serving the interest of companies and farmers/communities are losing their control. In this process, the merger of MNCs to control production inputs including land and food supplies has been a threat for many rural populations in developing world.

2.6.4 Privatisation of production resources

Historically, productive resources, mainly land and water were considered as common heritage. With the rise of commercialisation and liberalisation, resource privatisation has been the central issue for many. It has directly affected the marginal dwellers or small farmers who depend on those resources for their livelihoods. For example, privatisation of fishing by awarding contract to those with larger boats and purchasing certain areas of sea-coast has been displacing small fisherfolks of the Philipines from their livelihoods. Establishment of a Coca Cola company in Kerala estalished a huge water boring displaced indigenous communities as they cannot produce any crops from their farm due to lower water table. Worlwide, the land grabbing process is gaining speed. Majority of the developed countries have done land deals with developing countries as part of the trade deal or in isolation. The major reason for entering into such land deals is to ensure food supply in times of scarcity as well as to seal their market from international price hikes. It raises the issue of displacement of many indigenous communities and small farmers as well as loss of their rights. Limited productive resources are thus captured minimising the space for the landless to acquire land. Finally, lending land to others weakens national sovereignty and the citizens are turned into food insecure groups people.

2.6.5 Exclusion and social injustice

Women worldwide have been denied their full rights on the basis of their gender and gender roles although the degree and nature differs to a certain extent. In a developing country like Nepal women have been closely associated with agriculture or natural resource based livelihoods and hence acquiring land rights for them is even more important. In certain communities such as Janajatis' out-migration of men has created opportunities for women and has given them a chance to take further responsibilities of their families, farms and social relations, which had led them to adopt flexible mobility patterns. But their access and control over

productive resources, especially land, is not transferred in those situations. Therefore, women were denied access to other services for making their land more productive and/or to acquire other social services based on land property. This can be a good example of how women's access to and control over land is overshadowed by superficial benefits without going deeper into the analysis of exclusion and structural causes that has made women to hold a subordinate position in actual practice.

Nepal as a signatory of the Convention on Elimination of All forms of Discrimination Against Women (CEDAW) and its moral obligations to different human rights conventions has the duty to respect, fulfill and protect women's rights to enable them enjoy their existence and identity fully. Land rights have an important role to play in the empowerment processes and to ensure those rights of women to access and control the means of production, mobility and other social benefits. Therefore, granting constitutional rights to women over land is an entry point, which requires a series of multiple steps to facilitate the process of empowerment in other social, political and cultural spheres. Since women's identity and well-being is associated with land, she can step into the process of empowerment only when she feels psychologically well protected and encouraged to enjoy other rights. Therefore, empowering women can facilitate the process of acquiring land rights and access to land rights can lead to women's empowerment.

2.6.6 Commodification of food

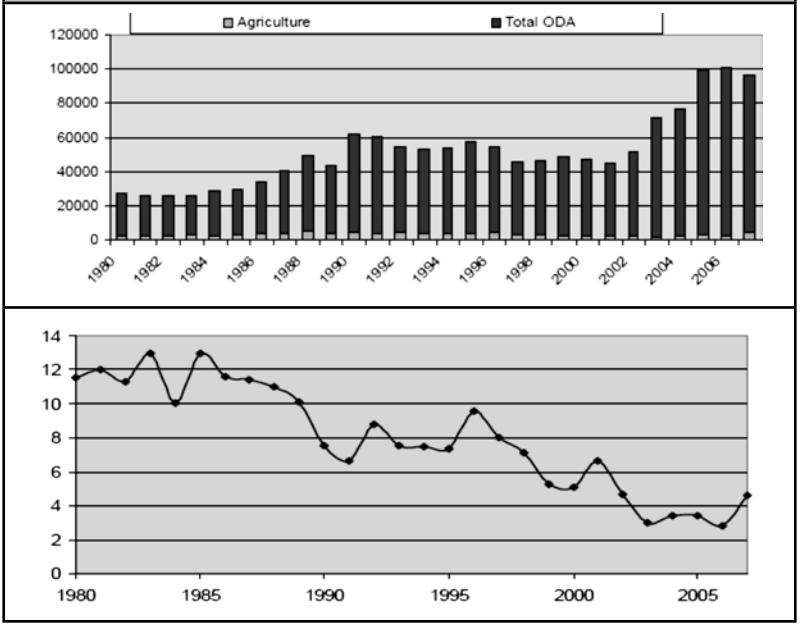
As part of globalisation, food is considered a tradable commodity. Due to increasing globalisation, liberalisation and privatisation and alignment of national economies towards regional and global requirements, and also on account of people's mobility from rural to urban areas and abroad, people are now less attracted to remain in the agriculture sector and this has largely altered the production, market and consumption patterns in many developing countries including Nepal. Likewise, agriculture has always been at the centre of global debate in various trade forums like the World Trade Organisation (WTO). The series of WTO negotiations remained deadlocked on agriculture related issues due to hesitation of the developed countries to adopt necessary corrective measures. The main reasons are: the US does not want to compromise on its domestic support measures in its new Farm Bill and EU is hesitant to eliminate trade barriers applied on identified sensitive farm products.

Increasingly, food has been considered a tradable commodity, which has largely undermined the cultural aspects of food. Likewise, the nutritional aspects of food has been ignored by the commodfication of food. The trade rules have increasingly included food and agricutlure related issues, which capture both food and agricutlure issues. For example, the patent clause in the IPR system of WTO is of grave concern throughout the world. This has been the major block to further the WTO ministerial so far.

2.6.7 Investment in food and agriculture sector

One of the major areas of concern now is the poorly supported agriculture sector worldwide. According to Jacques Diouf, the Director General of FAO, in his speech at the World Food Summit, 2009, national investment is in the range of 5% on average while at least 80 percent of the rural population remains in remote areas in developing countries and mostly engaged in agriculture. Similar is the case of supplementary funds through Overseas Development Aid (ODA). The share of ODA has fallen to 3.8% in 2006 from 19% in 1979 (FAO 2009).

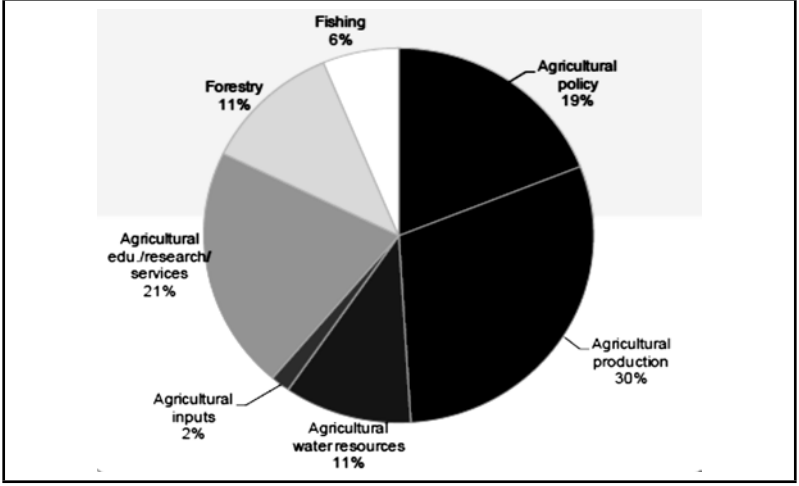
Figure 2.3 Agriculture in total ODA



Source: FAO (2009) and OECD (2010)

It shows that the priority and commitment of developed countries to deal with hunger and undernourishment through sustained production and distribution seems to be increasingly influenced by market based economy, where food has been considered as simply a tradable commodity like others. The world leaders participating in WFS 2009 highlighted on the need to reallocate resources and supplementary funds to revitalise the localised agriculture sector to deal with hunger and undernourishment. The Pope in his inaugural address also focused on the need for technology development and transfer, institutionalising proper policies and laws and building institutions to deal with hunger and undernourishment.

Figure 2.4 Sub-sectoral breakdown of aid to agriculture (Commitments in 2007-08, constant 2007 prices)



Source: OECD (2010)

The figure 2.4 shows that there are multiple areas that require tangible amounts of investment within the agricultural sector. It does not however give a clear picture of whether the investments are enough and also really meant for structural changes to bring agrarian transformation in ensuring the right to food and food security.

2.6.8 Migration

Migration and mobility is a natural phenomenon. However, the resaons for migration and its trend are closely linked with agriculture. In case of developing countries, unskilled labour migration is the most common.

Most of the migrants are from farming background and displaced from agriculture. The displacement is associated with the decade long armed conflict and also subsistence level of income from agriculture, which has not been a respectable sector to engage in so far. So far, remittance from migration has not been invested in productive sectors. Likewise, due to, migration of able persons, there is shortage of labour in the agriculture sector. Feminisation in agriculture is high and rising but tenure patterns have not changed. This has affected the investment in agriculture.

2.6.9 Climate change

Climate change and its impact on agriculture has been one of the highlights throughout the globe. Climate change had received high attention in the WFS 2009 as well. In the Red Room meeting, the Minister for Agriculture from Australia and also co-chair of the session highlighted that the world leaders thought climate change as an environmental issue only around time of adopting the Kyoto Protocol, but now realised as an important public policy issue which has much to do with social issues, economic mobility and stability. He further reiterated issues such as need for preparing a baseline of worldwide bio-resources, research on what works for small land holders worldwide, carbon sequestration through agriculture and need to realize that food also moves physically, economically and politically.

Climate change has affected food production throughout the globe. Australia, one of the world's largest wheat producers, suffered from prolonged drought that led to 10 percent increase in price affecting the global wheat supply chain. Likewise, floods of 2007 in Bangladesh forced the country to purchase extra 2.4 million tons of rice from India to prevent possible famine. The bad weather and pest outbreaks in Vietnam resulted in bad harvest. Increasing deforestation of the Amazon forest for the expansion of cattle pastures and soyabean fields in Brazil have created a livelihood crisis for the indigenous people. In Nepal also, farmers are experiencing the effects of climate change (box below). Thus, climate change also contributed to skyrocketing of food prices globally.

Box 2.1 Cereal and vegetable crops.

At low altitudes such as Majhitole village (pictured below), infrequent but intensive rains combined with periods of drought has damaged farmers' maize and rice crops whilst drought has resulted poor grains development in maize. Subsequent heavy, untimely rains have also flattened and flooded remaining crops at later stages of growth. Farmers in this area reported a 50% loss of crops and some mid altitude farmers had experienced up to an 80% loss.





Krishna Bahadur Majhi & Bishnu Maya Majhi, farmers in Majhitole explained that they have lost up to 50% of rice and maize crops to drought and heavy rain in 2009

At higher altitudes no winter rainfall and intense summer rain has impacted on crop production in recent years. Farmers explained that their main food crops of potato and wheat are now almost unviable and rice crops, which rely on dependably high levels of water during transplanting and early growth, have reduced by up to 50% as a result of drought conditions.

Source: SDC/GoN/Helvetas/Inter-Cooperation (2010)

2.6.10 Justiciability

A provision in the Constitution provides the basic foundation for citizens to claim their right to food. However, the constitutional provisions need to be supported through legal, policy and programme responses. Most often, there are confusions regarding how to bring food under the framework of justiciability. If the primary blocks of rights to food such as respect, protection and fulfilment are fully internalised and accepted, there is always pressure on the state to establish the right to food. Since both food and agriculture have multifunctional charater, it is always important to see the connections of production, market and consumption

patterns and interrelations. Different international instruments such as UDHR, ILO 169, CRC, and CEDAW can provide enough basis to interpret the right to food in the national Constitutions and other instruments to establish justiciability.

2.6.11 Legal, institutional and human resource competence (including education)

The reform process should have a closer association and link with economic reforms. Japan can be cited as an example where land reform was implemented after the attack on Hirosima and Nagasaki. It was later aligned with the economic reform processes enabling the Japanese to cope with the changing context. Therefore, food security is a vital issue that remains as a central priority but the dynamisms in policy and programme responses can differ as the context changes.

The education system needs to provide holistic education such that it incorporates rights related subjects such as resource tenure system, entitlements/rights, responsibilities and associated risks in the curricula. For example, education given in agriculture and forestry provides enough knowledge and skill on how to manage the resources and increase their productivity. However, there is no inter-relations established to educate on property rights, tenure systems, social justice and equity in resource access, control and sharing and its contribution to enhancing the productivity of available resources. It therefore cannot provide a fair idea about production relations and vision for total agrarian transformation.

2.6.12 Dealing food during emergency and crisis

Any emergency like the present food crisis always hits the developing countries and the poorest the most. This trend will hit the most food insecure 34 countries and socially and economically lowest strata of citizens. In the global market, as the price of wheat has tripled and that of rice and maize doubled, it will also impact on the food aid mechanism and supply system. Payment of the food import bill will be another big challenge for the net food importing countries like Nepal. In 2007, 91 percent of the world's rice was produced in Asia and a 4 percent decrease in global rice trade was envisaged for 2008. The food price is expected to rise due to increasing demand for cereals, water shortages and climate change, and there is increasing competition for food and fuel. In the developing countries, it is estimated that almost 70 percent of earnings are used in food and this proportion is likely to increase with rising food

prices. This will force cutting down the basic quantity and quality of diets. The research shows that a one percent increase in food prices would force curtailing 0.75% of expenditure on food in developing countries. It will ultimately have a direct implication on the health of women and young children. It subsequently lead to family stress, social tension, communal conflict and unwise exploitation of natural resources.

2.6.13 Feminisation of agriculture and food security

The agriculture sector has been feminised since a long time. The decade long armed conflict in Nepal in the mid-1990s and the increasing rate of outmigration of men from remote areas has led to widespread feminisation of the agriculture sector. In Nepal, 68 percent of the population still adopts agriculture as their main source of livelihood. Out of the total labour force, women account for about 70 percent. However, women have never been recognised as autonomous farmers as they do not possess legal entitlement over the means of production, especially land. In the Nepalese context, land is the prime factor, which determines the social position of an individual and also impacts on productivity of the agriculture sector at large. According to the data of the Central Bureau of Statistics, only 8.1 percent women have legal ownership of land. It is widely witnessed and perceived that women in majority of the cases remain as producers, enjoying a limited form of user's rights. In the context of out-migration of men, women become de jure household heads and are bound to fulfill men's responsibility as well. The increasing trend of commercialisation in agriculture, interface with the effects of climate change and global food crisis have posed further threats to household level food security and agriculture sector in Nepal. However, women are still not recognised as independent and autonomous farmers by the social system and legal procedures and the government has yet to adopt measures to address the challenges brought about by feminisation of the agriculture sector.

Conceptualisation and formal recognition of women's role in the agriculture sector took more than 30 years since the inception of the first periodic development plan in the 1950s. Concrete initiatives for women's inclusion was conceptualised from the Sixth Plan (1980-1985) only. The Seventh Plan recognised the need for women focused programmes and introduced a minimum standard for at least 10 percent of women participation in agriculture related training programmes. The Eighth Plan then focused on expanding women's participation in farmers' groups, technical training, and access to credit. Within the Eighth plan, a Women Farmer Development Division was established within the Ministry of

Agriculture. From the Nith Plan onward, gender role and its importance were recognised and programmes were adopted towards gender mainstreaming. The division was expanded and renamed as Gender Equity and Environment Division, with an expanded mandate to link with biodiversity related programmes as well. Within the Eighth Plan period, a five year strategic plan for women farmers development was prepared. As a result, the Nith Plan brought an additional agenda of cooperatives development and preparing gender responsive plans and budgets. Within this period, women participation was mandated at least for 35 percent in all agriculture related programmes. The Tenth Plan also known as Poverty Reduction Strategy Paper (PRSP) for Nepal adopted a holistic approach to poverty reduction and greater social and economic inclusion of men and women through mainstreaming and targeted programmes. This constituted one of its four pillars. This indicates some gradual efforts in understanding and mainstreaming of women and gender issues in the development of the agriculture sector.

3. Conclusions/lessons learnt

Food security can be considered an issue of national sovereignty. Global trends either in economic reforms or in resource mobilisation have created both opportunities and threats. Food security, which is a common tragedy for all, can be achieved by fulfilling the commitments and adopting multiple approaches.

Nepal is in a new mode of political, social and economic transformation. The Interim Constitution of Nepal has recognised the importance of food sovereignty. Food sovereignty deals with local autonomy, national primacy and control of production processes by the local producers without compromising local potentials. Likewise, scientific land reform and management is another new step in the transforming the agriculture sector.

Scientific land reform and management does not speak about ensuring equitable access of women to land, standardisation of the education system does not make provision for any incentives for female students, and lack of recognition of women, leasehold farmers, tenants and Haliya has structurally blocked them to stand as rights holders, organise themselves, claim their rights and enjoy a dignified life. Therefore, dealing with the development of an engendered agriculture sector should be a priority of the government, civil society, development actors and the private sector. The agriculture sector has extensive potentials to transform the socio-

political and economic status of each citizen and contribute to overall national development.

The new Constitution should therefore consider different factors in its preamble to set its background such as: (i) historic context of denial of access to and control over land and created structure of subordination of women, (ii) land to be seen as one of fundamental assets that determines women's identity, status and power, considering its potential as an entry point of empowerment, (iii) national context of importance of land and its production relation, food sovereignty, increasing trend of feminisation of agriculture and need for transforming production relations, (iv) international context of globalisation and resource concentration, mobilisation, investment opportunities, climate change, economic instability and diversion of priority for development assistance, and need to make land based interventions for social, economic and cultural transformation.

The preamble then should be supported by policy provisions to ensure equal rights for women, men and other minorities over natural resources specially over land; special provisions for single women and women headed households to enjoy land ownership; special provisions for empowerment of women in other spheres of life so that they can be able to enjoy land ownership rights; state's role to respect women's rights, fulfill all other requirements to make full use of land ownership by women in its full strength and adopt mechanisms to protect women's rights over land in case of encroachment from other persons or groups be it male members of her family, or private sector or the state itself. It can thus be linked with the programmatic aspects of implementation in line with the spirit of the constitutional provisions.

Since, the Nepalese economy is largely dependent on external support, dependency sometimes can create difficult situations in adopting long-term plans and sometimes fail to opt alternative plans during times of emergency. For example, small farmers in Mexico could not compete with the subsidised maize imports from the US and hence created dependency on US supply. But when the US made decision to use more maize in bio-fuel to reduce dependence on fossil fuel, it has affected the market price of maize and supply to Mexico. Via Campesina, a peasants' movement group thus advocates for food as a human right and trade regulated by the profit making companies not to precede food agenda. The current global trend has thus posed a threat to meet the target of the Millennium Development Goals to halve hunger by 2015. Kofi Annan, former Secretary

General of the UN, had warned and appealed all global actors to increase investment in agriculture to meet this target collectively. Now, the bio-energy and food crops nexus based politics has posed further threat to food security. Therefore, food security and agrarian reform should aim for enhanced and stable production, proper distribution through regulated market, ensuring access and availability for all with sustained potential and local control.

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Chapter 3

Reflection on land-based relationship between agrarian tension, armed conflict and human insecurity in Nepal

Lisha Shrestha
Bishnu Raj Upreti

1. The context

This chapter deals with the relationship between land-based agrarian tension, human security and armed conflict of Nepal. The analysis of agrarian tension is based on the power struggle between the categories of landholders[1]. Such agrarian stresses are the outcome of land based inequities and network of relationship between the various types of landholders which is also a major factor for triggering the armed conflict in Nepal. People during insurgency and war have to face various aspects (economic, political, environment and personal) of human insecurity. Thus, this chapter analyses how and why such insecurity prevails in a conflict situation as an outburst of agrarian tension.

Land is a very strategic socio-economic asset particularly in poor countries where wealth and survival are measured by control of, and access to, land (USAID 2005). Similarly, in the context of Nepal, it is one of the important sources of livelihood and landholdings determine one's social power and relation, and prestige and dignity in the complex social structure and within the class and caste hierarchy of the society. It is also the symbol of feudalism thus creating power imbalance among the elite and poor masses of the society. In an agrarian economy, people with less land are supposed to be powerless and the security status of his/her life is almost minimal since their way of life is solely based on the productive value of land. Ghimire (2001a) refers to marginal farmers, sharecroppers and landless workers as social groups who are most vulnerable to hunger and poverty, and they usually have inadequate access to land and other productive resources derived from it. The whole structure of an agrarian economy depends upon the labour of these marginal farmers and landless workers. The most fertile and cultivated land is owned and controlled by

[1] Land holding categories are based on the research findings of Parsauni and Pratappur VDCs of Nawalparasi district.

a small number of powerful landowners. This situation is responsible for creating inequity, stress and feelings of insecurity to the land poor groups forcing them to struggle for their rights and justice.

Dual ownership, exclusionary policy, unequal distribution and land based inequities are the causes of land conflict in Nepal (Upreti 2004). The root cause of the armed conflict is believed to be the outcome of land based inequities and the land rights issues of land poor groups and marginalised communities (Ballentine and Sherman 2005). Impacts of the widespread discrimination and growing awareness about the rights of the people served a fertile ground for the decade long insurgency and provided overwhelming support for the armed conflict in Nepal. Land-holding inequities represent an underlying factor in the violence that has occurred more recently in countries such as Zimbabwe, Brazil, Nepal, Guatemala, and Venezuela, and it could potentially impact the situation in South Africa, Namibia and some parts of Central Asia including Uzbekistan, Tajikistan and Kazakhstan (USAID 2005). Thus, experiences of various countries of the world show land as a source of violent conflict.

Upreti (2008) explains that access and control over land, proper distribution of land and availability of productive land lead to food security and legal identity of agriculture dependent rural population. It further highlights the point that deprivation of land is deprivation of basic human needs (food, education, citizenship). Likewise, 60 percent of the population of Nepal is based on agriculture and such deprivation on access to land causes feelings of insecurity and frustration. The 1994 UNDP Human Development Report included basic needs such as food, shelter, employment, health, public safety, and human rights as elements of human security (Khatri 2006). The Commission on Human Security (2003) states that human security is achievable only when people are free from worries of daily life ensuring them food availability, income security, health and political security. Muni (2006) argues land as the measure for protection of the people. Therefore, access and control of agricultural value based land have a direct impact on food security, shelter and employment ensuring human security. The greater the access and control over the land, greater the means to achieve human security (Upreti et al. 2009).

Nepal is undergoing a transitory period of post-conflict period and observing major upheavals in policy while aspects of human security are being hotly discussed. The chances of disrupting human security especially in a post-conflict situation can be high because of increasing insecurity and uncertainties. In many countries like Rwanda, Burundi, Mozambique and

Angola land issues can be major source for precipitating land disputes and conflict, again after peace agreements. Agrarian issues if left unaddressed in post-conflict period can hamper human security of the land dependent groups forming another form of violent conflict. Therefore, time has arrived to hear the voice of those land dependent groups that have been exploited and controlled by the power wielding elites. The discriminatory land act and policies need reform to ensure equitable and transparent land distribution among the real landless and marginalised groups. Introducing the concept of inclusive land policy in the Constitution making process is only one way out for minimising the unforeseen land-related conflict in future. Thus, this chapter tries to analyse the relation between agrarian change (policies) with conflict and human security. In order to sustain equity and justice in the land based rural economy, inclusive land related policy, and positive and equitable agrarian change is required to mitigate conflict and strengthen human security of those who are dependent on agriculture.

2. Theoretical debates: Agrarian structure and its relation to conflict and human security

Agriculture and agriculture related activities are the largest supplier of self-employment opportunities for people living within an agrarian structure with low level of education and skills. Therefore, land-based employment is an important aspect in several countries that highly depend on agriculture. With the advancement of civilisation, land-man relationship has been changing in the form of power, politics, usage and access to land. Land, on the other hand, relates to power and is itself a "capital" for investment. Engel (1970) explains that agrarian change and peasants are very essential factors of the population, production and political power. Similarly, Bernstein and Byres (2001) focus on agrarian change in the form of capitalist mode in developed countries, and pre-capitalist mode or more of lack of agrarian transformation in developing countries. In the process of agricultural transformation, experiences of colonialism and its relation on the policies of access and control over land in Latin America, Asia and Africa have more negative implications in the process of development. Lopez and Scott (2000) explain that "social structure is seen as comprising the relationships themselves, understood as patterns of casual interconnection and interdependence among agents and their actions, as well as the positions that they occupy." Similarly, the agrarian structure also has a network of relations among the landowners and land labourers, large landholders, marginal landholders and landless

farmers. They share a complex relationship based on their work, status and positions. This has a direct effect on their social status and political influence.

Likewise, Giddens (1971) views Durkheim's social network of relations-organic solidarity-as a modern approach which has refined the division of labour and mechanical solidarity as more primitive and had a relatively undifferentiated social structure with no real division of labour. The situation of land-labour relation in an agrarian society can be viewed through this network of relation. With modernisation and globalisation people tend to be more individualistic and thus those depending on agriculture opt out of it and look for non-farm opportunities due to tension in the agrarian structure. However, an agrarian society in the past had no other option beside land based employment and they tended to stay in a mechanical solidarity despite the discrimination and marginalisation they had to face from feudal land owners.

Similarly, agrarian relation and its structure can be seen from the angle of Marx's theory of structuralism which says that power and resources are always controlled by those who can make maximum use of these and sustain their power and conttrol over resources. He further explains that this tendency determines the social structure and thus provides a basis of individual behavior. Since the agrarian relation comprises a complex network of relations, power plays and influences are inevitable. Here, power and resources large landowners control and policies they implement portray the influences of power that they retain for themselves to use against the land workers and farmers. This is why there always is a struggle for access to power and resources between landowners and marginal farmers creating social tension and frustration and feelings of insecurity and threat.

We can justify the above theories of social structure, network of relations and structuralism that determine the agrarian relations that in turn give rise to conflict and insecurity. Among the many countries, Vietnam, after the national liberation from French colonisation in 1954 and US imperialism in the 1970s has undergone various changes in land policies. De-collectivisation and privatizstion led to landlessness and non-poor farmers sold their land to pursue off-farm urban activities. Deforestation and clashes between ethnic groups and migrants are some of the cases of such changes (Wily et al. 2008). This shows how social structure and structuralism influences adoption of policies that benefit certain groups but others are pushed into further hardship.

Similarly, tensions over land rights in Sierra Leone, Liberia and Cote d'Ivoire resulted in civil war and insurgency (Richards and Chauveau 2007) when the powerful landowners exploited the land labourers in terms of wage rate. The new generation attempted to opt out of agro-based employment and seek other opportunities due to the inequity that they had to face from landowners. This shows the changing network of relation from mechanical solidarity to organic solidarity. Frontier agriculture during the colonial and post-colonial periods resulted in division of classes among the same group and among ethnic groups and migrants. The participants of this insurgency were those "hyper-mobile" youths who were exploited on their land based labour, had weak land rights and lacked identity and citizenship. This shows how agrarian changes have an effect on people who are directly involved in it for their livelihood and resort to revolt when they face inequity.

The land conflict of the Philippines is an example of structuralism. It shows how the powerful can influence the law and order and maintain their own social structure to exercise power. Carruf and Mapalad are two best examples of land conflict where the conflict between the tenants and the landowners was about land titles and the issue of access to land (Ghimire 2001b). Here, the landowners used violent means to threaten the peasants when the Department of Agrarian Reform Adjudication Board (DARAB) decided to issue land titles to the peasants. They burnt the peasants' houses, destroyed the crops and fired guns. With their influence on the judicious system, the landowners succeeded in winning the case in the Malaybalay court. However, the peasants went on hunger strikes in 1977 and asked for their land rights. As a consequence, President Ramos offered a compromise solution by revising the earlier decision and making provision for the purchase of 100 hectares of land at a lower rate and issuing land certificates to the peasants. However, till 1998 the peasants were unable to possess the land and lived confusion.

Agrarian issues are pertinent issues for conflict in most parts of the world. These are created for having access and control over land resources. There is a tendency to convert conflict into armed struggle in those countries where there are inequities and controversy in access and control of natural resources. Thus, we can view land as a source of armed and violent conflict when certain groups of people remain excluded. Various evidences in the global context show that the mounting inequity brought about by the capitalistic production relations in agriculture and its effects on the agrarian structure provide a fertile ground for the emergence of

conflict (Ali 2000; Aliston et al. 2000; Andre and Platteau 1998; Upreti 2004a and 2004b cited in Upreti 2009). However, it is not only the capitalistic production relations that fuel conflict but also the historical and political exclusion of the land poor group. Capitalistic production relations in agriculture were created due to the land act and policies of which the major beneficiaries were the elites.

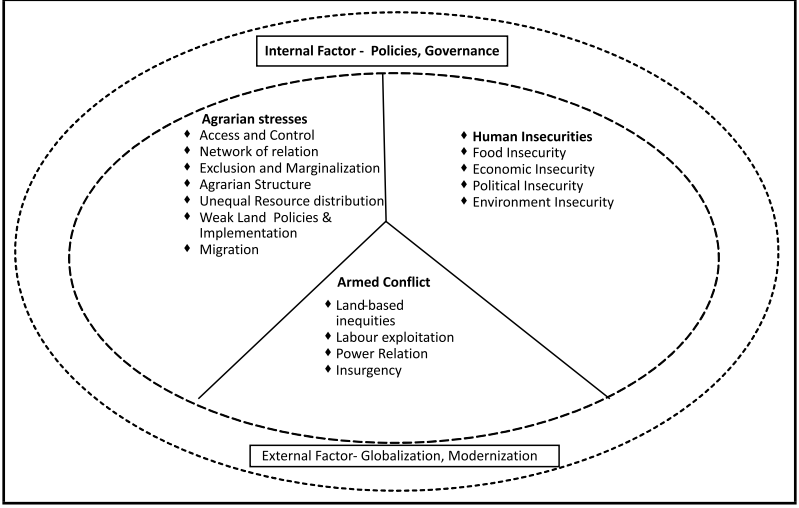
Conflict prevails whenever there is agrarian tension and such conflict can change into insurgency and violence. In such a situation, agriculture dependent people have to undergo various aspects of human insecurity. Among the basic elements of human security is the security of people and their livelihood and property and a situation of insurgency threatens all the components of it. Without matching attention to how respect for persons and deals are achieved security of access to land cannot be realised (Richards et al. 2007). During times of conflict there has always been disruption of social networks and relations on the basis of land based inequities and it further deepens during the post-conflict period. Unruh (2008) views some of the most dynamic and fluid circumstances regarding the interaction between society and land resources in a post-war period. Therefore, ensuring rural people secure access to land is an important part of conflict resolution and prevention of future conflicts (Barquero 2004).

The study done by Rugadya (2008) in Northern Uganda found that it is important to embrace the best practices to reform land policies that have cut across different post-conflict situations. He opines that land policy as an element of peace-building measures in transition period tends to be under-rated and has received little attention despite that land policy clearly plays a fundamental role in recovering from conflict and ensuring that further conflict does not follow. Therefore, the socially constructed inequities and oppression in an agrarian structure should be minimised by identifying the core issues like “ownership of land”, “access to land” and “equitable distribution of land.”

Conceptual framework

The analysis in this chapter will is based on the theoretical debates explained earlier and supported by the diagrammatic illustration below:

Figure 3.1 Conceptual framework



The above framework tries to illustrate that in agrarian structures that have degraded the network of relations, exclusion and exploitation can result in conflict and agrarian tension ultimately hampering the aspects of human security of those people. The problem in access and control over land and unequal distribution and ownership of land is the source of agrarian tension disrupting the social structure. Such agrarian tension has a triggering effect in the post-conflict situation. Such land based conflict may be harmful in a post-conflict situation which can further degrade human security if left unaddressed. Therefore, to ensure human security by addressing the issue of landless and socially excluded groups is the major challenge for the policy makers, academicians and civil society organisations in a post-conflict settings.

3. Agrarian tension: Issues and concerns

The history and political process of Nepal clearly explains the exclusion of various caste groups from the time of unification of Nepal to the Rana regime up to the current political scenario through the means of land ownership. Caplan (1970) verifies how the Limbus lost their traditional land to the new settlers and the Tharus were uprooted from their land by the hill migrants (Guneratne 2002 cited in Lawoti 2005). Similarly, various policies were unfavorable to the land poor groups, viz. Birta Abolition Act (1959), Lands Act (1964) and establishment of the Nepal Resettlement

Company in 1964. These measures were not favourable to the land poor groups as power still remained with the landowners.

We present a case study conducted in Parsuani and Pratappur VDCs of Nawalparasi district where consequences of weak implementation of policy through the Nepal Resettlement Company (1964) marginalised the agriculture dependent community. Most of the local inhabitants lost their land to the new settlers as their land was not registered. They took no initiative to register the land as they were not aware of the new policy and lacked education. There were several cases of land grabbing by use of force while the political and bureaucratic linkages of the landlords only aided the process. This caused tension between the various categories of landholders found in Parsuani and Pratappur VDCs of Nawalparasi district.

Table 3.1: Different land holding categories

No.	Categorisation of landholders	Land holding size
1	Large landholders-cum-migrants	10 bigha (6.7 ha) or more
2	Large landholders-cum-indigenous groups	10 bigha (6.7 ha) or more
3	Medium size landholders-cum-migrants	1 bigha (0.67 ha) – 5 bigha (3.35ha)
4	Marginal landholders-cum-migrants	Less than 1 bigha (0.67 ha)
5	Marginal landholders-cum-Indigenous/ landless groups	Less than 1 bigha (0.67 ha)/no land

Source: Designed by authors.

There are several tensions and disputes between the above categories of landholders in terms of exercise of power, fixation of labour charge, sharecropping mechanism, and access to land resources. There are two prominent types of conflict: Intra-migrant conflict and inter-migrant conflict. Migration plays a major role in changing the network of relationships in the agrarian structure of Nawalaparasi. People migrating from the same place of origin have tension over power sharing. They migrated from a hilly place to Nawalparasi at different times. Those who came during the 1960s later became large landholders and had monopoly of power relations and control over the local inhabitants. However, their power was challenged when another group of migrants settled in the same area much later. Change in the political system from Panchayat to multiparty democracy plays a greater role in determining the power structure of these migrants. The latter group enjoyed control over bureaucracy and local inhabitants with the change in the political system.

They became powerful and overcame the former migrant groups when multiparty democracy was restored. Another form of agrarian tension is between migrants from different places of origin. The tension is about discrimination and exploitation of Indian migrants who were settled almost 5 decades ago by those hilly migrants.

Inter-migrant conflict depicts the tension engendered by the agrarian structure of the real inhabitants who were exploited in terms of wage and suffered physical trauma caused by the hilly as well as Indian migrants. They are the indigenous groups and the real owner of land who sustained their living on agriculture for decades even before the migrants settled in that place. However, many of those people lost their land to the migrants and became Haruwa and landless. According to Lawoti (2005), the marginalised and landless groups are highly influenced by the political, social and economic power exercised by people who enjoy monopoly over access to state resources and deprive marginalised groups of their legitimate rights.

3.1 Agrarian tension: Cause and effect in armed conflict

Various evidences in the global context show that the mounting inequity brought about by the capitalistic production relations in agriculture and its effects on agrarian structure provide a fertile ground for emergence of conflict (Ali 2000; Aliston et al. 2000; Andre and Platteau 1998; Upreti 2004a and 2004b cited in Upreti 2009). However, it is not only the capitalistic production relations causing the conflict but also the historical and political exclusion causing land based inequities of the land poor groups. Capitalistic production relations in agriculture were created by the lands act and policies the major beneficiaries of which were the elites. Most of the land related acts and land reform policies from 1951 to 2008 have further created inequities in the agrarian economy as the policies were not in favour of the landless and land poor groups (Wily et al. 2008).

It is a known fact that inequities in landholdings in the rural part of Nepal had a role in fuelling the armed conflict and it is similar to most of the countries globally. There are several cases that suggest that the armed conflict occurred due to the unequal distribution of resources, particularly land. Several violent attempts were made to destroy the physical infrastructure of the elite landlords forcing them to abandon their place in Parsauni whereas the armed struggle could not be well established in Pratapur though there were violent attempts there too. However,

this does not mean that it has no influence on the movement at all. The situation has not been disclosed and discussed properly due to socio-political reasons. There is latent conflict but the outcome of the conflict is not similar as in Parsauni. Altogether, 220 households are benefited from this committee in Parsauni VDC. This type land distribution is absent in Pratapur VDC.

The influence of Maoist ideology is comparatively intense in Parsauni as most of the respondents from the group of marginal landholders interviewed directly supported them during the time of insurgency. They helped the movement either by being a member of the party or providing them accommodation. One of the respondents who is a *Dalit* migrant from Palpa and ward level secretary from CPN UML says, "We migrated to Parsauni 24 years ago by selling 5 Kattha (0.16 Ha) of Bari. I bought 5 Dhur (0.003Ha) of land (including the house) with that money. I was politically active since my college days in UML party but left the party in 2052 BS. I joined CPN-Maoist in the hope to contribute my effort for raising the status of the poor and vulnerable people and struggle for equity and equality. We have created a land committee where we are managing the produce from the landlords' farm and assessing, identifying and providing 5 Kattha (0.16 Ha) of land to the landless groups (including flood victims, Haruwa, people exploited by the landlords, etc. Our main concern is to implement land reform and provide land to the landless but the issue has not been implemented and finalised in the form of a policy although the Maoist holds the Government. Therefore, I cannot say precisely that the issues have been resolved… *jagga sambandi kura tungeko pani chha ra chhaina pani*"[2]. The Maoists have formed a Land Distribution Committee and distributed 5 *Kattha* (0.16 Ha) of land to the landless or land poor household. These land poor groups are mostly migrants who became landless after their land was swept away by flood whereas some are those who became landless due to eviction and discrimination from landlords. Conflict exists between these groups as migrant landless and land poor groups are more powerful, hold position in the committee and the landless indigenous groups think that the distribution should be transparent. They are raising their concern to have equal distribution of land, fix the wage rate, and change in the policy.

[2] Interview taken with Mr. Nepali on 8 February 2009 in Parsauni VDC.

3.2 Human insecurity and its implication

This part raises the issue of human security as an integral part of accessing security of land for fulfilling the basic rights of the land dependent groups. Absence of human security affects the daily lives of the people causing them to be more vulnerable in a conflict situation. Earlier, human security was considered as the physical security provided by the state from invasion by other countries but there has been total paradigm shift regarding this concept. It has now been adopted with a more humanistic and right based approach. Thus, the Commission on Human Security (2003) states that human security is achievable only when people are free from worries of daily life ensuring them food availability, income security, health and political security. Muni (2006) identifies land as an important factor in protecting the people in terms of habitation, economic security and social security. However, he has not elaborated the reason behind this. He says, "Protection of land is protection of people in the context of human security."

When people in an agrarian structure face insecurity in their daily lives, tension and frustration arises for protecting their rights on accessing security of land.

Among the various components of human security, we have dealt with four components to explain how land-based tensions have affected human security of the land dependent groups.

Economic security

Economic security requires an assured basic income usually from productive and remunerative work. In the context of Nepal where 60 percent of the people are dependent on productive agricultural activities, income generation depends on the surplus from agricultural produce. There are negligible alternative sources of income for the respondents in both of the VDCs besides the agricultural activities and daily wage labour.

The large landholders-cum-migrants and medium landholders-cum-migrants have enough land and surplus produce from which they can derive income. Through this income they can easily meet other basic requirements like access to health facilities, access to education and access to other social security. It was observed that these groups of people possess land because they inherited it from their forefathers. This has made their children easier to seek education in Kathmandu and abroad and as a consequence get better employment at reputed places.

The situation of former large landholders-cum-indigenous groups is a bit different since the number of family members is comparatively higher than large landholders-cum-migrants. Therefore, they face difficulty in getting surplus value from production. All the production is consumed most of the times and they cannot derive income from other sources as they are not educated and not engaged in services.

However, the situation is different for those who are landless migrants and belong to landless indigenous group because they have to depend on the capitalistic mode of production since they have to depend on the land of the feudal owners. Most of Haruwas were in debt and it made them more vulnerable when they had no other opportunity to get employment in other places as they had to devote their time by providing labour in the landlords' house. This restricted them from knowing the outer world and gaining knowledge. Even after they are freed (not in legal form); they are still hounded by frustration because they have no land of their own. They cannot earn money and do any business by seeking loan. Likewise, when they do not have legal rights on the land they could not afford to get loan from banks. This has restricted them from enjoying other basic services which are essential in their life. Now, most of the Haruwas depend on *Adhiya* (sharecropping) of the 5 *Kattha* (0.16 ha) of land and this is not even sufficient for survival. Therefore, there is no possibility of any cash generation. They could not afford to send their children to school and meet their basic medical care.

One of the male respondents who worked as Haruwa explains, "Me and my wife used to work at the landlord's home as Haruwa and one day my wife became terribly sick. I did not have any cash reserve with me to take her to the health post. I requested the landlord to grant me some loan but he declined since the loan amount was already high. Thus, due to lack of healthcare my wife died leaving my three small kids alone. I am afraid that this could happen to my children also. I still cannot afford them education. I have to leave them alone while I have to go to work as a labourer in Delhi for a quarter of a year." [3]

In the case of marginal landholders-cum-migrants, most of the male members of the household are going to other countries for foreign employment. This escalated at the time of conflict when there was the relationship between the landlord and sharecroppers was distant. The landlord could not trust people at that time due to the insurgency.

[3] Interview with Mr. Purna Chaudhary on 9 Feb 2009 in Parsauni VDC.

So, instead of giving land for sharecropping, they left their land fallow. Thus, the landless migrants had no other alternatives and chose foreign employment. The income generated from foreign employment has rescued them from the poverty trap but still they are unable to fulfill their basic needs that can be derived when one is economically secured. Increasing incidences of extra marital affair were the negative impacts of foreign employment.

Since there is no fixed wage rate in Pratapur VDC it has created an obstacle in having a stable source of income. The wages vary from one landlord to another which is creating unwillingness to work and threatening their economic security. This demonstrates how availability of land has a direct relation with the economic well-being in an agrarian society. When anyone lacks surplus production and high dependency on the landlord, one is restricted from fulfilling the basic needs and falling in the trap of poverty and social ills.

Food security

People go hungry not because food is unavailable but because they cannot afford it (Rai 2006). The above statement complements the tendency of lack of access and affordability of food in the society where people depend on subsistence economy. Most of the respondents have food enough for 3 months only whereas people with no land do not have sufficient food even for a month. This is because whatever they get from the *adhiya* (sharecropping) is not enough for them as their family size is large. Those who have large landholdings have more produce and they do not face the problem of food insecurity. Even if they do not have enough production due to some climatic conditions they can easily purchase food from outside as their purchasing capacity is higher.

However, the situation of landless and marginal landholders is different. Their production is not sufficient and they have embraced complete starvation or asked for loan to the elite masses if struck by natural calamities like floods.

One of the respondents who is a migrant and works on the landlord's farm recalls the incidence of flood of 2054 BS and says, "all the crops were destroyed at that time. We nearly starved and survived with one meal a day the whole year. We have to depend on the grains and food distributed by the government's emergency relief fund. It is so difficult for us to gather food in a stable and productive season but it becomes really tough when

nature also cheats on us"[4]. About 54 percent of the respondents said that they take proper meal for one time per day. This shows how they lack nutrition in food intake and it was observed that the children of these households are not well nourished as most of them have health problems like underweight and had frequently suffered from typhoid and jaundice.

Thus, this shows that greater the availability of land, greater is the purchasing power and greater the food security. Therefore, availability and ownership of land is directly proportional to accessibility of food.

Environmental security

Human beings are always surrounded by the environment. Natural calamities make them vulnerable and fall into the trap of vicious circle of poverty. This place is highly affected by flood disasters and the most vulnerable groups are the marginal landholders than landless. The large landholders own huge patches of land and hence are not rendered insecure by floods because they own the most fertile land does not lie in the flood prone zone alongside the river and hence not affected.

The issue is relevant in this case because the marginal landholder is highly vulnerable and has environmental insecurity due to the exploitation caused by the large landholders. The large landholders exercise their power and evict them from their fertile non-flood prone zone area and force them to work on the land nearby the river.

One of the respondents from Parsauni VDC explains, "We had 40 Kattha (1.33 Ha) of fertile land not affected by river. One day when I and my father were ploughing our land, the Thakuri landlord came and pointed a gun on us and asked us stop cultivating the land. My father became afraid and agreed to whatever he asked us to do. He took all the legal certificates. We became landless and requested the landlord to give us our land back. After pleading several times he gave the 23 Kattha (0.76 Ha) of land near the river which is flood prone. We lost our 8 Kattha (0.26 Ha) of land due to flood. We fear that our life too will be threatened by flood so one of our relatives provided us 5 Dhur (0.003 Ha) of land for shelter in a safer place. We are living here. The land compensated by the landlord near the river is very unproductive and not even suitable to plant fruits. We are having difficulties to survive."[5] This situation shows how land based inequities and exploitation cause environmental insecurity.

[4] Interview with Mrs. Dhati Tharu on 10 February 2009 in Parsauni VDC.

[5] Interview with Mr. Indra Bahadur Kumal on 11 Feb 2009, Parsauni VDC.

Therefore, safer land is an important source to safeguard the environment as well as to ensure physical security especially for the small landholders and landless. It can be said that land can be a source for environmental security as well as insecurity-insecurity when it is caused by inequities and exploitation. There are several evidences in both the VDCs which verify that the marginal farmers and some landless groups are not secure from disasters due to their poor resistance capacity caused by social inequity and powerlessness.

Political security

Land is such a strategic socio-economic asset which gives power and prestige. There is a vast difference in the power politics between those who own and those who do not own land. Since land is the basis for fulfilling the basic requirements of life from both its agricultural and non-agricultural value, it also provides a basis for power politics. Power and politics are complementary terms like two sides of a coin. Therefore, various kinds of power like social and religious, and power of identity have been included under the political security in the study. A historical examination reveals that most of the powerful, rich and successful people of today (in the economy, education, politics and bureaucracy) are mostly from the background of landlords (Upreti 2009).

Citizenship is provided to the citizens on the basis of legal ownership of land. Those who do not own land are obliged to obtain it. Therefore, it further restricts them from accessing other fundamental rights. In Nepal land is a source of political manipulation and social exploitation (Upreti 2009). It was observed that people who owned large areas of land have direct political affiliation with leading political parties. Most of the key Informants of both VDCs (most of them from high castes) were once either chairperson of the ward or VDC when their party was in power. Thus, all of the people who were in power were landlords and still own huge amounts of land. On the other hand, low class people are not politically aware and are subject to exploitation.

Land being the major means of production in both the VDCs, it is also the means by which people enhance other capital like social capital and human capital. It was found that fewer children of the landless and marginal landholders complete high school than those of the landlords and rich people. Furthermore, from an early age more children of the landless are attracted to other professions than those of landlords restricting them to

be engaged in social and political activities whereas the elite groups can afford good education for their children, which helps them to be politically and socially aware.

4. Synthesis-relationship among agrarian tensions, armed conflict and human insecurity

The intervention of migrants in the local community has changed the agrarian structure and a new network of relations was formed. Such kind of intervention in various countries of Asia, Latin America and Africa during the colonial period has affected the social relation among the agriculture dependent people. These are examples of how the agrarian structures changed. Many of the people opted out of agricultural activities and sought other employment activities. Similarly, this changed the power relation and resource sharing mechanism as most of the resources were handled by the powerful people. Likewise, the intervention of migrants in Nawalparasi affected the local farmers in terms of commanding authority over land resources, exercising power and and influencing the bureaucracy from the 1960s. The local farmers at that time were not educated and aware which forced them into the land related labour activities. They tolerated the exploitation from the land owners since they did not have any other option besides land based employment. Their whole life cycle was dependent on agriculture related activities. This shows their tendency to stay in the same structure despite the tension and stresses they had to face. Agrarian societies in the past were locked in a “mechanical solidarity” with a network of relations. However, with the change in politics in the present day, the concept of those who depend on agriculture has changed. They prefer to have “organic solidarity” of a network of relations. With modernisation and globalisation, people tend to learn more and adapt to the new environment. Similarly, the new generation of agriculture dependent people has subsequently shifted its way of thinking. Most of the youths have either opted for foreign employment or joined the Maoist movement. They prefer to work in a more comfortable way which has proper division of labour, fixed wage rate and easy way to earn more instead of tolerating the behaviour of landlords. This is why they chose to work as migrant labour in countries like Saudi Arabia, Malaysia and India. Those who could not go to foreign employment have joined the Maoist movement to gain security and access to land and land based employment.

The structural change in the agriculture sector shows how the marginalised landholders and landless people raise their concerns with those land owners with powerful positions. They are ready to revolt and pose a threat to those who have exploited them for many years. This is why they are actively participating in land movements and have joined the Maoist movement to overcome exploitation. This movement has been successful as many of the land owners' behavior towards marginal landholders and the landless has been changed. However, the actual landless and indigenous people have not benefited from this movement. They still fall in the lower strata in the agrarian structure. These people still face substantial human insecurity and are being further marginalised.

5. Conclusion

Variation in land holdings, policies in favour of the privileged class and historical exclusion are the major causes of agrarian tension in an agriculture dependent society. Exploitation and power relation change with differentiation in land holdings. Power struggle between migrants and indigenous people causes changes in the agrarian structure and the network of relation between them. With the rise in agrarian tension and power struggle, people were motivated to support land rights and Maoist movement to secure their access to land and land related labour activities. Such power struggles and tension trigger armed conflict where the landless and marginalised landholders pose a formidable threat to the landlords.

In such a conflicting environment, insecurity prevails among such groups. Various aspects of human security (food, economy, politics and environment) are at risk in such situations. The concept of human security has been considered as security of the state and its citizens against foreign invasion. However, the notion has been changing slowly to citizens' right based approach which means securing the basic needs of the people. Thus, securing the basic needs of the agriculture dependent people with no other income generating activities is securing their access to land and land related activities. Therefore, agrarian tension among these people can be controlled if these issues are understood from the perspective of human security. For this, we need a paradigm shift that allows understanding the concept of human security in creating and addressing its direct linkages such that agrarian tensions could be contained and the prevailing peace process could be pushed forward .

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Chapter

4

Small farms: Struggle for existence

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1. Introduction

The economy of Nepal is dominated by small agriculturists since 45 percent of the total population is small-land holding peasants (CBS 2006). These small or marginal farmers represent the rural poor mass, constantly contributing to total production despite the absence of any social, political or economic reform. Nepal, after ceasefire, is struggling to regain the structures and economy destroyed and distorted during insurgency. Economic performance will not be satisfactory if policies fail to address the agriculture sector and more specifically the problems of marginal and small-land holding groups, tenants and sharecroppers, landless and bonded labourers. The argument is not about limiting these groups to farming activities but about securing their livelihood and restructuring the agrarian economy in favour of the larger mass.

The significance of small farmers was realised in the late 1990s that has gained momentum over the decade. As Pookpakdi (1992) has rightly pointed agriculture in developing countries is usually on a small scale which is not an exception in the case of Nepal as well. Thus it is relevant here to properly understand how national policies can be re-oriented to safeguard and promote the larger mass of small peasants as the country is in the process of drafting a new constitution. The constant debate on land reform in the country has dual implications of social justice and economic reform but highly suspicious about its implementation. Land reform for scientific management of resources without compromising the rights of the holders would address their prominent issues. Otherwise, the vulnerable peasants need protection against challenges brought about by the exploitative agrarian structure. It is important to understand and analyse the existing agrarian scenario and change it to benefit the poor farmers.

This study is an attempt to understand the small farms. Specifically, the study intends to: (1) explain the concept of small farms, (2) highlight small-farm efficiency, and (3) draw implications of small farms in Nepalese agriculture against the backdrop of the policies and development planning in general. The study recapitulates the world view regarding small farms with cases and illustrations and its possible implication in Nepal.

2. The concept of a small farm

Human civilisation flourished when people left hunting and instead started domesticating animals and growing food. Since then, people started living on whatever was produced on the land. With the passage of time, differences were created between rural and urban areas, subsistence and commercial farms, and landlords and tillers. Most importantly, this categorisation is based on how agricultural resources are accessed or controlled and how the agricultural production system is structured. The analysis is always based on how a piece of land is owned, how much is owned and how it is utilised. At the beginning, agriculture was always family-operated and it still continues, while attention gradually shifted towards large sized operations and their optimal use for profitable output. But the major question that was not considered was efficiency of land size from not only the economic perspective but also the social relations between land and human beings.

Definition of a farm category is relative since it varies from place to place depending upon the characteristics of the society. The American Federal Food and Agricultural Act of 1977 defines small farm as one with a gross annual sale of less than $20,000 (Martin 1992). An FAO study (2003) refers to a small holder as that with limited resource endowments relative to others in the agriculture sector (Dixon, Taniguchi and Wattenbach 2003). Thus, farm categorisation in small countries may be different where land resource is limited but still a significant number of the population lives on subsistence living. The most obvious measure is farm size but again it may differ from country to country and with the quality of land. Nagayets (2005) states that a farm of size less than 2 Ha of own or rented cropland can be defined as a small farm. However, it explains that even 10 Ha of land size could be small if it is family-operated for subsistence. This explains why not only farm size but quality and use of land are important criteria for farm size categorisation. The United States has defined different farm groups on the basis of the farmers' gross sales because agriculture for farmers in the US, small or big, are beyond the level of subsistence farming.

In a wide definition, a farm operated by family members operating with low technology to meet the objective of producing crops enough to feed the family and with a farm size smaller than the average farm size at a provincial or national level (Dent 1989 as cited in Pookpadi) is a small farm. Beside small farms, there are often cases in most of the developing countries, where the available land is not enough to support the family and smaller than the average land size of the country. These very small farms are termed as marginal farms and constitute the majority of the population in some countries like India (Nagayets 2005) or Nepal. The Central Bureau of Statistics (CBS) has defined for the national statistical survey a holding with 0.5 Ha to 3 Ha as a small farmer, 3 Ha to 5 ha as medium farmer and 5+ Ha as large farmer, and those holding less than 0.5 Ha as functionally landless, according to which about 50 percent of the total population lives on small farms and 47 percent is functionally landless (CBS 2006. Refer Table 4.1). Hence, farm size distribution in Nepal shows that most of the households are small farm operators. It indicates that a radical shift is necessary in the small peasants' condition to uplift the Nepalese economy since most (66%) of the total economically active population are dependent on agriculture (Alden et al. 2008).

2.1 Land size and productivity

From the early work of Adam Smith to till date, the key to growth lies in rationalising the relation between factors of production with other influential forces and externalities. Finding an appropriate equation of these factors of production has been a major concern of agricultural economists in order to maximise agricultural production and moving toward an industrial society. Most of the work in the 1970s focused on economics and diseconomies of size and control of agricultural resources (Martin 1992). For a long time, small sized farmland was considered inefficient for higher productivity in order to feed the world. Farm size does matter in relating agricultural productivity because land is a natural resource and is scarce. In this context, for a long period, economists viewed that large-scale farming is most efficient in terms of investment and productivity whereas in contrast small-scale farms were labeled unproductive and inefficient (Rosset 2000).

The long believed hypothesis that large farms are more efficient and productive is now being challenged. The US Department of Agriculture's National Commission published a remarkable report on small farms in 1998 which states that small farms need to be protected for the future

of the US (see for detail, A Time to Act 1998). Similarly, most recent studies argue that small farms are more productive and more efficient compared to large farms (Booras 2009; Hazel et al. 2007; Rosset 2000; Lutz 1998). Thus for a giant country like the US, recommendations were made a decade ago in 1998 to focus its policy on promoting and providing safeguards to small farmers; formulate production systems and practices efficient for small farmers; support beginner famers, women, minorities and the disabled; and assist in building vertical agricultural systems.

It is however becoming increasingly difficult to address the concern of small farms in the globalised context of trade liberalisation and growing role of multinational corporations. However, the grim reality of persistent food and energy deficiencies in developing countries is a reminder that small farms cannot be neglected (Borras 2009). Large scale, mechanised and corporate agriculture is not lucrative for small-scale peasants who produce and consume their output. They extract maximum yields by using maximum labour rather than applying capital intensive techniques (Lawerance 2004).

Lewis Theory of economic growth tries to explain the constraints faced by underdeveloped countries to enter into a capitalised economy due to poor technology and extension services that are more suitable for using high labour force which slows down agricultural productivity. The assumptions set for the theory of growth in favour of large scale agriculture has been critically reviewed by Lawrence (2004) who states that the assumption of technological progress is not relevant for every country, e. g., India and China where there is abundant labour relative to capital and where small peasants yield more compared to large farmers by using surplus labour (ibid). The same phenomenon was studied by Lutz (1998) who explains that imperfect market mechanism including cash scarcity, lack of insurance against production and market risk, poor access to credit markets, higher interest rates, and indivisibility of inputs and capital investments decrease the use of inputs for the small peasants who operate under an inverse relationship between farm size and productivity.

The American Scholar P. Rosset has challenged the conventional opinion about small farms and claimed that they are 'multi-functional' not only in limiting to more production but also more efficient and contribute more to the economic development than large farms. Often, the relation between farm size and productivity is misguided by the unit that is used in measuring land productivity. The widely used unit, yield or production per unit area, is used only for a single crop which is suitable mainly for

monoculture cropping in large-scale farming. But if the total output from the farm is considered rather than just the yield, small farms perform better an large farms. Rosset (1999) cites the US Agriculture Census of 1992 which shows that the smallest farm lands of 27 acres or less have ten times greater dollar output per acre than large farms.

Another measurement unit is cropping intensity or total cropped area over actual land size in a year. It is an indicator of the efficiency of land use and agricultural production. This unit is basically used when there is a multi-cropping system not applicable to monoculture system. HLCR (1995) reports a higher cropping intensity in small holdings. This is because in all the cases crop varieties are always mixed such that in between a crop row another crop is usually mixed and it is known as multi-cropping or intercropping.

Box 4.1 La Via Compensina

La Via Compensina is the international movement of peasants, small- and medium-sized producers, landless, rural women, indigenous people, rural youth and agricultural workers, independent of any political, economic, or other type of affiliation. There are a total 148 organisations in 69 countries. Nepal Agricultural Labour Association, Nepal National Fish Farmers Association and Nepal National Women Peasants Association are organisations representing Nepal in the movement.

The main objective of the movement is to develop solidarity and unity among small farmer organisations in order to promote gender parity and social justice in fair economic relations. Particularly, it advocates for peasant, family farm based production, people's food sovereignty and decentralised food production and supply chain. The major issues for debates are; agrarian reform, biodiversity and genetic resources, food sovereignty and trade, women, youth, human rights, migration and rural workers, sustainable peasant agriculture.

Source: www.viacampensia.org (Accessed on: 26 August 2010)

2.2 Small farm over large farm

The nature of small farms (Netting 1993) – multiple cropping, land use intensity, labour quality, input and resource use - contribute to higher productivity. Besides the measurement unit used for farm earnings there are various other reasons how small farms are more beneficial than large farms.

i. Sustainable agriculture

Sustainable agriculture together with rural development has been defined by FAO as "... management and conservation of the natural resource base, and the orientation of technological and institutional change in such a

manner as to ensure the attainment and continued satisfaction of human needs for present and future generations. Such sustainable development (in agriculture, forestry, and fisheries sectors) conserves land, water, plant and animal genetic resources, and is environmentally non-degrading, technically appropriate, economically viable and socially acceptable" (Pookpakdi 1992).

Box 4.2 Small farms in Africa

Approximately 33 million small farms in Africa represent 80 percent of all farms in the region. The majority of African farmers (many of them are women) are smallholders. The average farm size of these units is about 1.8 hectare, although the contribution of peasant agriculture to the general food supply in the region is significant. These small units of production are responsible for 41 percent of the agricultural output for domestic consumption and for producing at the regional level 51 percent of maize, 77 percent of beans, and 61 percent of potato. The contribution of the small-farm sector to food security today is as crucial as it was twenty-five years ago.

Source: Altieiri (2009)

Box 4.3 Sustainable agriculture

According to the definition of FAO, sustainable agriculture criteria are met only by small-scale peasants and not by large farms by any means. A small farm basically operates in an integrated farming system (Rosset 1999). Small farm peasants integrate crops, livestock, forest and watershed in their farming culture. They use organic manure instead of agrochemicals, and maintain soil fertility and ecological base. In contrast to commercialised farms small-scale farms are an effective steward of natural resources. Small-farms in developing countries are mostly located on varying slopes, climates, elevation or soil types. Through long traditional trial and error method, farmers have developed complex farming systems adapted to local conditions despite the harsh environment and subsistence living.

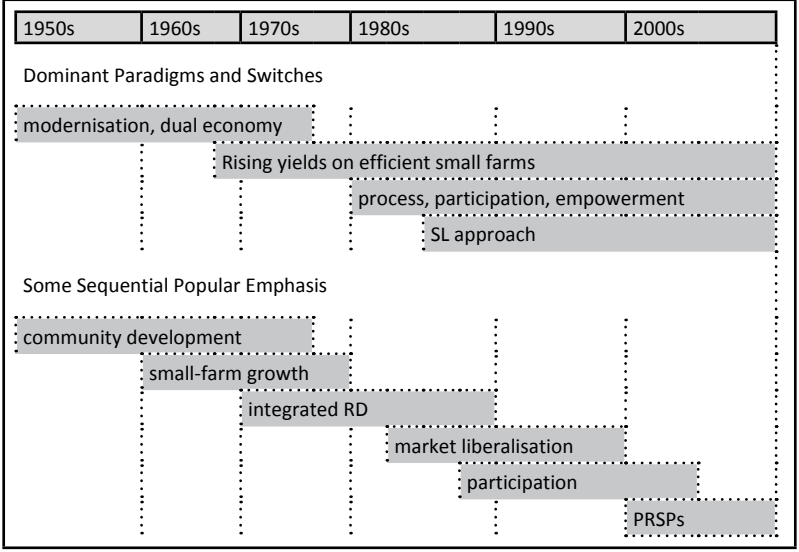
Source: Rosset (1999)

ii. Poverty reduction and rural development

The theories on economic development state that developing countries could gain agriculture-led economic growth but the critical proposition is that development of small farms is a pre-condition for supplying resources to large-scale mechanised agriculture which is supposed to be efficient for increased productivity. The development paradigm has shifted and it now considers small farms to be the very engine for growth and (rural) development (Ellis and Biggs 2001; Lawrence 2004). History shows many countries have achieved rapid economic growth along with the development of the agriculture sector, especially through a fair and equitable performance of small farms. Figure 4.1

shows that the development paradigm shift occurred among the rural development thinkers. Lewis model of dual economic theory dominated the first decade after World War II, proposing that only the subsistence sector supplies resources to the modern economic sector. The modern economic sector being large scale agriculture makes more efficient use of resources and technologies than small farms. The first paradigm shift occurred in mid the 1960s considering that small-farm agriculture is the engine for development and growth. However, as shown in Figure 4. 1, accomplishment of change does not result immediately after ideas being replaced. The idea of large scale farming technology remained till the 1970s. With the shifts in development theories, this influenced the practices of donors and governments as shown at the bottom half of Figure 4.1 .

Figure 4.1: Dominant and sequential themes in rural development



Source: Ellis and Biggs (2001)

Small-scale farming not only provides more harvest, it also contributes to rural employment and economic growth and 87 percent of the Asian farmers are small land operators (Nagayets 2005). Small farms provide the landless poor employment in the labour-intensive small farm sector (Ellis and Biggs 2001). Similarly, the expenditure pattern of these small farm households favours development of the non-farm economy

(Hazel et al. 2007) leading to rural town development which means increased off-farm employment for the rural population especially to surplus labourers from small farms and landless workers among others. On top of this, Rosset (2000) also mentions that farm resources generate wealth for rural development that includes better housing, education, health facilities, transportation and diversification of local business. Rosset argues that income earned in mechanised farming flies to larger cities but in the family-farm dominated system, there are more local businesses, paved streets, schools, parks, and clubs - in other terms, better services, higher employment and civic participation.

iii. Overcoming 21st century scarcity

Major agendas that are able to create vacuum in today's world are food deficiency and unemployment due to regressive economic growth. Meanwhile, there are growing concerns globally that small farms need to be preferred over large farms for two basic reasons: one, small farms are as efficient as large-farms, and two, small farms engage surplus labour to work which means they can raise production and employment (Lawrance 2004). Hazel, et al. clearly explains that although the open trade system may help the world but there are three likely cases where it cannot help and hence small farmers are the only solution:

- Food price rises sharply due to increased demand for food in poor countries which becomes unaffordable
- Landlocked countries face expensive transportation cost
- Countries with low exchange rates have to spend on essential goods to buy food which could be grown at home

The impact of globalization is hard on small-scale farmers especially for those in poorly developed agricultural countries (Hazel et al. 2007). Arguments could be made against small farms to the effect that they are not viable to tackle the globalised free market. The most noted argument against small farms is that they cannot compete with highly subsidised agricultural products that are allowed free entry in the market. At the same time, persistent poverty and increasing inequality are taken as the outcomes of neo-liberal globalisation, which are de-emphasised in the development discourse (Borras 2009). Similarly, Via Compensina (2008) argues that global crises related to food, energy, climate and financial institutions are the product of the capitalist system and of neo-liberalism which makes the situation worse rather than solving it.

3. Nepalese agriculture sector

In many parts of the developing world including Nepal, agriculture is a prominent vehicle for spurring growth, enhancing food security and overcoming poverty since majority of the population is directly dependent on agriculture. Table 4.1 from CBS (2006) gives proportions of different sizes of land holdings by ownership and the area covered in Nepal until 2002.

Table 4.1: Distribution of land holdings and area (Ha) in percent

Size of Holdings in Hectare	Holding Percent	Area Percent
<0.1	7.8	0.5
0.1-0.2	10.4	1.9
0.2-0.5	29.1	12.3
0.5-1.0	27.4	24.2
1.0-2.0	17.6	29.8
2.0-3.0	4.7	14.0
3.0-4.0	1.5	6.6
4.0-5.0	0.6	3.4
5.0-10.0	0.6	5.3
10.0+	0.1	2.0

Source: CBS (2006)

It shows that land distribution in Nepal is highly unequal and the proportion of marginal land holders (who can be referred to as agricultural labourers) and small land holders is overwhelmingly large. The average land holding is 0.8 ha (CBS 2006) and nearly half of the population (47.3%) of marginal land holding groups own only 14.7 percent of the total land. Another 45 percent of small holders own 54 percent of land. Land distribution has remained highly skewed since only 7.8 percent of the farmers own nearly a third of the farming area, another approximate 12,000 former Kamaiya (bonded labour) have received marginal land plots (Alden et al. 2008). HLRC (1994) reports that only 18 percent of the total land area in the country is cultivable.

According to Pookpadi (1992), developing countries of Asia have an average land holding ranging from 1 to 2 ha. In India farms of less than 1 hectare comprise 62 percent of all holdings that occupy 17 percent of the farmed land (Nagayets 2005).



Photo 4.1 Small farm land in Nepal. (COLARP)

Studies by FAO show that small farms constitute between 60-70 percent of total farms in developing countries and contribute around 30-35 percent to total agricultural output (Randhawa and Sundaram 1990 as cited in Moni, undated). These figures represent the majority of farm workers who occupy a small proportion of land and this population is undeniably the only contributor to the national agricultural production; they are the cultivators of the remaining arable land in the form of tenants or sharecroppers. The number of marginal or small farmers will further rise in future due to increase in population, land inheritance system and through land reform. Alden et al. (2008) show an increase in small land holders (risen by 12%), decrease of average land size (from 1.09 ha to 0.08 ha) and decline in marginal holdings (by 9 %) in Nepal as a result of reform. While 24 percent of the households are absolute rural landless comparative data is lacking.

4. Small farm and agrarian reform

Land economics revolves around productivity or yield. The structured system can broadly be categorised into social and economic elements that define the existing agrarian relation. Social agrarian structure encompasses land tenure, labour organisations and political decisions whereas economic agrarian structure deals with land availability, market mechanisms, capital investment and technological progress. These social and economic

variables represent the existing agrarian structure of a society. In Nepal, social and agrarian structures outweigh other elements of economics due to traditional agrarian relation of land owners and land tillers, and long legacy of feudalism. Although Nepalese economy is predominated by the agriculture sector, land is not only an economic resource but also a source of power, prestige and dignity (Thapa 2000) which has controlled the agrarian structure. Although agriculture is unattractive, landlords cling to land because it holds power in Nepal's agrarian structure. The skewed land distribution (Table 4.) is a historical evidence of the feudal agrarian system. Various land tenurial systems like Jimidari, Ukhada, Jagir and Birta among others were purely exploitative in nature, favoured by the state (Regmi 1999). This supported in the formation of a small landlord class that owned a large chunk of land and engaged a large number of small holders, tillers or labourers. The feudal land structure is persistent and it remains unchanged despite different land reform programmes.

Agricultural productivity remains low due to the social agrarian structure of the Nepalese economy. Constraints faced by small farms are not due to their poor performance but exploitative agrarian relation. Small and marginal peasants are forced to live a complex relation often trapped in poverty. Peasants cannot make decisions independently and it is dictated by the feudal relation with landlords or state. Protecting the genuine grievances of the small peasants would imply breaking down the complex feudal power structure for which the power to be is unwilling. Advocating the cause of the small peasants in Nepal is not only about increasing production but also providing relief to the marginalised Dalits, ethnic minorities and women as well as other socially excluded people like Haliya, Kamaiya, Haruwa and Charuwa. This requires a pro-poor development approach aimed at uplifting the livelihood of small-scale peasants. Policies and programmes benefiting the small and marginal farms can ensure better economic growth and reform in the social agrarian relations.

Nepalese agriculture contributes around 39.2 percent of the total GDP of the country (NPC 2005). This contribution is largely dependent on small, marginal or at least medium farmers because beside their own farm, they cultivate others' farms under different tenure arrangements. National figures show that 65.5 percent of the country's economically active population lives on agriculture and more than 85 percent of the rural population are directly dependent on agriculture (CBS 2006). Viable farm size prescribed in the case of Nepal is 0.5 ha for minimum subsistence and 1 ha for subsistence plus some surplus on average, but the most common

size of holding is 0.2-0.5 ha or 29 percent of all holdings (Alden et al. 2008). Bhandari (2006) explains that low productivity and high inequality in Nepalese agriculture are more likely the result of land scarcity, agricultural stagnation, rising landlessness, lack of non-farm income, poorly developed and missing credit markets, and distortions in the market that favour large farmers and large scale development projects, raising inequality between agricultural and urban areas and worsening the terms of trade against agriculture. Despite numerous questions on performance of small farms, thousands of traditional small farms still exist in rural areas of the third world.

Two cases from Kailali district show how the small marginal farmers have directly or indirectly continued to live on agriculture for subsistence livelihood and how the agrarian relation breaks and takes a new turn.

Case 1: How land based bonded labourers (Kamaiya) are rehabilitated on new land continue to live as marginal farmers?

The Kamaiya system is a type of bonded labour in landlords' house and the system prevails in western Terai districts especially among the Tharu ethnic group. The Tharus entered into bonded relation either through debt incurred or due to lack of alternative employment and income opportunities. They got stuck in a vicious cycle of debt as they required money for their day-to-day living for which they were charged high interest and were disadvantaged by ignorance and illiteracy. They become bonded labour from one generation to another with debt transferred from father to son and to grandson. Due to increasing social pressure against the system, the government abolished the practice rendering the system as illegal through a cabinet decision of 17th July 2000. Rehabilitating the freed Kamaiyas who were socially isolated for generations was a challenge. The government allocated land (0.017 ha to 0.169 ha), provided 35 cft of wood and Rs. 10000 cash for housing for 18,400 freed Kamaiyas (GEFONT/ASI 2004).

A research[1] conducted on the livelihood of freed Kamaiyas in Srilanka Camp of Kailali District showed that the average land holding of a household was 0.17 hectare. The ex-Kamaiyas were illiterate, 45 percent of the respondents lacked other skill than agriculture and menial tasks. Around 47 percent of them still viewed agriculture as primary occupation, 48 percent lived on menial jobs for labour wage such as carpentry and

[1] Mahima Neupane carried out a field survey for this research in December, 2007 in order to fulfill her masters thesis on Human and Natural Resource from Kathmandu University.

masonry works. Although agriculture is considered the main occupation for them,this study showed that they are involved in diverse livelihood strategies; 50 percent of the respondents had taken some kind of skill development training for their livelihood. Around 40 percent received skill development training. Since their farm land is too small, they have utilised the land plot in a most effective manner. They have improved the land and used for farming especially for growing vegetables and rearing livestock in the remaining plot. Apart from land utilisation, ex-kamiayas now send their children to school. A simple training of a couple in hair cutting or bamboo basket making or carpet weaving could make them self reliant and help them in diversifying their livelihood. Income from small enterprises (they rear buffalo, sell milk, and grow vegetables in the small farm) had helped them send their children to school. Almost every respondent had cattle as his/her capital asset. Livelihood security for the Kamaiyas has now enabled them to gain more access to public networks like community based organisations, local cooperatives and even political affiliation.

Much in a similar or even worse situation are Haliyas, Haruwas and Charuwas who are notably agriculturists but are living as bonded labourers. Haliyas and their whole families are bound to work more than an average person works a day for a small amount of credit which multiplies several times leaving the Haliyas into rural indebtness throughout their life (Deuja and Lohar 2008). The case with the Haruwas and Charuwas is not different. Although the stories are similar for Kamaiyas, Haruwas, Charuwas and Haliyas, government support for Kamaiya has helped them to transform their living from exploitation into decent social culture. The livelihood of the Kamaiyas has changed both in terms of their living strategy and also in social relations. Releasing them out of debt, which remained a cause for bonded labour, has made the ex-Kamaiyas free to make their own decision. Skills earned through training could help them move into small entrepreneurial occupations other than agriculture.

Case 2: How land owner and land tiller correspond in sharecropping tenure?

The study was conducted in Masuriya VDC, Kailali District, a far-western Terai district of Nepal[2]. A total of 76 respondents were sampled from two wards, 4 and 8, of the VDC. Most of the respondents were Tharu people,

[2] Kalawati Rai carried out field survey for this research in December, 2007 in order to fulfill Master's Dissertation in Human and Natural Resource, Kathmandu University.

90 percent in total and 57 percent were illiterate. The Tharus have large extended families living jointly (68 percent); this is for the reason that they entirely depend on their family labour for farm operations. The average land holding of the respondents was only 0.075 ha which is near landlessness of which 55 percent had no legal titles on their holding. The average land holding for those having legal titles is 0.797 ha; 2.708 ha being the highest. The respondents cultivated 0.892 ha of others' land on average on a sharecropping basis but most of the respondents tilled 0.0338-0.812 ha of land. The subsistence living of the respondents was supplemented by wage labour, seasonal migration to India, and small scale entrepreneurship like tailoring, groceries and services.

Under sharecropping entire labour input of Tharu joint family system is used. Decision on land use is mutually done between land owner and tiller; at least 21 percent of the tillers can operate on their own decision. For the land under cultivation, investment on inputs are sometimes shared between the tillers and land owners and sometimes borne by the tiller himself. The two parties invest fifty-fifty on seeds and fertilisers but very few land owners have their share on water, pesticides and other inputs. Around 81 percent of the respondents view that the tillers invest 50 times more effort than the landowner. Very contrasting results are obtained in productivity between own and land under share cropping. Productivity as well as cropping intensity is higher for tilled land than in own land; it is double than what is on own land. The comparative results of the two types of land are shown in Table 4.2.

Table 4.2: Land productivity in the survey area

Type of Land	Average Cropping Intensity in Percent	Average production per unit area (metric ton/ha)	
		Rice	Wheat
Own Land	120	2.05	1.37
Other's Land	185	4.65	2.74

Source: Field survey-2007

The results are quite interesting. These figures challenge the previously held view that land productivity is lower in a sharecropping system or it is greater when the land is under the tillers' own tenure. These data also indicate the relation between land owners and the tillers. Sharecropping is one of the most exploitative forms of land tenure (Regmi 1999a). People under sharecropping tenure are those whose primary occupation is agriculture but they are small holders, generally marginal or landless

peasants, and who cannot switch to other occupations due to lack of education, skill or information. Since the sharecropping system has no legally formalised contract, the landowner may evict the tillers any time they wanted accusing them for not cultivating the land properly.

There are two major reasons for the contrasting land productivity results under the two tenure forms. First, the small peasants' own land is very small in which productivity is lower, and second, small peasants invest much of their inputs on other's land so that they are secure from eviction the next year.

Another reason for eviction from the farm land is the inability to provide free family labour whenever demanded by the landlord. Around 95 percent of the respondents had to volunteer in household chores, and the rest were exempted since they were from Dalit groups. Few peasants among the Tharus also had to send their daughter as Kamalari (domestic worker) which is already an abolished system and is considered prohibited. The small peasants are so much dependent on the landlord that they cannot come out of the exploitation trap. Most of the tillers have no access to the money market since 74 percent of them took loan from the landlord and 13 percent sought advice from their land owners for all kinds of public affairs.

Very significantly, the small peasants with small area under cultivation were found very efficient and are productive despite the land tenure form. One should not however be misled to believe that sharecropping as such is more productive and conducive but the social agrarian relation is structured in this particular way that fear of eviction was a more important factor. The difference in land productivity is due to exploitative nature of the land tenure under operation and not due to any other favourable economic factors. The tillers lost their livelihood option if they failed to achieve higher production (Table 4.2). Fifty peasants were tilling land for less than 5 years meaning that they were evicted after one or two continuous years because the landowner knew that after three continuous years, the tillers might claim tenancy rights, which is ownership over half of the tilled land area. This in return affects land productivity. Around 37 percent view that present land use and productivity is unsatisfactory and they can alter or invest in inputs for more production. They resist so far mainly due to two reasons: first, they have no money to invest and their landlords are ignorant, and second, even if they invested, they were not sure if they would be continued as tenants for the following year which prevents them to invest.

The de facto social relations (Box 4.3) between tillers and land owners in the survey area are not only preventing optimum use of land resources but also perpetuating high insecurity and injustice. National policies merely based on land management and utilisation cannot reach to the poor peasants who are more prone to risk. It is thus obvious that small or marginal land owners adopt sharecropping as an easy way of land tenure despite its exploitative nature. The small peasants have no other option except work on land. The respondents in Ward 4 were more secure than those in Ward 8 as they were not discriminated against compared to those in Ward 8. They had more bargaining capacity with their landlords in terms of cultivation and other decision making because they had comparatively more titled land of their own.

Box 4.5 Housing policy for agricultural investment in Tibet

The Tibetan government has brought out a housing policy for agricultural families who have increased agricultural production. Land in Tibet is basically of desert type which has very low productivity. But the land has now been turned into wheat and barley farms for all seasons and also into fruit and vegetable fields. The traditional agriculture practitioners used to live only for 3-4 months on their production but now the poor families have raised their economic status. They have modern houses with every basic facility—electricity, television, refrigerator, computer and mobile phone.

Eighty percent of the Tibetan population is now engaged in commercial agriculture and cattle rearing. This was made possible by the government's pro-poor agriculture policy. The government first exempted these poor farmers from paying tax in the 1980s. From 2007 the government brought a housing policy for all peasants, and peasants investing on agriculture were provided with housing. In the 1970s only 10 percent of the famers had good home which is now available for every citizen.

Source: KC (2010)

5. Agricultural planning and development

Land issues are caught in a political game. Government policies and programmmes guide the agrarian structure. The state has always supported the present exploitative agrarian structure through the Jimidari and Ukhada systems which are some of the most abusive tenural forms (Regmi 1999b). It is equally important for the government to intervene in order to end such feudal systems and uproot the poverty trapped livelihoods. The national policy must not only focus on increasing productivity but on eliminating social inequalities and gaps. Very remarkably, the most cited examples from Asian countries such as Japan, South Korea and Taiwan demonstrate how equitable land distribution fueled development through targeted investment in small farms in rural area (Rosset 1999).

Policies turning a blind eye to the existing land tenure and exclusion of poor households in rural areas cannot overcome the economic stagnation. Until today there were a few national agricultural policies that truly reached the ground reality. Most often the policies are superficial guided by international whim of globalisation, ending in mere land management and utilisation which cannot break the agrarian relation between the poor and landlords.

The Agriculture Perspective Plan (APP) was a twenty-year long term plan (1995-2015) with the objective to enhance productivity of land and commercialisation of agriculture. Pyakuryal (2008) mentions that the APP is a prioritised productive package (PPP) of five priority inputs (irrigation, fertiliser, technology, road and power), four priority outputs (livestock, high-value crops, agribusiness, forestry), three targeted areas of focus for impact (poverty reduction and food security, environment, regional balance) and a number of policy interventions, institutional arrangements and investment decisions.

The APP envisions a broader framework for agricultural development with a strong emphasis on extension services. It has been criticised for not being able to establish links between the people and resources (Ghale 2008). Another inherited policy from the APP is the National Agriculture Policy, 2005. It aims at improving the living standard of the people by transforming subsistence agriculture into commercial, competitive and sustainable agriculture (Pyakuryal 2008).

INSEC (2007) identifies land fragmentation and dual ownership as the major constraints as mentioned in the APP document that discourages investment on land development activities. Pyakuryal (2008) mentions that the APP has not much to do with the issues of land ownership, tenurial arrangements, and potential impacts on soil fertility due to intensive use of chemical fertilisers as recommended in the APP. The APP implementation report of 2006 mentioned a significant rise in inequality.

The Poverty Reduction Strategy Paper (PRSP), which was also the periodic 10th five-year plan, was designed for poverty reduction in the country. The four strategic pillars of the plan were: good governance, greater social and economical inclusion of the poor and disadvantaged groups, improvement in the access and quality of infrastructure, and high, broad-based and sustained economic growth (NPC 2002). Unlike the APP, PRSP is more inclusive since it incorporates policies on governance and focus on the poor and marginalised groups like women, Kamaiyas, and small

peasants, among others. The three-year Interim Plan 2007-2011 reiterates the Agriculture Perspective Plan as a policy document for agricultural development (NPC 2007). In addition, it highlights the issues of land reform and management with special reference to women, landless, freed Kamaiyas, and unmanaged settlements, among others.

6. Small farms in the broader context

A major ongoing debate is on fragmentation of land into very small pieces which is seen as a problem resulting into lower productivity. It is also a natural outcome of the property ownership and inheritance system in Nepal. Land fragmentation is obviously a problem when the holding size becomes lower than some threshold. It definitely increases the cost per unit compared to the output. But it is not a problem if there are appropriate policies to tackle it. Land consolidation and promotion of agricultural cooperatives are common practices around the world. Lewis in the 1950s suggested that collective form of land tenure is a productive and successful unit but not exceeding more than five or six families (Lawrence 2004). Similarly, Basnet and Upreti (2008) suggest transformative land reform which is needed to promote commercial farming through collective efforts of small or marginal farmers. Cooperative farming can strengthen agri-business by supplying in bulk farm products. Further, the state should provide tax exemptions or subsidies to such farmers where necessary.

Box 4.6 Farmers' suicide in India

That the news of Indian farmers' suicide cases have been in limelight over the decade as the volume of the tragic incident is increasing every year .The case is worst in Maharastra, Karnataka, Andra Pradesh, Chattisgarh and Madhya Pradesh which has been titled as Farmers' Graveyard (Nagaraj 2010). Prof. Nagaraj in his study in 2008 states 190,753 farmers committed suicide in India within 10 years period from 1997 to 2006, giving an average of 52 farmers every day. For 2001, Nagaraj calculates the suicide rate among farmers was nearly 50 percent higher than the suicide rate in general population in India and which has been increasing every year. The problem of farmer suicides has become irony for India as it is one of the fastest growing economies in the world. The most generally understood and a very superficial reasons cited for these consequences is the failure of crop pushing the farmers' in high debt exacerbated with alcoholism, high expenditure in education and sisters'/daughters'' marriages. But these reasons need to be further analysed as social phenomena rooting in agrarian strucutre. Prof. Nagaraj strongly argues that the factors of farmers suicide is due to agrarian crisis which in turn the product of neoliberal policies implemented by India beginning in 1991 (Nagaraj 2010).

Indian farmers are entering into more profitable cash crops e.g. Cotton, soyabean, sugarcane because farming today is not for food production to feed the nation but now it has to be done in order to increase profitability (Meet and Rajivlochan 2006). But most often the farmers encounter combined risk factors; seed, fertiliser, pesticide unavailability, non-availability of credit from formal channels, high interest rates from money lender, lack of scientific practices, crop failure, missing off-farm opportunities, price fluctuation in global market (Wakude 2009; Meeta and Rajivlochan 2006). An illustration shows net income from white gold, preferred cultivation of cotton, in 15 acers of land is Rs 32500 which is very low even compared with lowest ranking civil servant as s/he has facility of cheap housing and pension (Meeta and Rajivlochan 2006). Study on farmers' suicide by Prof. Nagaraj, Prof Radhakrishna, Tata Institute of Social Science, Indira Gandhi Institute of Development Research suggests the need for government policy intervention in the matter of farmers' suicide.

Sources: Nagaraj (2008 and 2010); Wakude (2009); Meeta and Rajivlochan (2006)

Box 4.4

Advocacy for trade liberalisation or free market by developed countries is about creating international space for their products. Many agriculture based developing countries including Nepal have already adopted these policies as economic reform. However, the only concern is, can small farms really perform against the big subsidised farmers and multinational companies? It is seen that rapid growth in international agriculture trade, low prices and increasing agricultural competition around the world are making it difficult for the farmers in developing countries where agriculture is poorly developed (Hazel et al. 2007). Small farmers often stay back due to the international price mechanism (Dixon et al. 2003). Cases of farmers' suicide in the neighbouring country of India are a grim reminder of the deadly consequences of free trade. But globalisation is now an inevitable phenomenon. Ghale (2008) states that capacity of the state and its citizens needs to be raised to enable them to tap the benefits and mitigate the negative consequences of globalization. This requires adoption of a strategy to deal with the WTO and MNCs in order to protect the cultivators.

7. Conclusion

Agriculture is important not only for developing countries but also for developed countries. As Schumacher (1993) has explained in his popular book, *Small is Beautiful*, development is not merely economics; it must not be for goods but for people. To establish a just and equitable society land must be socially accessible to all, not limiting it to few elites. Today, due to difficult subsistence living in rural areas, the rural poor have greater tendency to migrate away from agriculture. While the older generation is staying back in agriculture the younger generation find

limited chances to continue in the occupation. The tendency has been fueled by low productivity and high inequality in agriculture. Thus policies and programmes are needed to create attraction in agriculture, to provide incentives and to turn the terms of trade in favour of agriculture (Bhandari 2006).

Small farmers dominate agriculture in the country. Neglecting this population means throwing the majority rural population into poverty and death. Although some of the rural poor may be helped by transferring them to cities, farming still offers high potential to create jobs and to increase returns to the assets that the poor possess–their labour and land and farming is the only solution for rural poverty (Ellis and Biggas 2001). Improvement in the incomes of the rural population will depend on generating more and better jobs in rural area. Hence, it is not old but small-farm agriculture in particular that must be the central theme for agriculture-based development strategy for developing countries including Nepal.

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Chapter

5

Land reform and agrarian transformation

Deependra Bahadur Kshetry

1. Introduction

The national economy is a mosaic of different sectors like agriculture, and industry, and rural and urban. The people also belong to different classes– those with sufficient resources of their own and those who have to depend on others for livelihood. Contradictions exist among such categories of socio-economic groups that sometimes become politically sensitive. To minimise possible outcomes of socio-economic differences in the society, governments resort to various remedial measures. Land reform has been one of the widely applied such measure across the continents to alleviate the problems emanating form the contradictions existing in the society. Agrarian reform constitutes a crucial component of a land reform programme that aims at establishing new social and political deal among different sections of the population.

Land is an important factor of production and a critical portion of assets of Nepalese households. Land symbolises social prestige and serves as the very base for investment in other sectors of the economy. National capitalists in classical terminology known as national bourgeoisie, with a few exceptions, have agricultural background. Elites in the Nepalese society if examined minutely have very strong links with land holding. Erstwhile king Gyanendra owned over 7740 Ropani (387 ha) of land in the hills and valleys alone (Thapa 2006). Open border on three sides, landlocked position of geography and feudal character of elites make Nepal a semi-feudal and semi-colonial state. The agriculture sector has been a major source of income for households in rural areas while urban dwellers derived their income partly from this sector. Landless people received income in the capacity of hired labourers and tenants. Wide gaps existed across farm households from the standpoint of ownership of land. Disparities in farm size generated vast socio-economic differences resulting in conflict and disharmony in the society. Large size farms often cultivated export-oriented crops while small farms had to maintain subsistence agriculture to supplement nutrient requirements of the family.

Transformation of agriculture has therefore been visualised in almost all countries irrespective of their ideological belief or type of economy.

Besides land reform, agrarian reform entails solutions to social and economic contradictions in agrarian structures. The hand-to-mouth problem of the landless and squatters has quite different dimensions from those of the affluent farmers who enjoy resources profusely and command social prestige in the same community. Class struggle thus occurs in the absence of an equitable socio-economic policy on the part of the government. Agrarian reform programmes are launched in order to avoid potential conflict and disharmony in the society. Such reforms also help in achieving efficiency gains in agricultural productivity and in ensuring equity and economic justice in the society. Being an agricultural country with a large segment of the population residing in rural areas, Nepal has been continuously trying to address the agrarian problems through various measures including land reform both from the government and the peasants.

There are evidences of peasant struggles for the safeguard of tenancy rights and social justice. As early as 1952 A.D. an armed struggle was waged against the feudal exploitation and state suppression under the leadership of reformist leader Bhim Dutta Panta in far-western Nepal. Panta's struggle was on such a scale that it invited the Indian Security forces to suppress the peasants' armed struggle (Badal 2009). Peasants launched several other struggles in different periods to restore their rights. These and other struggles invariably raised the slogan of "land to tillers" which has been most popular till now. All these activities illustrate the struggle fueled by contradictions between the forces of production and production relations.



Photo 5.1 Public Hearing on land issues in Basantapur, Kathmandu. (NCCR North-South, RCO)



Photo 5.2 Public Hearing on land issues in Basantapur, Kathmandu. (NCCR North-South, RCO)

The government took several measures to address the peasants' problems. Those included abolition of Jagir and Birta land, and converting those tenure systems into Raikar subject to a small amount tax to the government in the form of land revenue. Thus ownership of land was transferred to the landholder. Various forms of Guthi land were allowed to be converted into Raikar paying specified amounts to the Guthi Corporation. The Guthi Act 1986 was amended to eliminate dual ownership on land in at least one form of land tenure system. On the social front, Kamaiya Labour (prohibition) Act 2002 was enacted to emancipate the age-old system of exploitation under which for a small sum of money, almost all family members of the debtors were bound to contribute their labour for free at the creditors' holdings. In 2008 A.D., keeping bonded ploughman (Haliya) was declared illegal together with cancellation of their debts.

The Lands Act 1963, the main act initiating a land reform programme, was amended eight times to accommodate emergent contemporary issues while administering the act. The act itself was amended five times making various adjustments such as exemption of land ceilings for on land used for industrial purposes. Land used by the armed forces and that belonging to the government were excluded from tenancy rights. Provisions in the Lands Act were altered three times through amendments in the Judicial Administrative Reform Act and Act to Amend Some Nepal Laws 1998. These efforts at amending the acts related to land administration were directed to facilitate achievement of the goals of the land reform programme in the country. The government sponsored resettlement programmes were launched for the landless, people affected by natural disasters, freed Kamaiyas and so on. Huge demand still remains for such programmes although land area thus distributed does not cover the expenses of the benefited family. A freed Kamaiya from Daiji VDC of Kanchanpur named Runche Chaudhary, with 9 members in his family, got a plot of 5 katha land under the resettlement of freed Kamaiya programme, lamented that income from the land thus received cannot cover his family's food requirements even for a month in a year (CSSC 2002). Ownership of land, however small area it may be, counts much and provides a sense of security for having a piece of land for shelter. Psychologically, people receiving distributed land feel content over what they have received as a token, for being citizens even if the area is not sufficient to meet their food needs.

In a bid to empower socially disadvantaged sections of the society the government has adopted the policy of partially waiving the registration

fee if land is registered in the name of such people. The Finance Act 2004 exempted 20 percent of the registration fee if ownership of land is being transferred to women. Similar waivers were given to Dalits and indigenous people but this policy remains to be materialised. To protect the economic interest of Tharu community in the southern part of the country, land transfer to non-Tharus was declared illegal. These were some of the steps taken by the government to safeguard the interest of rural people engaged in agriculture and to bring about changes in the agrarian structure. Contemporary rights advocates plead that ownership of local resources would first lie with the native people especially indigenous population.



Photo 5.3 CA member and a youth leader Gagan Thapa addressing people in Bardiya (CSRC)

International experience in land reform implementation indicates its positive contribution towards achieving the goal of transforming agriculture and rural life. Empirical evidences from leading Asian and Latin American countries may help to perceive the real intentions of the decision makers while implementing the reform programmes. History has shown that pressure exerted by the people at the bottom wrung compelled governments to announce radical measures but those were thwarted by the dominant presence of rival economic interest groups or classes in the legislative bodies. Despite the government's good intentions to bring about changes in the rural sector through land reform measures, representatives in the highest body having their own vested class interests and acting against the bulk of the working class peasantry prevent the efforts. This then gives rise to class conflict. Success and failure of land reform programmes and their contribution to agrarian transformation in selected countries mainly from Asia, Africa and Latin America are given below.

Available information from India show that it is one of fast developing countries. The share of agriculture in the gross domestic product (GDP) is 18 percent while 60 percent of the population draws livelihood from this sector. Yet, 25 percent of the population lies below the poverty line.

The above facts indicate heavy task for the policy makers to march swiftly towards agrarian reform.

Article 39 of the Constitution of India mentions redistribution of land and reform in rural areas. Since the land reform measures were taken until 2005, 4 percent of the available land in India (7.3 million hectare of land in excess of the land ceilings) was seized and 5.4 million acres was distributed among 5.64 million households throughout India. In addition to this, 15 million acres of fallow land was distributed in selected progressive states of India (Kandel 2066). Considering the large population and vast geographic landmass, the achievement seems trivial, yet the direction toward agrarian reform seems of great importance.

The federal structure of India allows the states to decide on the modality of reform measures. Twenty-eight states of India have the immunity to run development activities to improve the socio-economic condition of their citizens. Therefore, diversity is found in the operational modality of land reform in different states. Typical cases of failure and success of the land reform programme in India are found in West Bengal and Bihar states of India.

In 1950 a land act was introduced in Bihar. The act contained loopholes allowing landlords to conceal their land and keep it intact under a trust. As a result, implementation of the law was not only slow but interests of the landlords were fully safeguarded (Jha 1997). An act was introduced in 1955 with the provision of land ceiling as the main theme, but vehement opposition by the majority of landlords represented at the State Assembly prevented from passing it. Finally in 1961, the act was passed. According to the act, each household with four family members was entitled 20 acres to 30 acres of land depending upon the quality of land and additional 20 percent was allowed for every additional adult member. Besides that each household was entitled 15 acres for fodder and feed for livestock and 10 acres for kitchen garden with homestead. The act was amended in 1971 and 1973 curtailing the land ceiling from 95 acres to 45 acres for a family of four adults. Concealing land was rampant because of impunity for the crime of disobeying the law, ceiling itself being at a higher level, no sincere efforts to find out the hidden land, and no restriction on registering the land beyond the ceiling in other's name, were some of the drawbacks at the implementation level. Bihar was the state in India with the highest number of tenants used the loophole in the law that allowed tenancy claim only for a person self-cultivating the land continuously for six years. This was

a rather difficult provision the result of which led to eviction of tenants. Consequently, tenancy right was not ensured at all. The shaky provision of tenancy right in Bihar led to changing the tenants constantly. About 56 percent of the tenants faced constant change losing their tenancy rights. Principally, dominance of landlords at the State Assembly stood against genuine land reform. As a result of that entire land reform programme was a failure in Bihar State of India. The dominant class character of the landlords in political power prevailed over the landless and tenants of Bihar turning land reform measures into failure.

West Bengal on the other hand epitomised a successful story of land reform in India. The main tasks of the land reform programme in that state were tenancy reform and redistribution of land. Tenants were registered and tenancy right was transferable. The second important task of the programme was to confiscate land and distribute it to the landless farmers. Land concealed by the landlords was to be dug out by the peasants' assembly (Kisan Sabha). Altogether, 1.37 (Ha) acres of land was acquired which constituted 18 percent of the arable land in whole India against the background that West Bengal possess just 3.5 percent of the nation's arable land. Out of the acquired land 1.04 million acres of land was distributed to 2.5 million households of which 55 percent constituted backward people. During the haydays of economic liberalisation in the 1990s, West Bengal managed to acquire 95000 acres of land and distributed 99 percent of it to peasants. Some stringent conditions were imposed while implementing the reform programme, namely, one should be physically present on the land to claim ownership, ceiling should be based on individuals rather than households such that the genuine tenant could be established, and priority in allocating the land beyond the ceiling should be given to the landless and scheduled castes (Kandel 2066, op. cit. p 76). Thus the reform measures in Bengal were instrumental in ensuring ownership by the landless peasants.

Socio-economic impact of land reform in West Bengal is mixed. From 1977 to 1997 poverty level was down by 36 percent. Labour wage increased significantly and calorie intake also improved. However, there was no significant headway in literacy. A comparison of literacy figures of the census of 2001 and a survey conducted combining together 'pattadars' and 'bargadars' showed no difference at all as these were 64.58 percent and 64.06 percent, respectively. The survey pointed out that 32 percent 'bargadars' had to pay 40-50 percent of the produce in the form of rent

against the legal provision of 25 percent (Ray 2004). Thus the widely claimed success of land reform in West Bengal had produced mixed results.

The South Korean economy especially the agrarian economy benefited most from super power domination. The Korean Peninsula was under the Japanese until the end of World War II. Once Japan was defeated in the war, Korea was divided into north and south, the latter was under American influence where a land reform programme was initiated under the Land Act 1950. The situation at the start of the land reform programme was dismal. Nearly 49 percent of the peasants were tenants while another 35 percent were quasi-tenants. Land ownership was skewed. Four percent rich farmers owned 5 percent of the arable land while 6.7 percent owned less than 2 hectares. Japanese nationals owned 20 percent land. Rent was very high ranging from 50 to 60 percent of the produce while tenants were required to pay for inputs. Under the American administration a ceiling of 3 hectares was fixed for a household. The programme was primarily targeted to the Land belonging to the Japanese and Koreans who wanted to leave the country at that time. Land exceeding the ceiling and absentee landholdings were seized and compensation was fixed at equivalent to 150 times the annual production from the land. Such land was distributed to peasants at the compensation price.

Since land reform was implemented in the post-war period, less resistance was encountered from the landlords. By 1957, nearly one million families obtained 470022 hectares of land. Tenants also were bound to remain under the ceiling of land holding. The proportion of of tenants fell to 7.2 percent in 1954 from 48.8 percent in 1945. Simultaneously, the ratio of full owners dramatically rose to 50.4 percent from 13.8 percent in the review period (Griffin et al. 2002). Change was possible because the programme implementers had the willpower to make it a success. The results were that Korean agrarian structure served as the base for modern day Korea. In Nepal economists often comment on the economic situation between Nepal and Korea during the 1950s being almost the same, but Koreans presently enjoy a per capita income that is 30 times higher than US dollar 562 of the Nepalese per annum.

Japanese land reform programme is another success story especially after the World War II. Land related issues and contradictions between the landlords and the landless used to crop up often even before the war. At the time when land a related law was adopted by the government in 1945, the Japanese economy was agriculture dominant.

Agriculture contributed 40 percent to GDP and nearly 70 percent of the population (5.5 million households) was absorbed in this sector. One-third of the agriculturists were landless tenants who had to pay rent up to 50 percent. The law provided that land area with absentee holders and holdings above 5 hectare will be compulsorily transferred to farmers through the government. In 1948, landless farmers received 1980000 hectares of land, 38 percent of total arable land, that was distributed to 4 million landless and almost landless farmers. Land reform regulation was further tightened in favour of tenants who could not be dismissed and agricultural land was not allowed to be used for other purposes than agriculture. Tenancy right was safeguarded and socio-economic condition of the peasants improved quickly. According to Kawagoe (1999), the owner-tenant ratio reversed (from 54 percent owners in 1941) and increased to 91 percent in 1955, while that of tenants declined to 9 percent in the intervening period from 46 percent in 1941. Per unit production in agriculture was enhanced and agricultural land was protected so that food security could be maintained in Japan. Financial and human resources were transferred to the industrial sector from the agriculture sector through the provision of compensation in the form of bonds. The modality not only increased investment and employment in the economy but also helped to erect a solid base for modern industrialised Japan. Hitherto, agriculture is protected with heavy subsidies from the state. It is said that the government subsidises US dollar 1700 per year for a cow to protect dairy farmers of Japan.

Venezuela, a tiny Latin American country, presents a unique experience about land resource and its use. Ownership structure of land has been very skewed. Five percent of the population owns more than 75 percent of land while 75 percnet owns 6 percent of land. Sixty percent of the agricultural work force does not have land to till and draws livelihood serving as tenants. Of the total population, 13 percent relied on agriculture whose share in GDP was 6 percent. Almost 70 percent of the population lived in rural areas. Rustic character of the economy and exploitation of the rich natural resources by alien power generated contradiction in the communities. In 1960, a social democrat leader instituted the National Agrarian Institute along with the passage of a law regarding agriculture. Until a new constitution was introduced in 1999, 200 thousand farm families received distributed land. The new constitution made the provision of rights of rural peasants to land, and food security to citizens. A new law on Land and Agricultural Development was enacted in 2001 with provisions of ceiling on land holdings, heavy tax on barren land, and land to landless peasants. The law aimed at addressing the issues of social

justice and increasing agricultural productivity. The government instituted three separate entities to support the programme. The first was to administer tenancy, the second to provide technical and infrastructure aid and the third to help marketing and business promotion for farmers. The programme faced hitches especially from the landlords and reactionaries who did not like change and betterment of the farming community. The elites perceived a threat to their privileged position and viewed it as an attack on private property. The opposition's strong influence on the court system has also reversed some of the provisions in the agrarian reform law and slowed distribution of land (Becker 2003). Regarding social justice, due to the lopsided emphasis given to development in the country, rural population migrated to shanty towns. Demographic change was overturned shown by a forty-year record that 8 percent of the nation's 25 million people began to settle down in urban areas creating chaotic conditions in public utilities, social harmony and so on. Seventy percent of the food requirements were met out of imports showing the risk of food insecurity. To reverse the scene, the newly elected left leaning president, Hugo Chavez, has launched a programme under agrarian reform asking people to 'return to rural areas' who will be provided with land to till and support services to increase productivity and better marketing facilities. In Latin America, such bold steps are perceived to be dangerous by external powers craving for natural resources of the country. Equally challenging are the internal reactionaries who lost their power base from the people and depend on alien power (Becker 2003). President Chavez wanted to ensure "nutritional security". An aggressive overhaul in land ownership is taking place in the Andean nation where about 80 percent of the population lives in poverty (Dow Jones Newswire 2005). Thus land reform and agrarian transformation in Venezuela is taking shape but internal and external threats continue to exist.

South African model of land reform is market based on "willing buyer willing seller" model promoted by the World Bank. Against the commitment of 1966 to redistribute 30 percent privately owned land, only 4 percent has been distributed (Wily 2008). This delays the rapid agrarian transformation schemes and those intending to delay forward the discourse of "farm plans first before land distribution" (Lahiff 2003). However, in the past, the apartheid system seized land from black citizens which constitutes 75 percent of the 45 million population. South Africa has 12.1 percent of arable land of which one percent is under permanent crops. Of the total labour force 30 percent is engaged in agriculture. Disparity between whites and black population was severe, depriving almost all rights of the

black citizens and this created animosity in the country. Laws favouring the supremacy of the whites were introduced on and off; as a result, more than 3.5 million blacks were evicted from urban areas. Deliberate segregation of the population took place resulting in over-crowding of the black areas while settlements of the whites remained sparse. More than 84 percent of the arable land is still owned by whites. The main thrust of the land reform policy in South Africa seems to be tenure reform, safeguarding the right of the workers in big farms and regaining the land right of 3.5 million black population in the apartheid regime.

Land reform measures in South Africa intend to rectify the past injustices but without disturbing the future. Moreover, the market based approach has hindered distribution of land to the landless and almost landless black population. This tendency has hindered the target of distributing 30 percent of land to the black population by 2014, possibly one year before expiry of the Millennium Development Goal project of the United Nations. Controversy has loomed about distributing land particularly because the white population enjoys benefits outside the agriculture sector while blacks have limited options outside agriculture. Similarly, views are strong because 60 percent of the population residing in urban areas emphasise that rural reform has no meaning but education targeting effective employment should be the policy (Bernstien 2005). Since there was no strong lobbying in favour of rural reform in South Africa land reform could not get importance among the policy makers.

Experience of land reform programmes in different countries demonstrates diverse outcomes depending upon the willingness of the government, political environment and vigil of the target group. Invariably, different countries introduced land reform programmes to address the problem of landless peasants, to increase agricultural output and ensure food sufficiency. But very few programmes seem to have materialised the objectives. Lofty targets were set to distribute land, but results were not encouraging, for example in South Africa. In countries where it was successful, it was made possible by the commitment of the leadership and political willpower that greatly influenced implementation of the programme bringing positive changes in the lifestyle of the rural population. Institution building in rural areas is equally important in buttressing the reform measures. Land reform programmes in South Korea and Japan were successful partly because the post-war situation helped to implement rigorous measures. Personal commitment of the leadership counts much for successful implementation of a reform programme, which is often ridden with class biases. It is amply demonstrated by President

Hugo Chavez of Venezuela who has been controlling internal and external risks for galvanising support from rural masses.

2. Reform and transformation

To bring changes in the socio-economic status of the rural people engaged in agriculture, countries resort to enact laws to alter the existing tenure system. Agricultural labourers who devote their labour and expertise based on experience may contribute to increasing productivity, but due to lack of ownership of land, one of the important factors of production, incentive may not be sustainable. Owners of land also will have least interest employing additional capital for improving farm practices specially when hired labourers have to be employed or land is under tenancy. Empirical studies have shown an inverse relationship between farm size and productivity, that is, larger the farm, lesser is the productivity compared to small size of farm. With a few notable exceptions, total output per hectare is higher on small farms chiefly because their intensity of land use is higher (Dogra 2002). Large farms are often tempted to adopt monoculture, particularly growing commercial or exportable items to maximise income, whereas small farms use their land for mixed crops. Land use intensification is so high that intercropping and livestock rearing for organic manure allow them to benefit higher in total than market oriented monoculture of large farms using sophisticated machineries and chemical fertilisers.



Photo 5.4 People holding playcards demanding access to land. (COLARP)

Apprehensions of analysts that smallholdings are uneconomical, difficult for commercial farming, etc., seem tenable on the surface but in practice if we minutely calculate the costs and returns per unit of land, definitely small farms fare better. Small holders primarily target to meet their household needs they send to market any surplus beyond to supplement family expenses. It partly contributes to food security and supply of nutrition. On the contrary, international

large farms target the market, both domestic and international, because by nature large farms are price givers on two grounds; first, within the country including industrial countries, irrespective of continent, agriculture is heavily protected, and second, international market also is influenced by large producers. To maximise the benefit of large producers, governments also support them to be competitive in the world market, by subsiding inputs, marketing, etc. Owing to these reasons, the social and economic characteristics of large farms are relatively less contributory than small farms particularly from the standpoint of food security.

Fragmentation is another argument generally advanced by the protagonists of large farms who hesitate to acknowledge the positive aspects of small farms meeting equity and social justice. Use of irrigation facilities and machineries for farm improvement may occur, but non-availability of capital can pose some difficulty. This could be minimised through cooperative spirits and collective efforts. Sharing public utilities like irrigation encourages peasants to minimise costs and address anomalies that crop up in course of running farming practices. Harvesting and market sharing of excess produce after meeting household needs becomes feasible.

Commercial farms employ seasonal hired labourers by replacing family labour under tenancy arrangement symbolising transformation of rural labour market. Such practices encourage to consolidate land holdings eliminating ownership of small sized peasants thereby promoting large scale operations, monoculture helps to maximise returns through export at the expense of meeting the food needs of numerous small holders who used parcels of land to grow food crops. Politically, the seasonal labourers employed at large farms are attracted to organise themselves to preserve their right under trade unionism which generates conditions that are not conducive for smooth and harmonious social and economic development. On the contrary, had the large farms not consolidated or remained in their original form, hundreds of small farms would operate independently producing diverse crops to earn livelihood for the households and enjoying a sound community base without hassles among the farming community.

However, the challenge of eliminating rural poverty and strengthening rural urban linkage remains. A farmer entering an urban centre in the off-season to earn non-farm income receives handsome wages for minimal toiling. A simple example would be a porter at a bus stop or taxi stand charging a moderate amount just for handling baggage. The nonfarm

income thus earned in urban centres if compared with that at the farm will have no parallel at all. Toiling the whole day at the farm will fetch almost one-fifth of the wages one gets at the freak odd jobs in urban areas. Per capita overall agricultural income per month was Rs. 372, while the non-agricultural income was recorded at Rs. 4738 (NRB 2008). Similarly, urban and rural incomes also vary significantly. A distinct feature of the odd but comparatively high yielding urban job is uncertain unlike on the farm. Low wages on the farm allow less to consume hence the calorie intake may be sufficient to meet the requirement. Poverty prevailing in the rural sector cannot be addressed properly if the landless or near landless people are given a minimum size of landholding to raise crops and livestock to support family food needs. Only doing so will help to retain the work force in rural areas.

Human resources retained in rural areas is bound to look for means to utilise resources around to support family income. The surplus produce would be supplied to urban centres to purchase household needs that cannot be produced in rural areas. Thus the linkage between the rural and urban sectors is maintained while the probable burden of flux of rural work force in the urban sector would be checked thereby lessening the pressure on public utilities and cost of creating jobs in urban centres.

Another equally strong challenge is to intensify agricultural production and manage land and water to feed a growing urban population. Increasing agricultural production has two dimensions. Under the spate of green revolution, agricultural production has increased with rampant use of chemical fertiliser and pesticides. Use of water as a means of irrigation has also contributed significantly in increasing productivity. But the hazards felt in health due to use of inorganic materials has raised critical issues in consumer societies. Organic production based on natural environment is a necessary condition to be maintained at the farm level to cater to the hygienic needs of the users. Therefore, to meet the need of rising population especially in urban areas, production increase with judicious use of water as a natural resource is the need of the day using materials that eliminate health hazards. To retain the rural work force in off-seasons, off-farm income generating activities are needed. Technical training is necessary to adjust to the situationin urban centres. If possible, export earnings from materials of industrial origin would be sufficient to meet the educational and health expenses. In other words, needed consumer goods including clothing could be produced from incomes earned outside the farming sector.

The World Bank is providing assistance to bring changes in rural areas through various programmes affecting the life of rural people. Its current agrarian policy is as follow: first, giving stimulus to leasing relationships with maximum priority. Those who do not work by themselves on agricultural farms may enter into lease arrangements defining the rights and obligations of both the parties—the owner of the land and lease holder. Both share the production and bear the costs hence no controversy the transaction. Second, giving stimulus to purchase and sell land; that means converting land into a mere commodity that could be easily transacted—purchased or sold. In the third place comes privatisation and individualisation of property rights of collective and state farms. Abolishing the right of the state over land has been the philosophy of the neo-liberal school of thought advocated by international financial institutions including the World Bank. The final element of the policy is commercialisation and privatisation of public lands. As mentioned earlier, nothing should remain with the government, and all resources should be left with private ownership that will provide incentives to develop and expand further (Pereira 2005). Converting land into a tradable commodity and removing difficulties in ownership transfer has been the principle of the World Bank. As for any other commodity, a owner should be able to sell the land facilitated by less cumbersome transaction. By doing so, land could be an appropriate item to be pledged as collateral because ownership lies with the individual as private property.

3. Conceptual divergence

Social and economic justice to the farming community and ecological balance in agricultural practices are important objectives of any land reform programme. State power is always class-oriented because government is formed on the basis of representation of the people. Elites often capture power either through the ballot or by other means. Such means always may not represent the bottom wrung of the community. Landless people have to work and toil but not necessarily always with ownership over resources. If the government is pro-poor and feels it necessary to dispense social justice, its effort may be genuine to improve conditions of its people at the base level. But circumstances may be quite different in which the people have to stand up and raise their voice to get social and economic justice, if necessary by force also. The first model is the state-led agrarian reform (SLARs) in which the role of the state is vital. The second model is the market led agrarian reform (MLARs) devoting much of tasks to market forces and property rights based on a neo-liberal policy stand.

State led agrarian reforms (SLARs) are understood as formal programmes of the government launched with the intention of bringing change in the living condition of rural people through land reform measures guided by enactment related to land duly passed by the legislative. When there are strong citizen pressures to redress acute socio-economic disparities, the state begins to pay serious attention to agrarian reform. To narrow the gap between the haves and have-nots and to avoid potential conflict, the state fixes ceilings on land holdings and seizes the excess land not always necessarily with due compensation and distributes it among the landless agricultural workers. The landlords who lose land often express their disgruntlement over nonpayment of compensation.

Productivity increase is anticipated in agriculture particularly through hard work, intensification of agriculture and adoption of better cropping patterns based on mixed farming. Unlike monoculture in large farms, this helps to attain economic betterment of small holders. Fulfillment of nutritional requirements and reduction in the poverty level of the beneficiaries are some of the objectives of SLARs, though the costs of implementing the programme are not shared participated by the private sector due to lack of incentive for investment.

In the aftermath of redistributive reform, standard crop plans are not often available for the distributed land. Targeted technical services are not available except for the regular extension services provided by government agencies. Theoretically, such programmes intend to reduce poverty and achieve agrarian reform so that the rural population has less incentive to move cities. Being a government-sponsored programme, beneficiaries might feel that the distributed land was available only because the state was fulfilling its obligation. Such a feeling is not conducive for taking new initiatives and risks without which a leap forward is impossible.

The second and much publicised model is MLAR advocated and heavily supported by the World Bank. Based on neo-liberal economic tenets, the mechanism relies on free market principles, hence no class biases. According to this, landlords should not lose their land without due compensation that also based on mutual consent. Buyers are assumed to possess full knowledge while acquiring land and recovery of the costs involved in the transaction would be ensured. The owner of the acquired land independently makes decision regarding crop selection. He/she then sells surplus production in a market offering an optimum price. Market failure due to factors like corruption is unlikely because the main players-the buyer and seller interact and come into mutually acceptable deal.

Support in the form of technical services would readily be available in to assist the farmer in maximising benefits.

Land, just like other marketable commodities, could be transacted and ownership transferred easily while the price would be negotiated in the open market. Land turns into a suitable asset for collateral, hence credit worthiness increases. For further investment, the landowner finds leverage both from self and financial institutions. Scope for expansion of agro-based market principles exists because it has value and is capable of generating capital further.

Progressive land tax is possible because inefficiencies such as corruption, red tape and bureaucratic hassles would not be encountered at the time of transaction. Revenue generated from the farming sector becomes an important source to increase allocation in social sectors like education, health, and rural infrastructure development. Better land records with cadastral surveys providing detailed information become possible to support a comprehensive and result-oriented agrarian reform programme.

The third model of land acquisition is forcibly grabbing of public and uncultivated land and land exceeding the ceilings by landless farmers. Technically known as 'land reform from below', which is popular in countries where Gini coefficient is high indicating the presence of a highly skewed distribution pattern and wide gap between affluence and poverty. Landless movements are bringing land reform to national and international policy debates, even as they seize, occupy and plant idle lands, often at a tremendous cost of lives lost and arbitrary arrests (Rosset 2001). A very strong movement of this nature worth citing was in Brazil under the landless workers' movement (MST) founded in 1985. Against the backdrop of highly uneven distribution of land ownership-one percent big estates occupying almost 50 percent of the total agricultural area-the MST movement initiated grabbing land under citing clauses of the Brazilian constitution. In fact, 20000 families occupied unproductive land in order to demonstrate their resentment. The MST set an ambitious goal of settling 1.4 million farmers in 1985 on 4.3 million hectares of land over 4 years. Only a fraction of this objective was attained-some 83625 families were resettled occupying 4.71 million hectares of land by 1989 (Groppo 1996). The movement was directed toward rectifying the anomalies arising from massive concentration of land holdings which contributed to rural poverty and blocked potential productive assets from being used for development. Land grabbers often follow or stake their claim on virgin

forests by felling and burning the trees and turning the land into pasture. A new law declares that no public forest can be privatised which should discourage land grabbers; most of Brazil's farm land is pasture, running to some 175 million hectare and occupying around half a cow per hectare. Crops take up just 63 million hectare. The Gini coefficient fell by 4.7 percent from 0.596 to 0.561 between 2001 and 2005. Between March 2002 and June 2006, the share of national income going to the poorest half of the society increased from 9.8 percent to 11.9 percent; the share going to the richer further fell from 49.5 percent to 47.1 percent (The Economist 2007).

Similar land grabbing movement is popular in South Asia also. The Naxalite movement in West Bengal emerged from the socio-economic contradictions leading to the emergence of extreme inequity in the distribution of wealth, especially in rural areas (Banerjee 1999). Land grabbing took place in Nepal also during the decade long conflict. Some political parties are making a plea to return the grabbed land to the owners as one of the conditions for political consensus. On the contrary, the largest party in the Constituent Assembly is arguing that the grabbing was by landless and almost landless farmers, and therefore the issue should be dealt with from the perspective of land reform. Although this has created an uneasy situation, dealing with this issue has become difficult since those who grabbed the land, according to the rebels, were no other than the tenants of the atrocious landlords.

4. Issues in social transformation

Transformation of a society is a continuous process and it involves interaction among various elements and agents of the society in different intervals of time according to the importance of issues that surface. A society governed by feudal aristocracy is normally dictated by the authority in power. Arbitrary decisions become the regulations where equity and justice are at the mercy of the feudal rulers. On the contrary, liberal societies are run based on the rules and regulations only passed by the parliament elected by the people. Nepal is characterised as a semi-feudal and semi-colonial society even though people mandated institutions are in existence. Regmi (1977) mentions that Nepal's traditional land system represented a coalition between the aristocracy and the bureaucracy, on the one hand, and local overloads, on the other, to wring agricultural surplus from the peasantry and share the proceeds. The question is about who is represented at the policy framing and law enactment bodies.

Therefore, agenda benefiting the mass of the population, which is finding difficulty in arranging even regular meals not to talk about social needs like moderate education and health facilities, are hard to pass through. Class contradiction is ripe and often reflected in the decision making process where representation of the economically backward, in particular the landless and bonded labourers, does not exist. The contradiction between production and production related relationships remains intact and without resolving it transformation in agricultural and agrarian reform could not be realised.

The above raises the question of whether land reform is a panacea for all these social maladies. Programmes launched with genuine intentions to bring about changes in the farming sector can achieve tangible results but cosmetic programmes will mislead and derail the interest of the target groups. This has been demonstrated by the the experiences of different countries with difficult political philosophies. The modality of a land reform programme also counts much as to who is to benefit from the programme. Similarly, the primary target of a reform programme also determines the social benefits. For example, whether priority needs to be given to address the woes of the landless and downtrodden families, or whether economic issues like compensation and property right are taken to be addressed first. Besides these, socio-political aspects of land reform are important.

From equity consideration, land reform contributes to uplifting the social status of the landless and near landless to achieve a minimum level of recognition in the society. Working for others and letting others to hire for work are two different dimensions critical in rural areas with complex characteristics. Psychologically, master and servant feeling crops up especially in the class oriented society where the concept that 'work is worship ' has no significance. Servitude in the mindset of weaker sections of the community and status of a master in the minds of those who receive service do not go hand in hand for long. Animosity may deepen culminating into class conflict. Land distribution under the land reform programme enables the servile section to become a master of the critical input, land, one of the factors of production.

The quality of the obtained land bears a significance in promoting the economic status of the farm family. Normally, the distributed lands are of inferior quality, far from the market place and transportation network and requiring further investment to improve the quality. State-

led programmes and re-distributive land reform programmes acquire inferior quality of land because the owners prefer to renounce such land first. Under such situations the farmer's economic condition deteriorates because s/he has to invest additionally to make the land cultivable thus aggravating impoverishment. Resource scarce farm families fall further into the trap, if the land obtained without paying compensation needs further investment instead of being able to generate income from the land. On the other hand, fertile lands, even if available for distribution, are often prevented from easy transfer due to bureaucratic hassles. Only the lucky ones could ever benefit from incomes from such lands.

Preservation of the environment and improvement in people's lives is should be regarded as the primary goal of a reform programme. Naturally, land reform asks for distribution of land and the small size of interventions turns out to be grossly inadequate for the large number of peasants. Multiple cropping and intensive farming assists in preserving the soil quality without harming the environment. This also allows improvement in farm productivity. It has been found that small farmers produce far more agricultural output per unit area than the large farms. According to Rosset (1999) who examined the relationship between farm size and total output for thirteen countries of the developing world, in all cases relatively smaller farm sizes were productive per unit area 2 to10 times more than large farms. Hence, from the viewpoint of productivity as well as gross income, smallholdings are far better. Therefore, there should be no apprehension to launch distributive reform measures. Along with reform measures, land use policy could also be made a part of the programme. Application of new technology is necessary to maintain land records and to formulate land reform programmes. Cadastral surveys and digital mapping are necessary when the number of small farms increases so as to keep land related litigations to a minimum. Compared to large farms, small farms need very accurate land records because small size holders may want to transfer ownership frequently.

The nature of a reform programme also counts much as to the result. Evidences show that radical reforms that translate the original objectives of the programme have proved to be anti-poverty in spirit and action. Land reform programmes were implemented in Japan and Korea immediately after the World War II. China and Vietnam launched such programmes after the war of liberation and hence the objectives set in the reform programmes were almost successful. Very minor obstructions were felt, yet the landless and tenants were able to benefit fully. On

the contrary, cosmetic programmes launched to mitigate contemporary discontentment of the working class people were more for formality. Pacifying the disgruntled peasants would be the objective temporarily. Therefore, reform programmes with resolute measures proved effective in poverty alleviation while cosmetic programmes did not. The MST movement of Brazil, almost by coercive means settled down landless farmers whose economic conditions were found far better than those who did not participate in the programme. All these instances suggest that land reform, to some extent, serves to reduce poverty.

Right-based approach to development is possible under the land reform programme that helps to elevate the socio-economic status of the recipient. It is a kind of inclusive development. Landless workers and peasants with land certificate feel honoured and get inspiration to work for the community. Title of land to women, a rare event in rural Nepal, will lift the status and recognise the importance of fair sex in the changed context of the country. By means of positive biasness social development of the under-privileged class of in the society could be improved. Access to land facilitates education, health to family members and observation of festivities out of the income received from land.

5. Conclusion and lessons learnt

From the above discussions it could be concluded that land reform is an important tool to bring agrarian change. Land is not only an asset, it bears multidimensional characteristics of political, economic and cultural value determining the power relationship between groups and social classes.

An examination of the tenure system in Nepal also reveals the fact that the relations between state and tenants, individual large farmers and landless tenants, landlords and sharecroppers, etc., form a bond among different sections of the population. Each section of the community has its own defined role to play. The landlords may not be willing to recognise tenants. This fact has been observed in practice, but tenants on their part would be active to establish their rights. Interactions of this nature between two sections of the community brought about by land related issues have been the subject matter of tenure reform or in broad sense a socio-political change envisioned by the motivation of agrarian transformation. Only granting tenure right or distributing lands to the needy with the intention of bringing socio-economic changes in the changed context may not be sufficient. It needs to supplement with support services.

Land reform measures taken by the government, not all and not always, are with good intent or honesty. Sometimes 'fake' reform measures are

introduced to fizzle out the discontentment among the landless and hired agricultural labourers. Normally, land reform announced out of the volition of the government or having no pressure culminates into a 'reform without tangible action and achievement'. But the programmes backed by the necessities brought about by wars and struggle within the communities, for example, post-war programmes of Japan, Korea, and Vietnam were true in spirit and intent. Similarly, The Chinese, Cuban and recent day Venezuelan reform measures were dictated by revolutions prompted by class struggle in the society. They therefore bore fruit. The experience of Brazil is mixed of the two characteristics mentioned above, the MST movement was violent but the legislature at the apex were from the landlord class and therefore any pressure exerted from below was diffused at the centre and turned into futile. Present day Nepal is facing a similar situation like Brazil. There is extremely high pressure from the bottom to undertake radical land reform. But the Constituent Assembly is represented by feelers of the landlord class. Because of this the land reform programme is in limbo; even if it revives, the programme thus launched will have no force to address the needs of the landless and near landless people of Nepal.



Photo 5.5 National interaction on scientific land reform (COLARP).

Poverty, illiteracy and social discrimination are at the centre of Nepal's socio-economic life. Land reform could be one of the quickest measures that can handle all the issues simultaneously. For example, environmental

issues, raising productivity, equity and inclusive development elements are within the ambit of land reform. The only requirement is that the reform measure should be introduced with honesty. Considering the betterment of larger sections of the community there should be a common consensus among different stakeholders. Nepalese land administration is designed to protect the interests of absentee landlords and dismally fails to address reform issues even under the provisions of existing laws. Some effort was made to institute elementary reform such as tax imposition on barren land similar to that of the government of Hugo Chavez in Venezuela, this remains unfulfilled.

The gap between the haves and have-nots is widening because elites in Nepal have multifarious activities. They are the ones who wield political power, at the same time they own industries, banks and financial institutions and own huge areas of land. There should at least be a principle recognised by all stakeholders that absentee land holdings should not be allowed, ceiling on land holding sufficient to support the average size of family should be given to each agricultural household.

A land reform programme in isolation or without support programmes has no meaning. It is necessary to provide backstopping services especially extension services, credit and marketing support on the part of the state. This will enhance agricultural productivity. Farmers can benefit from such services that are not adequately available at the present. For this to happen, the state should ensure effective institutional support. Any surplus from the increased output after meeting the family needs could be taken to the market place for cash income.

Electricity supply in rural areas will help to start processing industries based on farm products. Minor irrigation projects could be envisaged for use by small holders organised into groups or cooperatives. The cooperative spirit strengthens mutual respect and help is possible through the support venture of the banks and financial institutions. Storage facilities could also be made available so the producers could wait for better price at the off-season.

Recently, a new trend has been developed in Nepal for distributing small plots of land but for nonfarm purposes such as plotting for building construction. Even prime lands are abused in this process. Land with the facilities of permanent canal for irrigation has been brought under commercial plotting. Norms should be developed for the use of land. Prime agricultural land should, in no way, be allowed to be used except for farm production.

In nutshell, it could be emphasised that for agrarian transformation to occur, land reform alone could be an effective and best measure for a country like Nepal. Against the background of semi-feudal and semi-colonial power remaining at the helms, it is necessary to distribute land as per the requirement to the landless to fulfill minimum economic needs. A technical team should suggest what such a norm should be to enable a household to attain self-sufficiency at least in food supply, be able to pay for it and meet the minimum nutrient requirements.

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Chapter

6

Landlessness and agrarian change

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1. Background and statement of the problem

Land is central to the livelihood of many people in developing economies. Land is an overall indicator of socio-economic status in an agrarian society. Despite these realities, it is a fact that there is an inequitable distribution of land, i.e., about 47 percent of land owning households own only 15 percent of the total cultivated land with an average size of less than 0.5 ha, while the top 5 percent occupies more than 37 percent of land. Inequality in land distribution as measured by Gini Coefficient was 0.544 in 2001 (UNDP 2004). The same report reveals that 24.5 percent households are landless and 7 percent households are semi-landless (owning less that 0.2 acres).

Several studies (Cain 1983; FEER 1979; ILO 1977) undertaken during the last three decades (1970-1990) considered landlessness and scarcity as the main causes and consequences of poverty and underdevelopment in agrarian societies like Nepal. The poverty profile based on the National Living Standards Survey (NLSS) 2003/04 reveals that poverty is concentrated among the land-dependent but landless households. The poorest households are those headed by agricultural wage labourers. The incidence of poverty in this group was almost 56 percent in 1995/96, and it remained at 54 percent in 2003/04 whereas nationally the poverty rate declined from 42 percent in 1995/96 to 31 percent in 2003/04.The second poorest group comprised of households headed by those "self-employed in agriculture". Poverty in this group declined from 43 percent in 1995/96 to 33 percent in 2003/04. Two-thirds of the poor fall in this group. The incidence of poverty is low and it declined rapidly in the group engaged in trade and professional skills (CBS et al. 2006 p 12).

The study also revealed that land ownership reduces the probability of being poor in rural areas. The incidence of poverty among households that

owned one hectare or less land (two-thirds of rural households) was close to 50 percent. The proportion of households with smaller land holdings increased over time, while the proportion with larger land holdings (2 or more hectares) declined substantially, from 16 percent to 11 percent. Poverty declined more for the households with larger land holdings, indicating increasing returns from land (ibid 2006 p 14).



Photo 6.1 A man holding a playcard demanding scientific land reform (COLARP)

In Nepal land underpins all social, economic and political development of a person or a household. Therefore, access to land also defines one's inclusion (or exclusion) in the social, economic and political processes. There is a lot of literature on the nexus between land ownership and access to opportunities in social, political and economic spheres. This nexus forces the landless poor people (or those cultivating other's land) to accept the hegemonic relationship with the landlords or landowners. In the past, citizenship (i.e., having the citizenship certificate) was determined on the basis of land ownership certificate. A citizenship certificate was vital for inclusion in various government services like education, employment and health. Therefore, land ownership was vital for participation in all spheres of life – social, political and economic—because it was a precondition for obtaining the citizenship certificate. But since 2007, the requirement of land ownership for obtaining citizenship certificate has been abolished. But still, in reality, land ownership is important in having access to different political and social processes in rural areas.

In agrarian economies, land is central to income and livelihood. Having less income denotes making a living on wages. Lack of income and livelihood opportunities and the need to work continuously on low wages have prevented the landless people from participating in the social and

political processes within the community and at higher levels. Sen (2000, p 5) argues that "social exclusion can, thus, be constitutively a part of capability deprivation as well as instrumentally a cause of diverse capability failures". Regarding landlessness and social exclusion, Sen (2000, pp 13-14) writes:

> *Landlessness is similar to an instrumental deprivation. A family without land in a peasant society may be deeply handicapped. Of course, given the age-old value system in peasant societies, landlessness can also have constitutive importance in a world that values a family's special relationship with its land; to be without land may seem like being without a limb of one's own. But whether or not a family attaches direct value to its relation with its own land, landlessness can also help to generate economic and social deprivations. Indeed, the alienation of land has been – appropriately enough – a much discussed problem in the development literature.*

Sen's concept of favourable and unfavourable inclusion is also relevant in understanding landlessness. This is especially so if we look into the tenurial relationship between landowners and cultivators or tenants. If the tenurial terms and conditions are not favourable to the cultivators, their situation further deteriorates even though they have 'access' to land. This has been so throughout history. The marginal groups who cultivated land on unfavourable tenurial conditions have had to dispose off their land and became bonded or semi-bonded labourers. A bonded labourer may suffer particularly from unequal inclusion (lack of freedom to go elsewhere) and exclusion from alternative employment (Sen 2000).

In addition to it, women are again the most excluded group to possess land ownership. Available data show that the total women population of Nepal constitutes 51% and their involvement and contribution to agricultural production is 60.5% of the total economy, while men contribute a mere 39.5%. Despite women being highly involved in agriculture, their ownership of land seems very low, i.e., 8.10% whereas ownership of land by men is 91.90% which is one of the outcomes of a patriarchal society (Chitrakar 2009).

2. Theoretical perspective on agrarian change

At a certain stage in their development, the material productive forces of society come into conflict with the existing relation of production. Material productive force remains at the heart of social change. Inevitably, changes in this material productive force create a pressure for a wider

change as Marx put it. The forces of production came into conflict with the existing relation of production. In real societies, the increasing tension between forces and relations of production is experienced as a conflict between social classes, in which the dominant class controls the means of production. For Marx, social change occurs as a result of growing tension between the forces of production and the relations of production. Taken together, the forces of production and the relations of production constitute the mode of production of a society. Change is regarded as the normal condition of human society, and the great events in human history are the revolutionary transformation in which modes of production were no longer able to contain the increasing contradictions within them, thus leading to collapse and giving way to new ones.

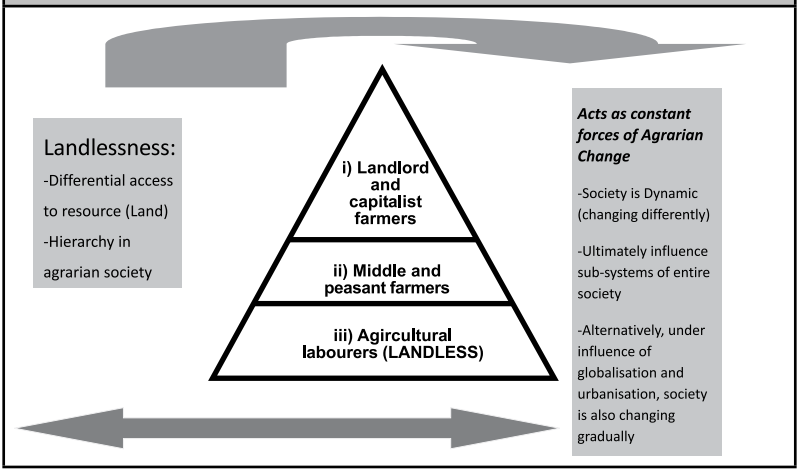
It was this group of wage labourer, Marx believed, that would become the revolutionary class in the capitalist society. The proletariat and the bourgeoisie confront each other as embodiments of the social relations of production and a confrontation will eventually lead to the destruction of capitalism. The imperatives of capitalist competition would lead to the concentration of wealth and power in the hands of a small bourgeoisie, with a simultaneous creation of a much larger class of propertyless wage workers whose interests are contrary to those of their capitalist masters. A growing awareness of their true situation, encouraged by political activity, would lead to a revolutionary class consciousness and transformation of the proletariat from a class 'in itself' to a class 'for itself'.

The 'era of social revolution' is the period in which the dominant class is overthrown and replaced by another. However, according to Marx, the proletariat revolutions will be the final, ultimate transformation ushering in the last phase of human development, the non-alienated, non-antagonist communist society in which the separation between the individual and community is transcended. Initially, the revolution would involve the workers seizing power from the bourgeoisie and establishing 'a dictatorship of the proletariat' in which the priorities of the people would be imposed. This would give to a period of socialist construction, but eventually with the abolition of private property and reconciliation of individual and collective interest, the institutions of capitalism would disappear. In particular, the state, seen by Marx as the means by which capitalist domination was secured in the guise of representing the interest of all, would 'wither away'. Human beings would once again be able to realize their essential humanity.

As mentioned earlier, landlessness is a condition in which people are dispossessed of land, a productive resource and this puts them under

the category of proletariats. It also indicated that there is differential access to land resource, giving rise to various agrarian social classes and categories. The production and social relationships among them are always considered as a social conflict of varying nature and intensity, and hence it is considered a constant force of agrarian change. It not only affects an agrarian society, it also influences all sub-systems of the entire society to some extent. Based on the aforesaid description, attempts are made to answer the following questions: Is landlessness a force of social change as well as of agrarian change? Why Is landlessness always at the centre of agrarian change? And why are the efforts of the state as well as non-state actors to address landlessnessresult into either violent conflicts or are resolved nonviolently? Finally, we attempt to look at: (i) how society is changing under the influence of landlessness; (ii) how the sub-systems of a society influence each other; and (iii) alternatively, under the influence of globalisation and urbanisation, how a society is changing gradually.

Figure 6.1 Conceptual framework for study on landlessness and agrarian change



3. Illustration of case studies

Based on the above mentioned conceptual framework, various empirical cases are presented as follows:

A case conducted on livelihood options of Dalits with reference to land resources in Dhangadhi Municipality of Kailali (Adhikari 2008) gives the following socio-economic details:

> *For most of the respondents (53%) the primary occupation was agriculture followed, by off-farm labour (25%), business (8%), traditional occupation (5%) government job (4%), and others (such as migration, shop keeping, etc.). Most of the Dalits had some land of their own (9.8 Kattha/family).Most of them (96%) had access to forest for firewood, fodder, straw, and timber. All of the Dalits had hard time in sustaining their caste-based occupation (traditional occupation) as modern technology had gradually replaced their occupation and hence they were suffering from occupational displacement.*

A similar case from Geta VDC in Kailali District is as follows (Singh 2008):

> *Nearly half of the respondents were illiterate and for three-fifths, agriculture was the primary occupation. Most of them had access to land; either they possessed land (54%) or they owned (46%). Mostly they had 0.125-0.186 ha of land and the largest size of holding by one respondent was 0.465 ha. In spite of their small size of land holding, some were also found to be renting out their land, the reasons being migration of male members in search of job and females working on somebody else's farm or were engaged in off-farm job.*
>
> *Only three respondents said their income met their livelihood requirements. Major crops grown were rice, wheat, mustard, maize and lentil but for an absolute majority, food they produced was only sufficient for less than three months.*
>
> *On an average, their earning was up to Rs. 3,000 per month but this income was not on a regular basis. Besides off- farm wage earning, the respondents had also raised few livestock to supplement their livelihood. Three-fifths of the respondents had thatched houses. Only one-fifth had electricity and none of the Dalits had any toilets. Most of them (62%) had tubewell for drinking water. Their expense was more than the income and they met their livelihood requirements by borrowing loan both from the formal and informal institutions. Almost two-thirds of the total expenses were on food items. Majority of the respondents (56%) perceived their standard of living was low.*

In this study held in Geta VDC of Kailali district, it is seen that nearly 56 percent of the respondents possessed ailani land (land without ownership certificate) whereas only 44.12 percent of the respondents owned private land (land with legal certificate). This legal implication can have ample effects on narrowing the role of land as a shield against much vulnerability and financial shocks (Singh 2008).

A study carried out in Dhangadi Municipality (Adhikari 2008) showed that 63.3% of the population worked in other's land either renting it from landlords or working as seasonal labourer for their sustenance. The average size of rented out land was 0.255 ha. It was primarily because

the respondent's family members had gone to India and other nearby cities to adopt other nonfarm activities. The same study recorded the perception of the local people that land was needed to support their family. It showed that there is no limitation of desires. A respondent who did not own any land wanted to possess land in the range of 0.33 to 2.31 ha. Nearly three (2.6) percent of the respondents desired to increase their land area to supplement their foodgrain requirement for the family. Their access to good land is becoming increasingly difficult. On one hand, increasing population has implications on the demand for agricultural land, but there is limited scope to increase land availability. On the other hand, once land rights of the weaker and excluded sections are lost, it becomes easy for them to reestablish their rights because of access to and control over resources is directly linked to power (Pyakuryal 2010). It is such groups that have to struggle most for their survival. Most of them are the poorest of the poor people and land is the only source of survival and they belong to the landless group. Dalits are synonymous to landless, poor and facing food deficiency. Landlessness and land concentration are strong indicators of rural poverty. Landlessness has several implications for families such as lack of citizenship certificate and inability to take part in political affairs and avail government provided services like education, health, and credit from formal institutions. As a result, the landless are forced to live in public and unsafe places and thus they become vulnerable to natural and man-made disasters. Thus, rural poverty goes parallel with rural landlessness.

At the household level, inadequate access to food is primarily due to poverty. Poor households do not have the means of production to secure their food need. They suffer most when food supplies fall or food prices rise. In Geta VDC of Kailali district the food sufficiency situation of Dalits was such that a higher proportion of the people (37.88%) had enough food only for less than three months from the production of their own while for only 6.06 percent their production could feed them for more than nine months (Singh 2008). Similarly, according to Adhikari (2008), for many households, their own food production is not sufficient. For a vast majority, farm production can barely meet their food needs for up to 3-6 months. This is especially true in the hills and mountains. To meet the remaining food gaps, the landless are involved in a variety of occupations and activities. The poor people have smaller land holdings and the land they own is either near a river or non-irrigated. It results into lesser crop production. Therefore, majority of the households suffered from food insecurity. It is thus clear that the piece of land they have is not enough

for their livelihood. Hence, they use others' land under different tenancy, arrangements and work as both on-farm as well as off-farm labourers.

A study by Adhikari (2008) found that food sufficiency of a family also depends upon the amount of land owned or cultivated. It is so because a larger area of land owned means higher amount of products. Therefore, food sufficiency relates to the size of land holding. While talking about Dalits they do not have enough land to support their family. They are involved in other sources for generating income. Food they produced is not enough for the whole family because of the limited land area and its low quality. About 30 percent of the respondents with land size less than 0.33 ha said that they could solve their hand-to-mouth problem but at the same time the same proportion of land size is not enough for the other 84.8 percent of the population. This is because the quality of their land was very good and irrigation facilities were also quite satisfactory.

A case study undertaken by COLARP (2009) on 'Land Entitlement and Women's Empowerment: Case Studies form Lalitpur and Chitwan Districts' gives the following scenario:

> *For the study, Lalitpur and Chitwan Districts were selected on the basis where high land buying and selling transactions were taking place. Ten different cases were studied from both districts to see the changes in the role of women after having land ownership, and data from the Land Revenue Office were studied and the key informants were interviewed also.*
>
> *The study shows that there has been an increase in land entitlement in the name of women after 20% tax discount. According to the key informants of the Land Revenue Office, Lalitpur, there is 30-40% increase in land registration in the name of women after the government policy of tax discount. While in Chitwan District there is around 50-55% increase in land registration. Increases in land registration in the name of women were not only because of tax discount but because of other family related issues too. Insecure from the government policy on land ceilings policy is one of the reasons for keeping the land in the name of women. Likewise, if the land is in women's name then there is no chance of claim on the land by the brothers in the family. If we talk about Terai then 'Pewa' (land given by parents to a girl) is one of the reasons to increase land ownership in women's name. Migration of men for foreign employment is another reason of increasing women's land ownership.*
>
> *Even though there are many reasons behind women's land ownership, the government policy of a 20% tax discount is one of the main reasons*

behind issuing land entitlements to women. So the tax discount has been helpful in changing the trend of land registration. If the discount percentage of tax increases then, there will be more increase in women's land ownership. Most of the respondents think that it will be good if there is dual ownership of land, so that none of them can misuse it.

It was found that women who own land are significantly more likely to have the final say in the household. It was also found that land entitlement enhances women's social status and decision making role within the household and it is also helpful for further investment and education. After having land ownership women are becoming independent but before that they were compelled to depend upon their husband and family. They are becoming secure about their old age after having land and their will power is increasing. After registering land in their name no one can sell it without their consent.

With land ownership women have seen some changes in the patriarchal social structure which delights them. So if women have land entitlement then they will have better access to opportunities resulting into a better life.

The following are the benefits enjoyed by women as a result of owning land and property: (i) Greater role in household decision making; (ii) Secure future; (iii) Giving property to daughters; (iv) Greater mobility and social support; (v) Increasing confidence about their future and their children's future; (vi) Along with the above mentioned facilities enjoyed by women, research also suggests that women who own property or otherwise control economic assets have better livelihood options, a secure place to live and also greater bargaining power within the household.

Based on the evidences from the above mentioned three representative cases one could derive the following indicative illustrations of an agrarian change.

3.1 Engagement in a decade long conflict: It is a fact that inequitable distribution of resources is one of the causes of the decade long conflict. In particular, in Nepal, few elites landlords have large areas of land and they use it as a means of exploitation of land poor groups. In this desperate situation, during the decade long conflict, inspired by the Marxian theory, the Maoists could mobilise the excluded groups and question the legitimacy of distribution of land resources. Consequently, large sections of the society are being affected and altered. Hence, it is true that landlessness is one of reasons behind these changes in an agrarian society.

3.2 Involvement in the Haliya movement: There are different literature and arguments behind the origin of Haliya. Some sources of literature claim that a hierarchical caste system is one of the fundamental reasons behind it and consequently it determined resource distribution. Others view that unequal distribution of land resources is the causal factor. Despite these differences in argument,, both have a common point, i.e., inequitable distribution of land in society. The basic issues confronting the Haliya are debt bondage, semi-slavery, unfair wage, caste based discrimination and their socio-economic exploitation. Their demands are abolition of Haliya Pratha and its declaration as being illegal, waiving of loans, rehabilitation with equitable justice, social security, and equitable access to land. This was a positive towards this with the verdict of the Supreme Court.

3.3 Engagement of political organisations or parties on land issues: Looking into history for more than six decades, it shows that all major parties have raised land issues with the objective of land to the tillers. In fact, they could raise genuine issues as well as try to address or touch the heart and pulses of the poor and excluded people. For illustration, Nepali Congress (NC) in 1951 raised the issue of land to the tiller and also tried to do something like Birta abolition and restitution of tenancy rights. But, the alliance of landlords dismissed the NC government which was led by BP Koirala. Similarly, Nepal Communist Party (NCP) United Marxist Leninist (UML) raised the land reform agenda from its establishment and attempted to launch land reform by establishing a High Level Land Reform Commission in 1995/96. During the decade long conflict (1996-2006), the Maoists put forth a 40 point demand, including the demand for land to the tiller. Due to the popular slogan, the landless, poor and excluded groups were mobilised for an overall restructuring of the society. It indicates that the people are clamouring for social change for a just and egalitarian society in which landlessness is one of the major causes. It would be fair to say that political parties are not in a position to address land issues properly for establishing social democracy. It is also true that democracy will not be sustained in the absence of those reforms. Hence, people are seeking a change and the political system is being affected.

3.4 Engagement in Kamaiya Movement: Kamaiya is also a bonded labour system very similar to Haliya. The Kamaiya system was prevalent in the five districts of western Nepal, namely, Banke, Bardia, Kailali, Kanchanpur and Dang. On July 17, 2000, the government passed the Kamaiya Labour Act, finally banning the system and the labourers were set free. But these people continue to suffer because the authorities are doing little to help

them. Freed bonded labourers in Nepal are in a state of landlessness. They do not have a place to live and uncertainty about their daily income prevails. But when the bonded labourers were freed, there was no concrete plan for rehabilitating them and providing them alternative sources of livelihood. The government has distributed some land (0.15 ha) to former Kamaiyas, but it remains far from adequate. The freed Kamaiyas are skilled only in agricultural tasks and they have been left with no other choice but to take up low-paying menial jobs. They have now started a movement with explicit demands.

3.5 Engagement in Haruwa and Charuwa Movement: These are also similar types of agricultural labour systems. Their basic issues are unfair wage, physical exploitation and harassment, debt bondage, and other forms of socio-economic exploitation. These labour systems are more prevalent in the eastern parts of Nepal and the movement has not yet drawn attention of the state as in the case of Haliya and Kamaiya. It is one of the hidden issues in Nepal. Because of exclusion from resources the victims have now become aware of their exploitation and are raising their voices. They are now raising their issues peacefully to ensure rights denied to them for centuries.

3.6 Land Movement: Land related issues were being raised for a long time. The state tried to address these issues since 1951 with the objective of land to the tillers. As mentioned earlier, political parties have also included these issues on their agenda. In addition, the civil society is heavily engaged through a broader civil society alliance to address the complex and chronic issues of land reform. The National Land Rights Concern Group (NLRCG) was formed including media groups, human rights advocates, and social activists, among others. The alliance has adopted a strategy to enhance the capacity of tillers and landless farmers to undertake and lead initiatives to claim their rights themselves. Similarly, as a tillers' organisation, the National Land Rights Forum (NLRF) is a membership based national people's organisation formed in 2004. It has a large number of members who are deprived of their land rights such as squatter settlers, slum dwellers, tenants, trust land tenants, landless farmers, former bonded labourers, Dalit, women and other excluded and marginalised groups. It has extended its network to all districts.

The above mentioned cases related to an agrarian society reveal that landlessness (dispossession of land) is at the centre of the ongoing activities. It (landlessness) has been a driving force to influence and build pressure for changes in the society.

4. Alternative sources of agrarian change

It is a reality that society is changing under the influence of material forces of production and production relations. It is also changing in other ways by exploiting the opportunities created by globalisation and urbanisation. However,Adhikari (forthcoming) holds a somewhat different view. People having adequate access to land have higher possibilities to tap opportunities created by the market. In principle, opportunities created by the market need to be shared by all, but it is not always the case. Generally, the elites grab those opportunities because they have education, skill, network and confidence. It is true in an agrarian society that it is important to have skills and capacity to access land and benefit from those opportunities. Land reform is one of the mechanisms that can better help the poor people to have access to land and hence to have access to opportunities created by the market.

The following case studies undertaken during an academic thesis research in Kailali District of Nepal conducted by the lead author indicates alternative ways of uplifting the socio-economic condition of the poor people.

> *"Due to a wider expansion of the road network and growing trend of urbanisation, people started to tap economic opportunities by keeping small provision stores (Kirana Pasal) and tea shops. These sources provide higher incomes than farming. These activities are also less tedious and involve less drudgery than farming. These have created opportunities for the people to be engaged in off-farm labour activities (e.g., portering) and stone quarrying. People generally receive higher and fairer wage than from farming".*
>
> *Kumbha Chandra is an inhabitant of Majhigaun 2, Dhungkhet, Bajhang. He rears livestock for his household livelihood. In the beginning, he worked as a supplier of wooden materials and his family members also worked sometimes as agricultural labourers. He had difficulty in earning enough to sustain his livelihood. He then started a goat farming business with 40 goats. He earned a profit of 15-20 thousand rupees from goat rearing. His monthly expense was about NRs 5000. He reported that he is satisfied from goat farming.*
>
> *He had a family size of 12 persons. Some migrated to India. Now, there are seven persons in living together in his family.*
>
> *Before, he was homeless and even his homestead land of 3 ropani (0.15 ha) was mortgaged for a loan of NRs 60000. The land owner frequently came and threatened to evict him out of the land occupied by him. When he could not pay the money, the land owner sometimes took his goats instead of money. About 2-3 generations back, they had to work as household labour for the land owners. But today, they do not work*

as slaves. His production from his field is about 8-9 quintals of paddy and 2-3 quintals of wheat. Food production from this land is sufficient to feed the family for about 4-6 months.

These few success stories narrated above are very powerful indicators of socio-economic empowerment of a large number of landless and land poor people in certain market centres by providing schemes and provision of non-land sources of income. Hence, it contributes to the overall change of an agrarian society.

5. Conclusion

Landlessness means dispossession of land. Landholding or ownership pattern determines an agrarian structure and its hierarchical pattern (landless, small land owner, large land owner and landlord). Land being a source of economic and political power, it has several socio-economic implications in the society, i.e., inclusion/exclusion and inequality. Exclusion and inequality are the perennial sources of social conflict and also the basis of agrarian change.

Based on these realities (i.e., inequitable distribution of land, unequal agrarian structure, social exclusion and exploitation) victimised people at the grassroots (viz. landless, Haliya, Kamaiya, marginal groups) organise themselves and exert pressure on political parties and civil society organisations to restructure the society with the objective of land to tiller through violent as well as nonviolent means. Hence, it can be inferred that landlessness (dispossession of land) is at the centre of ongoing activities and it (landlessness) serves as a driving force for changes in an agrarian. In addition, it is observed that society is changing under the influence of the market under the rapid pace of globalisation and urbanisation. In such a context, people having adequate access to land have higher possibilities to tap opportunities created by the market. Land reform may be a useful mechanism that can better help the poor people to gain access to land and hence to have access to opportunities created by the market.

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Chapter 7

Land rights movement and agrarian change

Jagat Basnet

1. A review of historical land tenure system in Nepal

Why apply all those Bikasi (modern) farming inputs? Bikasi Mal (chemical fertiliser) and Bikasi Biu (hybrid seeds) - they all cost money. In order to purchase those inputs, farmers like me have to take rin (debt) from a sahu (money lender, merchant). Any debt is bad for peasants. When they fall in debt, they are ruined. How many peasants do you know who fall in debt and not lose their land to their Sahu? When the land is gone, there is nothing left for a peasant like me. What am I going to do? See, land is my life. So what good does it do to buy all those bikasi inputs if you have to end losing your land? – A peasant (Shrestha 1998 p 75)

Bal Chandra Sharma's book *Historical Outline of Nepal* states that 60 percent of the cultivable land of Terai has been the source of personal income of some 40 to 50 people. Around 10 percent of the land is Birta[1] land under the control of royal and Rana families and priests. Of the remaining, some 30 percent is distributed among big landlords and Raikar[2] cultivators (Rokka 2004; Gautam et al. 2004). In the past, the Ranas and the royals distributed land to their relatives and supporters, as though it were their personal property, in the name of Birta, Rakam[3], reward or Guthi[4]. This resulted in the ownership of land being limited to the royals and Ranas, and officials of the palace secretariat, their relatives, a few superior government officials and priests. For example, Mathavar Singh Thapa received 2,200 ropanis[5] of land in the hills and 36,466 bighas[6] of

[1] Land grants made by the state to individuals, usually on an inheritable and tax-exempt basis, abolished in 1969.

[2] Lands on which taxes are collected from individual landowners; traditionally regarded as state-owned.

[3] Unpaid and compulsory labour services due to the government from peasants cultivating Raikar, Kipat, and Raj Guthi lands; abolished in 1963.

[4] An endowment of land made for any religious or philanthropic purposes.

[5] A unit of land measurement in the hill districts, comprising an area of 5,476 square feet or 0.05 hectare; one ropani is equal to 4 muris of land.

[6] A unit of land measurement used in *Terai*, comprising 8,100 square yards, or 1.6 acres or 0.67 hectare. A Bigha is divided into 20 aktthas.

land in the Terai either as Birta or reward from King Rajendra. In 1950, one-third of the land had been categorised as Birta, while 227,000 acres was under the name of three Ranas (Regmi 1999). A recent report[7] lends further credence to Regmi's historical observations when it states that over 50,926,810 ropanis of land is under the name of the royals alone. Such ownership and control of cultivable land by people not engaged in agriculture has a political logic: to maintain an unequal power relation in which the weak in the chain constantly submit themselves to the strong. This pattern of ownership perpetuated a gap in the caste and class divide, created absent landlordism and consolidated the hold of those close to the royals as landlords. This is highlighted by Shanker Thapa's study on land that reveals how 24,000 bighas of land that was under the name of landlords and 52,000 bighas of land under the farmers in 1967 was altered to 52,000 and 24,000, respectively in 1951 (Thapa 2000).

Historically, the caste-based social framework finds a close nexus with the system of governance, in which the so called upper caste, the Ranas, Brahmins and Chhettris in particular, have always held positions of power and privilege. Consequently, those belonging to the lower tiers have been grossly discriminated against and deprived of accessing decisive state structures, institutions and benefits. The vast land grants made during the last century to nobles, successful generals, and other favoured state functionaries were abrogated and limited land reform was introduced in the 1960s. Nevertheless, many large landowners (who frequently control more land than the legal maximum) still exist, who are able to extract surplus in the form of rent from those who work on the land. Independent peasantry is by far the largest category of producers (Blaike et al. 2005). Although the land reform programme was implemented in 1964, it was neither designed scientifically nor was implemented sincerely. At a time when land reform was implemented through the Lands Act 1964, 65 percent of poor peasants had 15 percent of land as opposed to 39.7 percent possessed by 3.7 percent rich peasants and feudal lords (CBS 1961; Bhattarai 2003). After the land reform, the number of affected landlords was only 9136 with 50580 hectares of land recorded as above ceilings. Out of this 32331 hectares was acquired, of which only 64 percent was redistributed (Zaman 1973). As a result, out of the total cultivated area, 9.9 percent rich peasants and landlords owned 60.8 percent of land after the reform (CBS 1971; Bhattarai 2003).

[7] Report of the land investigation sub-committee - The sub-committee was formed under the Parliamentary Committee on Natural Resources to investigate King Gyanendra's property especially land.

This means that the landowners' rights over the land were almost unaltered (Regmi 1977). Indeed, the land reform had a more damaging effect on production and productivity because after reform 31.2 percent of the farmers were tenants (Zaman 1973). Furthermore, even after two to three decades of tenancy rights granted by the government, almost 28 percent of the households were informal and unregistered tenants especially in the Terai (Bhattarai 2003; Regmi 1999). Despite the land reform and other programmes launched to bring about changes in the traditional feudal structure of the society and to enhance production and productivity in agriculture, all initiatives went in vain primarily due to lack of firm political commitment and sincerity in their implementation through effective institutional means (Regmi 1976).

Mahesh Chandra Regmi, a prominent scholar, in his book *State as a Landlord: Raikar Tenure*, argues that the state's policy, legislation and programme deprived the tillers and that ultimately adversely affected their livelihood. Most of them are from indigenous, Dalit and poor communities. As per Kaplan's report, the Rai and Limbu in the east lost their Kipat land where they had autonomous rights for cultivation and use of land (Caplan 2000). The Chepangs lost their land rights where they had been practising shifting cultivation and collecting forest products from which majority of them earned their day-to-day livelihood.

2. Land and agrarian issues

Land lies at the heart of many of the world's most compelling contemporary issues, from climate change to armed conflict, and from food security to social justice. Since the turn of the millennium, land issues have regained the centre stage in national and international development debates, which increasingly focus on access to land in promoting economic growth and alleviating poverty. The distribution of agricultural land in Nepal, as in many poor countries, is profoundly inequitable, giving rise to social tension, impaired development and extreme poverty (CSRC 2010). These exploitative imbalances are the legacies of colonialism and institutionalised feudalism, posing serious threats to future prosperity and sustainable peace. Donor-driven development projects focusing on land governance have sought to impose market-led capitalist ideals, further polarising power and marginalising the poor (CSRC 2010). The noxious blend of national feudalism and international hegemony has placed the world's poor agrarian societies in a perilous predicament; for one-sixth of the world's population, nearly a billion farmers, are without security of land ownership and the situation is grave. Confronted with this menacing

dystopia, it has become increasingly urgent to assess the ways in which land is owned, accessed and regulated.

2.1 Those who work on the land have no ownership

Nepal is one of the most relevant countries today for contemporary debate on land and agrarian reform. This small and mountainous nation landlocked and sandwiched between two Asian giants, China and India, is home to around 28 million people; it is one of the world's poorest countries with half the population living below the poverty line even though Oxford University report 2010 shows it at around 65% (Oxford Poverty and Human Development Report website hhh://ophi.qeh.ox.ac.uk or www.ophi.org.uk). The striking topography renders 80% of the land uncultivable (only around 20% land is cultivable), yet three-quarters of the population depend on agriculture for their livelihood one-third of whom are marginal tenants and landless farmers (Basnet 2009).

Agriculture is the main livelihood for 90% of Nepal's poor, yet according to the latest census (CBS 2001), 25% of the 4.2 million farming households do not own a piece of land, even to install a hut. Others may own a piece of land, but it is not sufficient for them to sustain a livelihood. According to the UNDP HDR (2004), 5% of the wealthiest people in Nepal, who do not work on the land, own 37% of arable land, whereas 47% of poor tillers own only 15% of such land[8].

Box: 7.1 Exclusion of women from land: A society's shame

For women, the existing inequity between the rich and poor is further exacerbated by gender inequality whereby men predominantly own all productive resources, especially land (more than 90%). A corollary of cultural tradition and inheritance laws has left Nepali women with only 10% of land holdings, despite them accounting for two-thirds of agricultural productivity. Even the few land owning women are owners in name only, having little decision making power and subordinate rights. Without land, women have no power within families or communities and will continue to be exploited. Women's access to and ownership of land is vital not only for their empowerment, but for future development of Nepal; stigmatising and marginalising half the population is far from progressive. The women's rights movement in Nepal has yet to be linked with the boarder land rights movement; such an alliance must be made an immediate priority.

Source: CSRC (2009)

2.2 Feudalism is alive and well

Nepal's pattern of land ownership is the corollary of over 200 years of autocratic monarchy, with successive kings treating the land as their

[8] UNDP (2004). Human Development Report 2004, Kathmandu.

personal property, distributing large tracts to military leaders, officials and family members, in lieu of salaries or as gifts.

This feudal system deliberately precluded ordinary people from owning land and ensured their continued position as agricultural servants. Non-farmer elites began to accumulate considerable land holdings as a form of security and status which precipitated the well-established class structure of landlordism today; a dismal system whereby those who work the land have little ownership over it.

This also created bonded systems like, Kamaiya, Haruwa (plougher, semi-bonded labour), Charuwa (cattle herders), and Kamlari (girl child labour), which are still existing and they could not come outside the vicious circle of poverty although there were political changes and political commitment. Landlessness affords no status in communities and disenfranchises millions from their basic human rights. Without the possession of a land certificate people are denied access to many government services such as banking, electricity, telephone and potable water. The landless are also often deprived of services available from non-governmental sources such access to community forests and foreign employment.

Box 7.2 Bonded Labour in the 21st Century

There are an estimated 80,000-100,000 Nepalese households trapped in systems of bonded labour, despite being legally outlawed in 2002. The farmer labours in the landowner's field as part of an annual contract to repay a loan. Since he cannot afford to pay the principal, he plows to pay off the interest on the loan. The initial loan amount is often wretchedly small and dates back generations, but with exorbitant levels of compound interest the debt can increase exponentially, confining generation after generation to bonded labour. Bonded labour families are pitilessly exploited through excessive work for nominal wages and physical and psychological abuse; they have no identity, little dignity and are mostly from Nepal's lowest caste. Sadly, after their emancipation, many bonded labourers were forced to return to their original masters, being offered little livelihood support they faced starvation.

Source: CSRC (2009)

2.3 Systematic failure of land reform

Nepal's land governance remained subject to capricious rulers until the first land act was introduced in 1964. In response to a fledgling land rights movement initiated by tenant farmers, the incumbent monarchic regime introduced the act with the aim of "showing a human face". It imposed land ceilings with redistribution of the surplus to needy farmers and pledged to end the ritual of offering vast land grants to royal favorites. In practice,

ceilings were not enforced, little land was redistributed and landlords rather than tenants often benefited. No further significant land reform measures occurred for the next 30 years and the 1964 Lands Act remains at the centre of Nepal's land reform legislation even today. The People's Movement[9] of 1990 reintroduced multi-party democracy to the Kingdom of Nepal, bringing new hope. In 1996, amendments to the original land act stipulated that any tenant farmer who had cultivated a piece of land continuously and registered as tenant would be given the right of tenancy and the right to receive half the land the tenant farmed. As the majority of tenants were unregistered, landlords reacted predictably by evicting them from their land and refusing to grant secure tenancy contracts. In a country as poorly developed as Nepal, where it can be many days walk to the nearest road, and even further to reach a centralised bureaucracy, it served to formally terminate tenancy rights for over half a million families.

Land reform policies in Nepal have failed significantly to redistribute land, improve agricultural productivity or realign socio-economic power imbalances. The main reason for this lies in the conflict of interests with decision makers. Government leaders are closely tied to landlords, if they are not landlords themselves. This corrupt nexus of power has ensured the continued failure of land reform and perpetuation of a feudal society. The main output of imposing land ceilings was concealment of ownership; the main product of land records reform was authenticating elite ownership; the main effect of tenancy registration was eviction; and the main consequence of modernisation was abuse of customary rights.

2.4 Imposition of liberalisation and commoditisation policies

After restoration of democracy in 1990, Nepal adopted a policy of privatisation and liberalisation with pressure from the World Bank and other international financial institutions. Before this, with pressure from the World Bank, the Nepal government had already adopted the Structural Adjustment Programme (SAP). Few years back, Nepal became a member of the World Trade Organisations (WTO) that requires promoting an open market economy. This has serious implications on landholdings and agricultural productivity. Multinational Companies (MNCs) and the private

[9] The 1990 People's Movement (*Jana Andolan*) was a wave of pro-democracy protests spearheaded by Nepal's banned political parties, which brought an end to absolute monarchy and ushered in constitutional democracy.

sector can acquire large areas of land which can alienate the poor people from their farming land. As per the privatisation policy, many people have controlled land areas exceeding the ceilings under the guise of promotion and establishment of industries in different parts of Nepal. This has clearly been mentioned in the Rudramani Sharma Commission report (the Nepali Congress government formed this commission in 1992). The report said that although large tracts of land were retained to establish industries many people did not do so. Now the market has been regulating Nepal's economy where agricultural land has been treated as a commodity. As a result, the price of land has been escalating due to increasing urbanisations and food insecurity.

In 2004, the World Bank wanted to impose the land bank concept in the name of distributing land to those who are landless. Actually, this was a concept to buy the landlords' land and sell it to the landless and poor farmers. Due to constant protests by the land rights activists and land rights movement, it was postponed. However, during the period of the king's direct rule it was revived in rehabilitating the Kamaiya although there was no financial support from the World Bank. For the last three years since Nepal became a republic, land plotting and housing business has dramatically increased. This has generated many speculators dealing in land. According to a recent (February 2010) report published in the Kathmandu Post, a national daily newspaper, more than one thousand bigha (667 Ha) of land has been subject to plotting in Morang district alone. The scenario in small townships across the whole country is similar. Valuable land has thus been controlled by a few rich people who are benefiting from this. Since the poor people can barely afford paying for food and clothes, mostly the rich people are involved in land plotting and control over land. From the very beginning of democracy in 1950, the state became weak and the landlords and industrialists wielded power in the government and political parties. Nepal has a market regulated economy. Landlords basically have two kinds of power, economic and political power. So the power nexus and elitism has never changed.

3. Land movement

Land holding is not purely a choice of the general people, but rather a consequence of the power structure of the Nepali society. The above paragraphs already mentioned that the ruling class had taken their individual property and distributed to their henchmen, relatives, supporters and some Hindu priests who were not farmers. Conflict between the landlords and

tillers was thus generated historically and unequal distribution of land has been the main setback for economic development and social justice. This has been blocking Nepal's development and sustaining the elite based land and agriculture system from the very beginning. Most of the political parties chant the slogan of 'land to the tillers' but when they go to the government they are under the influence by the landlords and the political leaders themselves are converted into landlords. The movements of 1950, 1990 and 2003 were against feudalism but all the three political changes did not change the landlords into general people. The Maoist movement also started with the 'land to the tillers' slogan but when they went into the government they did not initiate anything. The land deprived people had to struggle for a long time for the formation of a high level Land Reform Commission. They organised a 13-day 'sit in' at the open theatre in Kathmandu with their own food in the winter season. In principle, no one disagrees to a genuine land reform when in front of the poor people but in practice there is no willpower to make it happen. Many farmers have devoted their life and have been struggling since long time for their land rights. Till 1991, sister organisations of political parties were actively organised and mobilised the people for land reform. After restoration of democracy in 1990, those organsiations also became passive. The main reason behind this is that those who are not active in farming occupation controlled the farmers' organisations. During the conflict period, the peasant association of the Maoists was active but when they came in the peace process, the agenda of genuine land reform was mentioned only in speech but not in practice. Since right to land is a political and structural issue, without political decision and political commitment there is no possibility for a genuine land reform. After 2000, the land reform agenda became the issue of only the landless and tenant farmers but not of the political parties and farmers' associations. The agendas were changed from land reform to agrarian reform and progressive land reform focusing narrowly on tenure reform only. Although the agenda changed at the political level, the real landless and tenant farmers started oragnising on their own and the structure and characters of the movement were changed. The following section summarises the history up to the present situation of land rights movement and agrarian changes.

3.1 A review of historical land and agrarian rights movement

If we look at the history of land rights movement of Nepal, it shows that it was initiated in a sporadic and unorganised way since the 1800s (Regmi

1999a). The farmers' movement was the main base of the democratic movement of 1950. The tillers expected changes in land and agrarian rights and land relation but the democratic government did not address this. So, the tillers were compelled to struggle for their rights after the dawn of democracy in 1950 (Basnet 2007). In 1951, the movement that started from Somlingtar, Bhaktapur, focused on non-payment of grains (Kutbali) and tenancy rights of the tenants tilling the land (Thapa 2001). In the same year, there were more organised movements on tenancy rights in Bhaktapur and Kathmandu, against Bataiya in Bardiya, Jamindar Birodhi Andolan (movement against the landlords) in Lumbini, and Dharmabhakari Andolan (saving grain movement) in Bara and Rautahat (Thapa 2001). The movement of Bhaktapur proceeded in an organised way and focused on birta and jamindari system, and rights of the tenants on the land they tilled. For this, a common farmers' association (Akhil Nepal Kishan Sangh) of all existing parties was formed.

From 1950 to 1960, several land right movements were organised but the demands were largely politically motivated. The farmers had high expectations from the government and political parties. The latter were convinced that if a majority of the people remained poor and without food, it would be difficult not only to maintain law, order and freedom in the society, but it could also be dangerous to the landowners themselves. However, the political parties were confined to making only minor reforms in the existing system rather than bringing about radical changes in the economic structure and feudal system. These minor reforms did nothing more than to pacify the anxiety and frustrations among the farmers.

In Nepal's history of farmers' movements, Bhim Dutta Panta of the far-western region was seen active after 1950 (ANPA 2004). Panta was a freedom soldier and fully focused on farmers' revolution. He organised and mobilised the farmers for their rights; as a result he became the target of landlords and the Rana government. They tried to arrest and even kill him in March, 1951. Governments of both India and Nepal labelled him a 'dangerous radical communist', and even announced a search warrant and a reward of five thousand rupees for his life (ANPA 2004). For a short period, he was able to remain underground because of full support from the public, but later in 1953 he was arrested by the police in Doti and was taken to a nearby jungle where he was shot and beheaded with a Khukuri (knife) by a policeman. His head was then hung on a bamboo pole and demonstrated to the mass. Some 300 followers were arrested out of which 50 were freed only in 1956, and the landlords celebrated this incident as their victory (INSEC 1995).

The 'Re Nahi Ji Kaho' (speak to farmers with respect) struggle launched in Rautahat district against the feudal landlords and their misdeeds played an important role in the history of farmers' struggle. That was a struggle for prestige, social dignity and self-respect, and was aimed against the behaviour of the landlords who had treated the poor landless persons as people of lower class. The agitating farmers with the slogan 'Maddat Bhakari Khada Karo' (establish grain storage) helped each other in storing and saving grains for continuing the struggle. This struggle gave a strong message against the landlords and made a meaningful contribution to the overall land rights movement in Nepal (INSEC 1995). From 1953 to 1955 in almost all districts of Terai, 'Khamar Rok', another form of farmer's movement, took place which was controlled and led by young farmers. The youths decided to be a part of the ongoing struggle on their own terms (Thapa 2001). To pacify the peasants' movement, the government formed a small reformist commission, but that did not represent the tenants and landless farmers in any way. In 1960, a historical farmers' struggle took place in the district of Dang for which the seeds were sown in the election of 1958 (INSEC 1995). In that election, the slogan of the Nepali Congress 'Jagga Kasko Jotneko' and 'Ghar Kasko Potneko' (land to the tillers, home to the tenants) fuelled the movement. In response, the landlords evicted the farmers from their lands. When talking about farmers' struggles in Nepal, the incident of 1970-72 in Morang district is worth mentioning. This was targeted against the migrants from the hills who had settled in the fertile land in 'Jhora' areas between the Terai and Churia regions. Several people were reported dead in the struggle (ANPA 2004). The protest in Jhapa from 1970 to 1974 is an example of a communist insurgency among the farmers. The Jhapa struggle gave birth to a new way of revolution, in which several landlords and farmers were killed in the struggle (ANPA 2004). Bhakari Phod struggle was popular in 1979-80, in which the farmers demanded a reasonable price for their products. But the army took action against the farmers. This struggle started from Dhanusa and spread over different parts of the country (Thapa 2001). The Chhintang Movement of 1979 in Dhankuta was a movement against the local Majhiyas (landlords) who were accused of exploiting the local ethnic groups and poor farmers. The poor were forced to give free labour service for at least two weeks every year to the Majhiyas. This struggle was mainly against such exploitative practices in which 17 farmers were killed by the landlords with support from the government (ANPA 2004). This movement was primarily against the feudal Pandeys of Piskor village of Sindhupalchok district. Farmers were forced to provide free labour services, pay a high rate of interest on their loans and had to give most of their production to the landlords.

The farmers were organised against this exploitation and oppression, and strongly demanded 'Jasko Jot Usko Pot' (land to the tillers) (ANPA 2004). However, the suppressive regime brutally suppressed the movement and killed several landless people and poor farmers.

After a long struggle, there was democracy in 1990. For democracy many farmers sacrificed their lives and following the advent of democracy, they had the expectation that at least they would get the rights of living and tilling land. But their expectations were not met and there was only power sharing among the political parties. Again, the landlords came to power and there was no change either in land relations or in administrative structure. The farmers' rights were once again neglected. After 1990, the farmers' associations were again captured by the middle class people. After 1990, except few cases, sister organisations of the political parties left the major issue of land rights of land deprived people and started to push for agrarian reform which comes after land reform. So this section briefly discusses the land rights initiatives from a civil society perspective, particularly citing the example of one of the active NGOs working on land rights issues and its network. Several civil society organisations have contributed to this movement. However, all of them have not been discussed here.

The tenancy rights movement started in 1995 from two VDCs, Kiul and Helambu of Sindhupalchok district, which expanded later to become a national land rights movement. In recent years, the land rights movement has substantially increased its coverage and has reached out to almost 300 thousand households in 50 districts of the country (CSRC 2009) through various awareness raising programmes and campaigns. These campaigns are being facilitated by NGOs such as Community Self-Reliance Centre (CSRC) and National Land Rights Concern Group (NLRCG), National Alliance for Land and Agrarian Reform (NALAR) and COLARP. These have come together and successfully mobilised the landless and tenant farmers including Haliyas, Kamaiyas, Haruwas and Charuwas throughout the country. Since the political parties left the issue of land rights of real tillers, the tillers and landless have started organising themselves independently and fight for the land rights movement. With support from many independent groups, the National Land Rights Forum's movement has seen vibrant and it is also getting support from the Community Self-Reliance Centre (CSRC).

Different sections of the civil society as well as the oppressed tillers have themselves started to voice their concerns and propose alternative policies

for ensuring their rights of land ownership. Forums of the concerned groups and people's organisations have evolved at different levels, which have initiated local level interactions on land right issues. The discourse on land rights is deepening and social mobilisation for genuine land reform and security of livelihood is widening. More importantly, the agenda of land reform is being discussed at the local communities and various district level forums. The civil society organisations along with the National Land Rights Forum (NLRF), a land-deprived people's organisation, have been carrying out many campaigns at different times and in different places.

The process of organising the tillers and landless farmers has been continuing. When the then king Gyanendra took power in his control and imposed a state of emergency on February 1, 2005, he announced a 21-point government priority programme. The third point in the king's programme mentioned land reform through land bank, which was not popular among the landless and tenants. The government did not consider other alternatives and instead brought the land bank concept with the backing of the World Bank. Many NGOs and farmers' organisations opposed the decision and organised a series of interaction programmes at different levels. As a result, the decision was postponed. Because of the state of emergency, it was difficult to organise the movement and pressurise the government. However, the landless people organised several meetings and mass demonstrations from community to national levels. Since there was a very large participation of the poor farmers, even the army and the police could not do anything against them. The farmers showed their unified power and opposed the king's rule, and demanded democracy and land rights. After the restoration of democracy in 2006, many poor and landless people had the expectation that the new democratic government would listen to their voices and do something for their benefit. But nothing happened in practice, although there have been many formal and informal discussions with the political parties and the government. Because of the negligence of the government, the land-deprived people were compelled to organise nationwide protests, including encirclement and locking up of District Land Revenue Offices in many parts of the country in the months of August and September, 2006 (CSRC 2006). But the district offices refused to forward the protesters' formal demand letter to the government. This behaviour of government officials made the protesters angrier, and consequently they decided to

padlock the offices until the government listened to their concerns (CSRC 2006). Many other similar protest activities were conducted throughout the country with the intention of creating pressure on the government and mobilising the landless and poor farmers. Some of these protests were: Guthi victims' 'sit-in' programmes and other 'sit-in' programmes in front of the offices of various government agencies and political parties. This wave of protest has been continuing. In 2008, NLRF organised a national 'sit in' at the open air theatre (Tudikhel) in Kathmandu for 13 days. The Maoist led government agreed to form a high level land reform commission with the participation of landless and deprived people. The main demand was formation of an executive commission with the participation of the landless and tenant farmers and implementation of a comprehensive land reform programme. The government formed a suggestion committee which was not the demand of the movement. When the Maoist-led government stepped down, the commission became passive and it was reorganised later on.

Now the land deprived people are struggling to include the land issue in the forthcoming constitution. The process started from the time of the constituent assembly elections. NLRF asked the candidates to issue a letter of commitment. Following the election, the Forum organised a 'Constitutional Yatra' and asked the Constitutional Assembly members to include the land issue in the constitution. The main focus is on 'housing land for all, tilling land for tillers' and a constitutional provision of comprehensive land reform.

3.2 Present status of the civil society movement

Today the movement has spread to the national level, where it is known as the National Land Rights Forum (NLRF). The NLRF covers 50 districts and is composed of over 2,000 people's organisations or Primary Groups. Through these groups over 50 thousand landless or marginal farmers and their families have been organised to claim their rights, secure ownership of cultivable land, strengthen their livelihoods, and beyond this, to transform the entrenched structural inequalities that characterise the Nepali society and political economy. The movement works to achieve this through a two-pronged approach that combines people-centred advocacy with people-led action at various levels from the local to the national.



Photo 7.1 Civil society leader Shyam Shrestha and other discussing with people in Lahan. (COLARP)

The movement is organised into three tiers: village, district and national. The village level comprises the grassroot base of the movement, namely, the Primary Groups. These Primary Groups are formed on the basis of the land rights issue in a given locality, e.g., tenant groups, landless groups, Haruwa-Charuwa groups, etc. Elections are held on a three-yearly basis to appoint the key position holders. These groups are supported by local Land Rights Activists (LRAs) who are carefully selected for their commitment and are trained by CSRC and its collaborating partners on land issues and participatory and empowering approaches to organising and mobilising.

CSRC has assisted the movement since its inception playing a critical facilitative and supportive role. As an NGO, CSRC and its collaborating partners recognise that it is not itself part of the people's movement; rather than attempting to lead the movement it has taken a back-seat approach, providing strategic inputs to the movement. This takes the form of capacity development, creating and systematising opportunities for learning and reflection, conducting relevant research (including sharing of international experiences in land reform), establishing linkages with key stakeholders nationally and internationally, and supporting advocacy

processes. CSRC continuously strives to ensure that the movement remains people-centred and people-led, rather than NGO-led. This means continuously ensuring that decision-making rests in the hands of the members and leaders of the people's movement rather than in the staff of CSRC and its collaborating partners and their staff or local activists.

Key activities

As a people's movement, the land rights movement is founded on a people-centred approach to social, institutional and policy change. Key activities carried out by the movement include:

- Expansion of the movement through the formation and strengthening of new Primary Groups and linking them to the movement;
- Popular education and mobilisation of Primary Group members through land schools (Bhumi Sikhai Kendra), encampments and a variety of meetings and conversation at the local level;
- Preparing land rights activists (e.g., identifying them and building their capacity to negotiate, lead, mobilise Primary Groups, file applications for tenancy rights, etc.);
- Organising mass-based rallies, demonstrations and sit-ins at the local, district, regional and national levels;
- Organising Primary Groups to negotiate with key stakeholders at the village, district and national levels, including carrying out a variety of policy advocacy and lobbying efforts.

Through these activities, the movement seeks to simultaneously promote awareness and place pressure on key stakeholders to secure transfer of land ownership to the landless farmers through the Land Revenue and Land Reform Office, as per existing policies. As Nepal is currently in the process of drafting a new Constitution, the movement is using this opportunity to ensure that it directly addresses the issue of land. In all these activities, focus is given to women's empowerment to ensure that the struggle for land rights is gender-sensitive.

Another key aspect of the movement is its focus on dialogue and participatory processes of decision-making at every level. Thus, for example, the structure of the movement itself–and its ongoing evolution–is a product of extensive discussion and negotiation amongst

key stakeholders–not least the NLRF. This focus on inclusion is a key mechanism through which the movement seeks to ensure empowerment of the landless and marginal farmers that remains at the core of all its work. Similarly, the decision to ensure that all Land Rights Activists (LRAs) are themselves landless farmers and are drawn from the communities in which they reside and work helps to nurture and strengthen local ownership and leadership.

These mass-based events as well as others such as meetings, round-tables, and press-conferences also give NLRF members the opportunity not only to highlight their issues, but also to interact with key political figures and ministers, including – on a number of occasions – the Prime Minister, to communicate their issues with regard to land reform. NLRF has also worked with various government bodies, ministries, commissions and civil society groups and alliances in order to advocate for land reform that is sensitive to the situation of different groups of landless farmers who constitute the movement. Such opportunities have been systematically used by the movement to influence, for example, the creation and agenda setting of the High Level Commission on Land Reform as well as to advocate for the inclusion of land issues and rights as a key aspect of the new Nepali Constitution. Emphasis is placed on ensuring that the movement becomes self-funded. This aspect helps not only to ensure sustainability and autonomy of the movement, but also, perhaps most importantly, to ensure people's ownership of the process – the understanding that it is their own movement. A number of mechanisms have been introduced to encourage this. First, each Primary Group is required to have a fund of at least NRs 2,000, to be built up through people's own contributions. In 2009, a total of NRs 716,888 (till June 2010) was raised through people's contributions – excluding funds raised through local government bodies or from other stakeholders (the amount was higher with grant from the government through VDC/DDC). However, such contributions are insufficient to cover the costs of the movement.

4. Conclusions and lesson learnt

4.1 Eyes on land reform

Land reform is a complex political issue for Nepal that is shackled by entrenched inequities in land access and ownership. Highly unequal land ownership breeds social tension, political unrest and inhibits economic growth. While Nepal faces its own particular land related issues, some

common themes prevail; the lack of political will to formulate and implement effective land reform, entrenched inequitable power structures, exclusive legal systems, a lack of information dissemination and the age-old millstones of corruption and excessive bureaucracy. Across the board, authorities are seen to be rich in rhetoric and poor in deed.

The rising discontent amongst landless and small holder farmers has forced open an ideological debate between neo-liberalism, centralised elite domination and pro-people policy making. The majority rural poor have begun to find their voice and Nepal's civil war will act as a warning that their land grievances can quickly turn to violence.

Land reform is beginning to emerge from the vortex of market-led ideology to find itself at the epicenter of topical discourses on poverty alleviation, sustainable rural development, conflict transformation, food security and fundamental human rights. International financial institutions continue to promulgate reforms that consolidate and authenticate inequity but land rights organisations are now enjoying a higher profile with increasing solidarity from a wide variety of state and non-state actors.

It is abundantly clear that the best approaches to land reform are those that integrate ownership security, livelihood, resource management and land reform from below by empowering the local community. Land reform must redistribute land widely enough to preclude any dominant land-owning class and be accompanied by a support structure to sustain productivity. The expansion of rural markets that will follow will generate growth and this will lead to stable peace and national development. All eyes are on Nepal to see if the coming government seizes the unique chance to institute such an innovative, rational and scientific process of land reform.

4.2 Seize the opportunity: Involve communities and work together

New strategies are required for new times and old reforms are sullied by their failures; the challenge now lies in reassessing reform. The government of Nepal is operating in a post-conflict environment that is primed for progressive action, giving it the unique opportunity to pursue an innovative model for land reform that is rising from the ashes of market-led agendas and centralised state bureaucracies. A new democratised, devolved approach should seize the opportunity to closely involve the landless community, learn from success stories in other countries and incorporate new insights into sustainable rural development.

4.3 A holistic approach can be the best model

In the case of Nepal, where broader macroeconomic policies do not support agriculture in general and small-scale producers in particular, land reform alone will not bring substantial income gains to the poor or a reduction in poverty and inequality. Indeed, if the macroeconomic context is adverse to agriculture, for example if exchange rate overvaluation and trade policies make agricultural imports too cheap for local growers to compete, then to encourage the poor to seek a living in farming is to lure them into debt and penury. A holistic approach to land reform must therefore be adopted to ensure viable and sustainable benefits.

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Chapter 8

Addressing poverty by re-orienting agricultural research, extension and education in Nepal

Neeraj N Joshi

1. Introduction

In Nepal poverty alleviation has remained the central issue over the past few decades, during which time the country also saw two major political transformations, i.e., one in 1990 with the restoration of multiparty democracy, and another in 2006 that successfully toppled the nearly 250 year old autocratic royal regime, leading to the establishment of the country as a Republican State. Recognising the imperative to address poverty related issues, various short- and long-term strategies and measures have been adopted.

Though poverty incidence in Nepal decreased by 26.1 per cent between the year 1995/96 and 2003/04, it is still high at 30.85 per cent (CBS 2004). As Nepal's poverty has remained largely an agricultural phenomenon with over three-quarters of all the poor employed in the agriculture sector (Karkee 2008), growth in agriculture is crucial for reducing poverty. This is because as MoAC (2010) states that the agriculture sector provides employment opportunities to 66 percent of the total population and contributes about 36 percent to the GDP. However, the performance of Nepal's agriculture sector for the past few years has not been satisfactory (MoF 2009). Besides high illiteracy, poor health and low sanitation, high child malnutrition, poor access to basic services and inequities resulting from tradition-driven social structure, the World Bank (2006) states low food grain productivity as one of the factors responsible for causing poverty in Nepal.

Given the above scenario, the challenge before us is to increase agricultural productivity if agricultural growth is still to be relied on as a strategy for poverty alleviation. Since growth of agriculture is also interconnected with several factors such as research, extension and education, among others, this paper seeks to reflect on the current issues such as governance system that includes institutional mechanisms, and technology/information

generation and dissemination, quality of extension personnel, inclusive development within agricultural extension and research systems in Nepal.

2. Poverty alleviation efforts in Nepal

In Nepal, poverty reduction as a development objective was introduced for the first time in the Sixth Plan (1980-1985) and continued as a concern in the Seventh Plan (1985-1990). Poverty alleviation remained one of the major objectives of the Eighth Plan (1992-1997), which was formulated following the restoration of multiparty democracy in 1990 and in the light of the World Bank's emphasis on poverty in its World Bank Report of 1990 and in its Country Review for Nepal (1990).

Similarly, poverty reduction received still greater attention in the subsequent Development Plans, i.e., the Ninth Plan (1997-2002). The Tenth Five-Year Plan (2002-2007) had considered poverty alleviation as its overall goal. Therefore, poverty reduction strategy was regarded as the main basis of the Tenth Plan, which had formulated a poverty reduction strategy based on four major pillars, namely, (i) broad-based and sustainable economic development, (ii) social development, (iii) targeted programmes and (iv) good governance. Therefore, the Tenth Plan was also considered as Nepal's Poverty Reduction Strategy Paper (PRSP). In the recent past, the Three-Year Interim Plan (2007-2010), and the current Three Year Plan (2010-2013) also continue to give emphasis to poverty reduction as its main goal (NPC 2010).

Some earlier poverty reduction related programmes launched by the government include: Bisheshwar Among the Poor (BAP), Production Credit for Rural Women (PCRW) under the Women's Development Programme (WDP), Jagriti, the Western Terai Poverty Alleviation Programme, the Upper Hills Poverty Alleviation Programme and the Remote Area Development Programme. A relatively recent programme of poverty reduction is under the Poverty Alleviation Fund (PAF), which emerged with the failure of past efforts to sufficiently ameliorate the situation of the lower strata of the society living below the poverty line. PAF address the issues and problems of the poor by involving them as partners in developing and implementing the programs for their benefit (PAF 2010).

2.1 Poverty–agriculture nexus

No country has been able to sustain a rapid transition out of poverty without raising productivity in its agriculture sector (Timmer 2005).

In Nepal, poverty and agriculture are closely linked. This is because as agriculture failed to grow, poverty remained largely an agricultural phenomenon (Karkee 2008). However, the sole strategy to uplift the social and economic condition of the people in an effort to reduce poverty will be a difficult task without bringing about substantial improvement in the agriculture sector. As an agricultural based economy, Nepal can hardly reach closer to achieving the millennium development goals without improving the performance in agricultural sector. Therefore, the current uninspiring situation in the agriculture sector needs a greater attention.

Poverty in Nepal is largely a rural and agricultural phenomenon. This is because nearly 85 per cent of Nepal's population lives in the rural areas and 66 percent work in agriculture, which forms most important source of livelihood for vast majority of the rural people, including the poor (IIDS 2008). Growth in agriculture is, therefore, crucial for reducing poverty. Among those under poverty line, 67 percent are engaged in agro-based employment and 11 percent as agricultural labourers (NLSS 2004). This demonstrates a dire need for agriculture development in Nepal as this sector alone provides employment for 78 percent of the total poor of the country. Keeping in view the contribution of agriculture sector, it was given priority for its development from the onset of the periodic plans till the Eighth Five Year Plan (MoAC 2010).

2.2 Agrarian reform and poverty reduction

Nepal is an agrarian country, which is characterised by the smallholders and marginal farmers that pre-dominate Nepalese agriculture and with the average land holding size of 0.8 ha. Nearly a half of all farmers have less that 0.5 ha of land, while those with less than 1 ha of land constitute nearly three-fourths of all holding (CBS 2006). The size of land holding and productivity are highly related concepts.

Access to land is a major determinant of the livelihood strategy of rural households (Lipton 1985). The socio-economic structure of the country reveals that land is the main property and source of income for majority of Nepalese people (WB 2006). However, land ownership in Nepal has traditionally been concentrated in the hands of a few. For most poor rural families access to land is extremely limited. Almost 70 per cent of households have holdings of less than 1 ha and many of them depend on plots that are too small to meet their subsistence requirements. Bajracharya et al. (2006) describes small size of land holdings as one of the causes of persistent low agricultural productivity, and because of poor

growth in the agriculture sector, the living standards in rural areas are deteriorating and poverty is increasing.

Following the overthrow of the Rana Regime in 1951, a number of interventions were initiated by the state to reform land tenure. Significant among those are: (i) formation of the Land Reform Commission in 1953; (ii) promulgation of the thirteen-point programme in 1956; (iii) Preparation of Land and Cultivators' Records Act 1954; (iv) Lands Act 1955; (iv) Abolition of Birta Land Act 1957; and (v) Agriculture (New Provisions) Act 1960. However, all these measures were largely ineffective since the government was not serious about genuine reform (Chapagain 2001). In view of alleviating widespread poverty, the government undertook specific policy measures and legislation from time to time to address the issues related to inequality in the distribution of land and other productive natural resources. Recently, the High Level Commission for Scientific Land Reform formed by the government of Nepal studied their problems and suggested that the empowerment of local communities in Nepal is vital if land reforms are to be effective and agricultural production is to be increased.

Agrarian reform should above all be recognised as an obligation on the part of national governments within the framework of human rights and as an efficient public policy to combat poverty. While the government initiated agrarian reform processes should guarantee access to land and control over management of their farms, it should also make provision for free access to knowledge and technology to support the use of land for productive purposes. Increase in agricultural productivity through secured access to land can potentially be one of the most effective approaches to alleviate rural poverty in Nepal. Given the limited stock of land in the country, the government should focus its attention on the (re)distribution of land from the perspective of productive utilisation of the land being distributed to contribute towards reducing poverty. For this an appropriate agrarian reform becomes a necessary condition. In this context, Adhikari and Chatfield (2008) assert that mere increase land holding without other complementary sources does not guarantee poverty alleviation; they thus suggest that land reform needs to be part of a larger and carefully constructed procedure. Such an approach obviously demands for a transformative agrarian reform that would ensure its linkage with agriculture based livelihoods if the objective behind agrarian reform is to reduce poverty. Besides access to land for agriculture based livelihoods, it is important to create an enabling environment by

providing five essentials for agricultural development, as described by Mosher (1966), that include: (i) market for farm products, (ii) constantly changing technology, (iii) local availability of supplies and equipment, (iv) production incentives for farmers, and (v) transportation. Creation of such an environment is imperative, as agricultural development in Nepal has been marred with multiple deficiencies. For example, it lacks irrigation, scientific tools and technology, seeds and fertiliser and it is far short of investment, institutions and integrated farm management system. All these factors could be attributed to low productivity and ultimately causing hunger and poverty in the country.

3. Re-orienting agricultural research, extension and education

The discussions in the foregoing sections hint at a point that the vicious cycle of low agricultural productivity, rampant poverty and lack of access to land needs to be intervened tactfully. Besides land reform, providing an 'extension offering', as described by Roling (1982), which may include information (recommendations, advice and instruction), goods (inputs), or services (processing of loan applications), for ensuring high productivity in the agriculture sector becomes imperative. Similarly, for an extension function to be meaningful, the support of research is imperative and so is for education.

The following sections provide a brief analysis of research, extension and education in the context of agricultural development in Nepal, and offer some radical rethinking for a paradigm shift in these three aspects to fit the changing socio-economic and political context of Nepal.

3.1 Agricultural research

3.1.1 Agricultural research infrastructures in Nepal

Agricultural research in Nepal began in 1937 during the Rana regime when the Agriculture Council and several agricultural research stations were created. The Council was dissolved in 1951 and agriculture research was entrusted to the department under MOAC (NARC 2010). However, only after 1967, when the Department of Agricultural Research and Education, one of the five departments under the Ministry of Agriculture was created, education and research went side by side. By that time, most of the agricultural universities in other countries had taken this step. From 1972, researches were undertaken by the departments through different

commodity and disciplinary divisions and the responsibility of education was transferred to Tribhuvan Universty (Karki 2010).

In 1987, a separate organisation called the National Agricultural Research and Service Center (NARSC) was created under the Ministry of Agriculture. Later in 1991, NARSC was dissolved and Nepal Agricultural Research Council (NARC) was created as an apex autonomous organisation to undertake all agricultural research activities in line with the national agricultural policies for increasing agricultural productivity and production by generating agro-technologies suitable to various agro-ecological zones in the country with a view to give a boost to the economic level of the people involved in agriculture. Since then NARC has been the apex body of Nepal's national agricultural research system. There are more than 50 research stations scattered across Nepal and these are directly involved in agricultural technology generation and promotion and they have duplicated efforts in the absence of proper coordination (NARC 2010).

In 2001, the National Agricultural Research and Development Fund (NARDF) was established under the Ministry of Agriculture and Cooperatives. NARDF, while it does not implement research projects by itself, provides grants on a competitive basis by way of selecting the institutions of public, private, educational, civil society, non-governmental or community origin capable of participating on competitive basis to prove their worth to provide the services. The Institute of Agriculture and Animal Science also undertakes research on agriculture not only as academic requirements of the students but also to respond to farmers' problems (NARC 2010).

Besides, two public sector institutions, i.e., National Academy of Science and Technology (NAST) and Department of Forest Research and Survey (DFRS) are involved in agricultural research and development. For the past 20 years, several NGOs are also being involved in some form of agricultural research and development. The major organisations operating are LIBIRD, CEAPRED, FORWARD, IIDS, etc. (IIDS 2008).

3.1.2 Re-orienting agricultural research to make it more meaningful

NARC alone implements nearly 400 research projects annually focusing mainly on technology generation. There are, however, concerns that the technologies generated by NARC have not sufficiently been responsive to the needs of poor farmers (IIDS 2008). This is particularly true for resource-poor Nepalese farmers operating in environments that cannot be unified through irrigation and purchased inputs, which are geo-physically remote and away from markets and public service centres, and in which the

natural resource base is fragile. This also does imply a need for locally-specific technological innovations, if agricultural research and extension efforts are to be effective, their agendas and outputs will have to be more location specific and demand-led than they were in the past. This is because of the fact that the farmers from Bara, Parsa, Rautahat, Sarlahi and Nawalparasi districts of Nepal were badly affected by the fake hybrid corn seeds that yielded no grain (Ghimire 2010). Furthermore, research needs to be demand-driven, with farmers setting the priorities to meet their needs and solve their problems.

For research to be more meaningful, it must be linked with extension, and vice versa. However, contrary to expectation, there is a lack of coordination between scientists and extension workers as a major issue in relation to building an effective mechanism for deliberative knowledge interface between scientists and local farmers (Timsina and Ojha 2008). A research system that is practical, need-based and demand-driven is crucial for the development of sustainable agriculture, considering the rapid population growth in the country and the ever increasing demand for food over time, the low agricultural productivity trend and limited availability of agricultural land in Nepal. However, in the context of Nepal, Timsina and Ojha (2008) report that the extension workers at the district level find NARC's research activity still lacking adequate participatory considerations to generate knowledge useful for the local farmers. Similarly, the World Bank (2000) states that Nepal's Department of Agriculture has failed to provide farmers with the research and extension services they need.

For extension and research to be effective, establishing a linkage between these two sub-systems is a necessary condition, even though it is a difficult task. Without a strong and functional linkage between the research system, which generates technological knowledge and passed on from it, extension has little to do in the long run. Similarly, without an orientation to the farmers' needs, interests and priorities, research cannot remain effective in the long run (Benor and Baxtor 1984).

In Nepal, the agricultural research system is dominated by the Nepal Agricultural Research Council, which is a public sector agency. There are concerns that technologies generated by NARC have not been sufficiently responsive to the needs of the poor farmers in terms of the production environments in which they operate (IIDS 2008). Of late, as mentioned above, a few NOGs and the private sector are coming up with their research activities, besides implementation of advocacy and development activities. These research organisations are operating with their own

approach and institutional arrangement. Therefore, there is a need for a unified as well as a collaborative approach among the public and non-public research institutions to perform specific need-based researches at all levels (grassroots, district and national) in a more coherent way.

3.2 Agricultural extension

3.2.1 Review of agricultural extension

Agricultural extension is essential for development of agriculture in any country. Agricultural extension acts as one of the essential components of the agricultural development process, by communicating useful information to the farmers and helping them to acquire necessary knowledge, skills and attitude to appropriately utilise this information to improve the quality of their life, their families and their communities. Agricultural extension being an integral part of agricultural development in Nepal, an analysis of the contemporary extension systems becomes essential in the face of changing social, economic and political context so that necessary reformative measures could be taken. A brief review and analysis of the extension systems adopted in the past is given below.

In Nepal, the history of agricultural extension is as old as the history of modern agricultural development. Beginning 1956, each long-term national development plan including the 20-year Agriculture Perspective Plan (APP) 1995-2015, Poverty Reduction Strategy (Tenth Five Year Plan 2002-2007), the Agriculture Policy of 2004, and the on-going Three-Year Plan (2010-2013) has accorded priority to agriculture among the development sectors. The emphasis has always been on enhancing food production to cope with the needs of the ever growing population. Nonetheless, the average annual growth in food production has been declining over time. During 2009/10 the production of major crops (rice, wheat, maize, millet and barley) is estimated to have dropped by 4.5 percent (MoF 2009).

Nepal's extension system has experienced major conceptual, structural, and institutional changes since the last four and half decades. During this period, various types of agricultural extension approaches have been tested to promote development of agriculture in the country. The extension approaches that have been adopted in the past included: (i) general/conventional extension approach, (ii) Training and Visit system, (iii) Integrated Rural Development Project (IRDP) approach, (iv) Tuki (multiple progressive farmer) approach, (v) Farming System Research and Extension approach, (vi) Block Production Programme approach,

(vii) Special Agricultural Extension Agent approach, and (viii) Commodity Group approach (Dongol and Joshi 1991; Sharma 1994; Suvedi and Pyakuryal 2001; Sharma and Bhandari 2005). Most of these approaches were introduced with the support of various donor agencies. However, delivery of extension services under these approaches was what has been described by Rogers (1962 and 1983) as 'grounded in the diffusion model of agricultural development, in which technologies are passed from research scientists via extensionists to farmers'. With the disappearance of various extension approaches that were in play, many new approaches have emerged. The extension approaches that are currently being used are: (i) Conventional Educational approach, (ii) Pocket Package approach, (iii) Projectisation approach, (iv) Farmer Group approach, (v) Farmers Field School approach, and (vi) Partnership approach (Sharma and Bhandari 2005).

In Nepal, several attempts have made in the past to reform and strengthen agricultural extension service through the introduction of various approaches of extension (as mentioned above). However, despite a number of positive results with regard to the performance of public sector agricultural extension in Nepal, these approaches did not remain without some forms of weaknesses and criticisms. For example, the T and V system was found to be weak in terms of technology and material support for adoption. Similarly, the block production programme was not considered effective for scattered areas (Sharma and Bhandari 2005).

Even though the national agricultural extension strategy is well defined, it is weak at the implementation level. The problems with the implementation of extension approaches as stated by Jha (2005) include: (i) domination of supply driven rather than demand-driven activities, (ii) failure to meet the demands of the specialised clients and location specific extension needs, (iii) high cost and low impacts of extension programmes, (iv) inadequate face-to-face contact between extension workers and farmers, (v) inadequate funds for operational purposes, (vi) insufficient technical qualifications of grassroots extension workers, (vii) insufficient extension personnel, and (viii) inadequate extension coverage.

3.2.2 Re-orienting extension to contribute to agricultural development

Extension is more than it used to be. Extension is a non-formal educational function that applies to any institution that disseminates information and advice with the intention of promoting knowledge, attitudes, skills and aspirations, although the term "extension" tends to be associated with

agricultural and rural development. Its function and tasks are increasingly assumed by multiple public and non-public organisations.

From the experiences of several rural and agricultural development projects in Nepal, one significant conclusion that can be drawn is that the basic strategy of agricultural extension must be changed, restructured and reoriented to cater to the needs of the clientele sub-system. The above analysis of Agricultural Extension systems in the Nepalese context raises various important issues. Against this backdrop, the ensuing section aims to systematically explore the measures for reforming agricultural extension.

The extension system is related to the organisation (Axinn 1988). Such organisations include the government's Department of Agriculture, non-government organisations and the private sector. However, in Nepal, agricultural extension is dominated by the activities of the two departments under the Ministry of Agriculture and Cooperatives, i.e., Department of Agriculture and Department of Livestock Services (Jha 2005). The contribution of agricultural extension to Nepal's agricultural development has been low over the last several decades. Poor performance of agricultural extension has been a matter of serious concern at all levels, i.e., from farming communities to the implementation level. With the evidence of its weakness and poor performance, the public sector extension service is under pressure for reform. The following are some of the aspects of reorientation related to the extension system.

(a) Institutional pluralism in extension: In the changing environment of agricultural extension, introduction of an approach like 'institutional pluralism' forms an important option to address new challenges. The modality of using more than one organisation, whether public or non-public, for delivering extension services to farming communities is gaining popularity and many developing countries are already practicing pluralism in extension (Qamar 2005). For this strong coordination with various non-government sectors becomes an important strategy to address the problems in agricultural extension. With the emergence of the private non-profit sector (NGOs) and the private for-profit sector (commercial production and marketing forms), agricultural extension services can be effectively provided by the public sector with the involvement of these private sectors. In Nepal, the direct and indirect extension service coverage of about 11 percent is quite low (Sharma and Bhandari 2005). The pluralistic extension will also contribute to expansion of geographical coverage of extension system. These actors should work

in close collaboration and coordination with one another. The basic idea is to complement, supplement and work in partnerships to provide extension services to the farmers across the country more effectively and efficiently. Even in the modality of pluralistic extension system, the role of public sector extension service still remains inevitable and important in considering the market failure problem due to the social and economic characteristics of the smallholders.

(b) Technology/information dissemination strategy: In developing countries like Nepal, the technologies generated by research institutions has often been disseminated to the farmers through such extension methods as demonstrations, field visits, farmers' meeting and use of mass media. The theory behind such dissemination approaches is the transfer of technology based on the 'diffusion of innovation' model put forth by Rogers (1984). Many extension scientists are now convinced that it is no longer desirable to use a transfer to technology model in which extension administrators decide on the targets to be realised by the field-level extension workers. Therefore, shifting the mode of knowledge transfer/dissemination is imperative. A more participatory approach is to be preferred to directive approach so that farmers decide the types of support and service they need from the extension organisations. In the face of expanding globalisation process, the extension strategy should also aim, as far as possible, at providing service delivery to the farmers for transforming the existing subsistence farming into commercial agriculture.

(c) Nature of information: The APP, National Agricultural Policy of 2004 and the on-going Three-Year Plan (2010-2013) robustly put emphasis on expansion of commercial agricultural production for agricultural development in Nepal with a view to combat poverty of growing segment of the population. A number of commodity groups (such as vegetable, fruit, bee-keeping, livestock, dairy, etc.) and sub-sector association of farmers have been emerging across the country. These farmers' groups are more market-oriented. Such market-oriented agriculture demands extension information and skills on value-chain concept for extension service on specific agriculture commodity to succeed. On the other hand, there exist also male and female subsistence as well as small and marginal farmers who need somewhat different types of information to fit to their own farming system. This implies that information dissemination should precede and replace the singular emphasis on 'one-size-fits-all' type of information.

(d) Quality of extension personnel: In Nepal, a number of extension personnel designated as junior technicians and junior technical assistants (JT/JTAs), SMSs, and Agricultural Development Officers have been working under the public extension system, and some of them in the private sector. However, they have been often questioned for their poor job performance. Some SMSs even lacked an acceptable level of expertise in their particular subject, as they were often promoted from other disciplines; hence they were not specialists in the position to which they were appointed. Grassroots extension workers such as (JT/JTAs) are not adequately qualified (Jha 2005). Moreover, not all the technical staffs working at implementing units at the district level are trained in gender perspectives in agriculture development (Joshi 2002). Given the fact that the extension personnel including the grassroots extension workers are not sufficiently qualified to undertake and fulfill their job responsibilities (Pant 2010), it is necessary that their technical and social capabilities that include knowledge in gender and development issues be enhanced through formal and/or informal systems of education.

(e) Inclusive development: Some major policies and programmes in Nepalese agriculture sector such as; APP, National Agricultural policy of 2061 and even the Interim Constitution of Nepal of Nepal have provisions to promote women participation in agriculture sector. However, there is inadequate provision of extension services for the poor, disadvantaged and women, and these sections of the society are not adequately mainstreamed in agriculture development. The progress report for the year 2004/05 has shown 12.1 and 8.7 percent respectively for Dalit and ethnic groups in Department of Agriculture program. Likewise, women participation in training was 41.1 percent in 2003/04 and 38.6 percent in 2005/05 (Sharma and Bhandari 2005). Similarly, Joshi (2001) found that majority of the beneficiaries under the extension approaches were from higher castes, i.e., Brahmin and Chhetris, with the exclusion of lower and backward caste people in the extension programs. The experience of Pant (2010) in Lamjung district of Nepal shows that more and more women are being engaged in agriculture with the increasing out-migration of male household members. The proportion of females in agriculture has been increasing steadily from 37% in 1981 to 45% in 1991 and 49 in 2001 and men's share in agriculture is seen decreasing. However, there are no substantial efforts from the government and non-government sectors to adopt policies and program to respond the contemporary challenges brought by feminization of agriculture sector (Ghale 2010). In the face of growing trend of feminization of agriculture owing to outmigration of the

male household members, inclusion of gender and disadvantaged groups in research and extension programs will also contribute to inclusive development as envisioned by the government of Nepal. Therefore, targeting women, poor and socially excluded people is necessary as they form considerable mass of people involved in agriculture as their source of livelihoods.

3.3 Education

Education is a necessary function to accelerate agricultural development process, which requires that the people keep growing, developing new skills and mastering new knowledge throughout their active career (Mosher 1996). For those who (whether farmers, extension workers, subject matter specialists, or administrators), are involved in agricultural development, continuous learning is imperative to keep their career going on competently and professionally. In general individuals learn through formal, non-formal and informal ways. As learning is a continuous process, agricultural education is imperative for farmers, extension workers, academician, researchers and policy makers involved in development of agriculture sector.

3.3.1 Agricultural education in Nepal

The history of agricultural education in Nepal can be traced back to 1937 when the first vocational agriculture school was started for promoting agriculture extension in the country. However, the formal system of agriculture education began only after the establishment of the School of Agriculture in 1957 in Kathmandu as part of the Department of Agriculture. As agricultural development moved in a relatively planned way after the political transformation that took place in 1951, the agricultural extension education service was also initiated in an organised way. With this there was a growing realisation of lack of trained field extension workers. In fact, the School of Agriculture, which was upgraded to College of Agriculture in 1968, was established in order to fulfill the demand for professional agricultural extension workers.

With the introduction of 'new education system' in the country, this college was given the status of the Institute of Agriculture and Animal Science (IAAS) and brought under the Tribhuvan University system at Kathmandu in 1972, and later relocated from Kathmandu to its present site, i.e., Rampur, Chitwan in 1974. The IAAS, which has its main campus at Rampur, has two branch campuses; one at Sundar Bazaar in Lamjung

district and another at Paklihawa in Rupandehi district. Currently, IAAS conducts B.Sc. Agriculture, B.V. Sc. & A.H., M. Sc. Agriculture and PhD degree programmes. Since its inception, the IAAS has been contributing to national agricultural development by developing human resource in agriculture and allied disciplines (IAAS 2003).

Similarly, the private sector educational institution called as Himalayan College of Agriculture Sciences and Technology (HICAST) has been conducting academic degree programmes. HICAST, established in 2000 and located at Thimi of Bhaktapur district, is the first private educational institution dedicated to the development of human resource in agriculture and allied subjects in the country. Its mission is to contribute to overcome the shortage of trained human resources in agriculture by producing qualified agriculturists, veterinarians, dairy technologists, and meat technologists. Currently, it offers bachelors degree in agriculture and veterinary science, and masters degrees in in Dairy Technology and Meat Technology.

Besides, the state-owned Centre for Technical Education and Vocational Training (CTEVT) has also been conducting educational programmes in agriculture through its technical schools located at Lahan (Siraha district), Uttarpani (Dhankuta district), Jiri (Dolakha) and Jumla district. CTEVT basically contributes to the production of human resource known as junior technicians (JT) and junior technical assistants who are often employed as field level agricultural extension workers (CTEVT 2010).

While the contribution of these educational institutions cannot be underestimated in terms of human resource development to meet the nation's need, most of the graduates produced by these institutions enter into the public and private sector job markets; hence they can be found working as technicians or officers in a variety of activities related agriculture and rural development. Very few of them go for working as farmers or professional farm managers. The issue here is not whether the college graduates work in the public or private sector or engage in their own farming activities. The concern is alignment of the system of education to cater to the needs of the clients as well.

These educational institutions also keep revising their syllabus from time to time to respond to emerging challenges in the field of agriculture. Nonetheless, their education system is heavily focused on technical aspects, besides being curriculum-driven and degree oriented. Given the future roles and nature of jobs to be performed and the local context in

which they are required to work, offering the students with an additional subject related to their career activities is desirable. This necessitates that these colleges should also design and introduce such subjects that are related to use of their knowledge and skills in the real life situation. In other words, the educational institutions should also pay adequate attention to problem-solving skills, rather than looking from the perspective of just acquisition of knowledge and skills by the students to meet their academic requirements.

3.3.2 Farmer education

In order to develop farmers' capacity, there is a need to revitalise the educational and training institutions and their programmes to go beyond the present circumscribed view of training; hence giving emphasis to education that empower local farmers for achieving sustained growth through application of appropriate technology, besides making farmers aware of the alternatives to combat the emerging challenges, e.g., the adverse effects of climate change. Education designed for farmers should also emphasise development of technological expertise, entrepreneurial attitudes and livelihood related activities. Additionally, it is also desirable to provide agricultural education to the older children of farmers so that they can help their parents in farming operations.

It is not uncommon to find that majority of farmers in Nepal are illiterate. A higher rate of illiteracy and low education among farmers make it difficult to diffuse the knowledge and modern technical know how and therefore delay the process of development in agriculture. Viewed from this perspective the farmer field school (FFS) could be one of the best approaches to educate the farmers. The introduction of FFS is to help the local farmers tailor Integrated Pest Management (IPM) practices to their agro-ecological condition. During IPM training sessions, the farmers themselves will conduct simple experiments, observe and discuss the dynamics of the ecosystem of crops to better understand the functional relationships between the pest—natural enemy—population dynamics and crop damage—yield. The FFS, which entails sessions from planting till harvest, would help the farmers develop expertise that would enable them to make their own crop management decisions. After FFS, the farmers will be able to identify beneficial as well as harmful insect pests of various crops based on the nature of damage caused, besides learning other technical knowhow about farming. FFS offers the farmers an opportunity to learn by doing, by being involved in experimentation, discussion and decision-making in their own agro-ecological setting. The study of

Joshi (2001) concluded that FFS is more effective than conventional extension approaches. Unlike other extension approaches, FFS as such goes to the farmers' fields rather than the farmers going to where the FFS is.

4. Conclusive remarks

The experience reviewed above suggests that the agriculture sector still offers the potential for poverty alleviation in Nepal. This, however, requires fundamental transformation in the agriculture sector through coordinated efforts of agrarian reform, research, extension and educational institutions operating in the country. The following are some of the key notions that can be considered in bringing radical changes in the agriculture sector for alleviating poverty in the country.

Agrarian reform should be understood not just as a policy of land reform, but more as a process of reform to provide access to land for productive activities that would ensure livelihoods and reduce poverty. This implies that poverty reduction requires enhancing the access to land together with improving the ownership over the productive assets. Viewed from this perspective, agrarian reform should not just be a government-initiated (re)distribution of land to provide access to land for the landless people, but also be a concern of productive utilisation of the land for farming and undertaking other agriculture-based livelihoods activities. Therefore, this type of agrarian reform should include providing access to land and control over their productive management, together with other support such as agricultural inputs, information, credit measures, training for human resource development, irrigation and land consolidation so as to create an enabling environment for the landless to live as any other citizen of the country.

A number of issues are to be considered in seeking more appropriate ways of managing extension for agricultural development in Nepal. Achieving sustained growth in the agriculture sector would require improvement in the existing extension, research and education systems to cater to the extension needs of the farming communities. In Nepal, the agricultural research system is dominated by the public sector. Rather than confining the research activity to the research stations alone, conducting researches at the farmers' field in a participatory way would contribute to solving the practical problems of the farmers in a more effective manner.

The functional linkage between agricultural research and extension systems has a significant bearing on the extent of success of those systems in achieving their objectives of sustained agricultural growth. This implies that agricultural development being the key to pro-poor economic growth and sustainable poverty reduction in Nepal, the present agricultural research and extension systems must be reoriented and redesigned to respond to the needs and priorities of the poor farmers.

Unlike in the past where agricultural research and extension activities in Nepal remained primarily a public sector undertaking, a number of non-public extension and research service providers have been emerging in recent years. The public sector needs to implement the national agricultural extension strategy in coordination with the private sector for creating synergies, while also avoiding overlaps thus covering a wider geographical area across the country. Involvement of non-public sector service providers in the mainstream extension system would also reduce the burden of human, financial and material resources on the part of the public sector institutions.

There is a need to upgrade the quality of extension personnel to improve the performance of extension service. The educational institutions providing agricultural education should play a contributing role in improving the quality of extension workers. Agricultural education being provided by the formal educational institutions should also be linked and aligned with general extension and specific skills (e.g., market-oriented extension) to be possessed by the field level extension personnel so as to enable them to deliver extension services more effectively.

The growing trend of feminisation of agriculture and poverty as a result of outmigration of male members, and development need of the poor and socially excluded necessitates the extension strategy to be more gender responsive and socially inclusive. Therefore, mainstreaming gender equality and social inclusion in research and extension should be given higher priority by the government and private institutions to reach the women farmers who play a bigger role in farming activities, and those being excluded by the earlier development efforts.

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Chapter

9

Macro-economic perspective on agrarian transformation

Keshav Acharya
Hikmat Bhandari

"It is in the agricultural sector that the battle for long-term economic development will be won or lost."

- Gunnar Myrdal, Nobel Laureate in Economics

1. Introduction

1.1 Background

Nepal is located in between the two giant economies of India and China. The total territorial area is 147 thousand square kilometer. Ecologically, Nepal is divided into three regions: Hill, Mountain and Terai. As per the population census 2001, the total population is around 230 million and is annually growing by 2.1 percent. Estimated total population today is about 270 million according to the CBS projection in 2009. There are more than 60 ethnic groups throughout the country and near about 100 languages. Nepal was a Hindu Kingdom before the Constituent Assembly's proclamation of a secular republic country in 2008. Nepal's inhabitants follow various religious practices. More than 50 percent of the population is women. Nepal's maternal mortality rate is 100 per hundred thousand and infant and neo-natal mortality rate is 29 and 40 per ten thousand (CBS 2004).

Nepal is endowed with abundant of natural resources. It remains to be utilised for sustainable economic development. Past efforts in harnessing these resources have been less than satisfactory.

1.2 Political evolution

Nepal suffers from a long and painful political history. Nepal was first exposed to the outside world after the overthrow of the Rana autocracy by the 1950 revolution. During the 1950s all efforts were made to draft the people's constitution. It never took place. The first general election was held in 1959 as per the provision of the second constitution which

superseded the constitution of 1951. The multiparty democracy and constitutional monarchy could not move together for the betterment of the Nepalese people. There occurred another political accident in the Nepalese history when King Mahendra overthrew the popularly elected government through a royal coup in 1961. It was replaced by an autocratic partyless Panchayat System. This system was overthrown in 1990 in the wake of the people's movement headed by the major political parties. A new constitution was promulgated. Again, another general election was held in 1991. Unfortunately, this government also could not fully resolve the problems inherited from the Rana Regime. Inter-party and intra-party rivalries resulted in continued political instability. Even though GDP growth, revenue and export picked up, corruption and income inequality widened. This further pushed the country into political and economic instability. Consequently, the Maoist insurgency began in 1996. It lasted for nearly one decade and landed safely in 2005 with the comprehensive peace accord signed between the Maoist and the seven major parliamentary parties. The overall economy and polity of Nepal remained in a limbo during one decade of Maoist insurgency. An alliance of all parties including the Maoists declared the launch of the People's Movement II. The movement was successful and the historic Constituent Assembly election was held in 2008.

The Maoist party became the single largest party after the CA election. Consequently, the government was formed under the leadership of the Maoist. The failure to achieve political consensus again sowed the seed of political instability. As a result the Maoist-led government could not complete its tenure. Bringing the Maoists into the political mainstream was a challenging task for the political parties. The parties also faced difficulty in creating trust and understanding among each other in drafting the constitution.

Today's political scenario is again in a limbo. Black spots are hovering over the Nepalese political development. The essence of democracy is political competition and consensus among the political parties. Looking at the activities of the political leaders, consensus building seems to be drifting farther and farther away. The government formed under the leadership of Madhav Kumar Nepal also passed through a period of crisis. At present, the government is working in the capacity of a caretaker. All political parties have not been able to elect a new prime minister even in the sixteenth round of the election for a prime minister. The responsibility of political parties is to draft a new constitution along with achieving a long lasting peace for economic prosperity of Nepal. But they are harbouring

acrimony against each other and letting the valuable tenure of the CA to pass by without achieving the intended goal.

1.3 Current economic situation

The world economy remained volatile after the recession of 2007-2009. It directly and indirectly spilled over the developing economies as well. Some countries have already come out from the recession and others are grappling to do so. Nepal is a small and least developing country. It also somehow suffered from the ill effects of recession. The waves of recession were transmitted to the Nepalese economy through several ways. The primary channel was foreign employment and declining Nepalese exports. Secondarily, global escalation of food and fuel prices pushed the domestic price of goods and services. Consequently, inflation remained at two digits for two consecutive years. The Nepalese economy faced a balance of payment (BoP) deficit and liquidity crunch because of excessive lending to the real estate and other unproductive sectors of the economy.

Amidst the unfavorable situation, growth rate of the gross domestic product slipped to 3.5 percent in the fiscal year 2009/10, down from 4.6 percent a year ago. The growth rate of the agriculture sector and services sector decelerated to 1.2 percent and 5.5 percent in 2009/10 from 3.0 percent and 6.3 percent respectively in 2008/09. But the industry sector's growth rate increased by 3.9 percent. The ratio of gross domestic saving to GDP declined to 9.4 percent in 2009/10 from 9.7 percent in the preceding year (MoF 2009).

Despite the adverse environment for investment, revenue mobilisation increased by 25 percent in the fiscal year 2009/10, on top of a 33 percent increase in 2008/09. The ratio of revenue to GDP reached 15.2 percent in 2009/10. Without conducting an empirical analysis of such growth of revenue, it might be hard to ascertain the reasons for the buoyancy of revenue although the initiatives to reform tax administration could have positive impacts on revenue collection. In fiscal 2009/10 the ratio of current expenditure to GDP is 7.4 percent whereas total expenditure is about 22 percent. The fiscal deficit has increased by 5.0 percent. The ratio of foreign debt and domestic debt to GDP has declined to 23.3 percent and 10.5 percent, respectively, in fiscal 2009/10. Net export of goods and services, which had declined by 18.9 percent in 2008/09 tumbled further by 28.4 percent of GDP. The trade deficit has expanded widely because of rising volumes of import and declining exports. It recorded a deficit of Rs. 317.6 billion in 2009/10, up from Rs. 216.8 billion in 2008/09 (MoF 2009).

2. Evolution of economic policy in Nepal

Until the 1980s, the size of the economy was very small and it was highly regulated. In the past, Nepal had very little contact with the international community. Being a landlocked country, weak infrastructure development with only a few road connectivity to the districts, paucity of policies conducive to development, scarcity of technical knowhow, and traditional norms and values were the major constraints to the economic development of Nepal. Being controlled economy, access of the general people to the state's resources and means were almost impossible. Only the elites had access to public goods and services. That sowed the seed of inequality in the society which made the rich richer and pushed the poor to severe poverty.

Along with the country's five year development plans, an import substitution strategy was adopted for the protection of domestic industries by imposing high tariffs on importation of goods. Other polices such as import restriction, quota system and non-tariff barriers were also adopted. There were very limited industrial products until the first half of the 1980s. Realising that sustainable economic growth, which generates adequate employment and full operation of the economy cannot be achieved under the policy of controlled economy, Nepal began to relax controls over the economic activities from the late 1980s. Adopting a liberal economic policy, the government of Nepal reduced import tariffs, lifted import restrictions, and deregulated the financial system.

The government of Nepal also introduced the structural adjustment programme in 1986 with assistance from the International Monetary Fund and the World Bank. It included a wide range of reforms in trade and investment, agriculture, banking and the financial sector. In the mean time, Nepal encountered a transit and trade embargo imposed by India in 1989. The Nepalese economy suffered adversely from India's unilateral action.

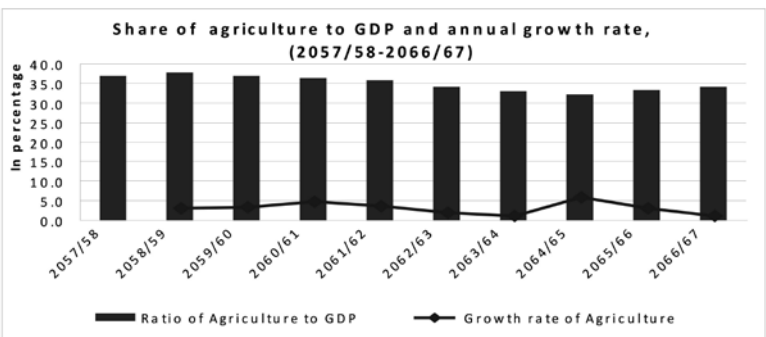
The pace of reforms accelerated in the first half of the 1990s, particularly in the mid-1990s. It was manifested in the form of legal and policy initiatives such as Industrial Enterprises Act, 1992, Foreign Investment and Technology Transfer Act, 1997, Labour Act, 1992, Electricity Act 1984, and Privatization Act, 1994 Quantitative restrictions were replaced by imports tariff, up to 100 percent foreign investment was allowed in many of the sectors with few exceptions.

3. Agriculture in the national economy

The Nepalese economy is still largely reliant on agriculture. Therefore, this sector should deserve priority. It is often unanimously agreed in Nepal that agriculture can a play catalytic role in ushering in self-sustaining development as more than two-thirds of the population rely on agriculture for their subsistence. Agriculture is the backbone of the Nepalese economy in terms of its contribution to the gross domestic product and employment generation. The contribution of agriculture to GDP is 34.1 percent in the fiscal year 2009/10. It was 33.2 percent in 2008/09. (MoF 2009)

The share of agriculture in GDP is gradually declining over the years. For example, it was 36 percent in 2000/01. Until the mid-1970s, agriculture was a source of livelihood for around 90 percent of the workforce. Such dependence has now fallen to 80 percent of the workforce. In addition, 65.5 percent of the economically active population is engaged in agricultural production (CBS 2008). Nepal was exporting agricultural commodities such as rice, jute, timber, garment and hide and skin up to the mid-1980s. Food stuffs, live animals, tobacco and other beverages are some the main export commodities and the value of these exports was Rs. 12.4 billion in the fiscal year 2008/09. Declining by 26.3 percent, the value of exported agricultural goods fell down Rs. 9.1 billion in the fiscal year 2009/10. Likewise, importation of the above mentioned commodities increased from Rs. 11.4 billion in 2008/09 to Rs. 15.4 billion in the fiscal year 2009/10.

Figure 9.1: Share of agriculture in GDP and Its annual growth rate, 2057-2066



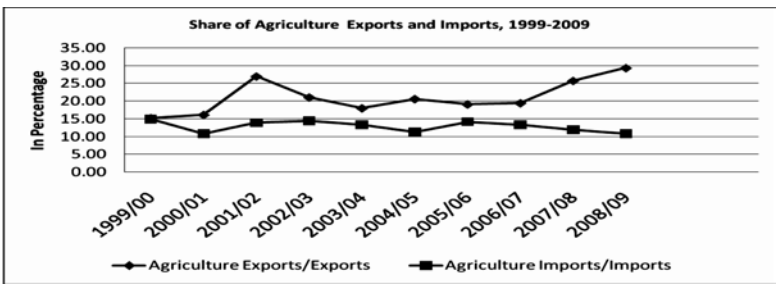
Source: MoF (2009)

As one can see, the share of agricultural commodities in total imports is declining over the years and the share of agriculture in total exports is higher than that of imports. Consequently, the deficit in agricultural trade as a share of total trade deficit does not look alarming. But, this graph marks a crucial fact. Import has been expanding rapidly both absolutely and also in comparison to GDP whereas export growth has been shrinking miserably.

The ratio of agricultural exports to the total exports was 15.23 percent in the fiscal year 1999/00. This ratio remained higher in the fiscal year 2000/01 and 2001/02. It again declined to 18.01 percent in the fiscal year 2003/04. The ratio of agricultural exports remained volatile during the decade of 2000. In the fiscal year 2008/09, it increased to 29.34 percent from 25.73 percent in the fiscal year 2007/08.

On the other hand, in the fiscal year 1999/00 the ratio of agriculture imports to total imports was around 14 percent. It is relatively it is lower compared to agricultural exports. It declined to 10.9 percent in the fiscal year 2008/09 from 11.9 percent in the fiscal year 2007/08.

Figure 9.2: Share of agriculture to exports and imports and net agricultural trade balance, 1999-2009



Source: MoF (2009)

3.1 Cultivated and cropped area

3.1.1 Food grain

The production of food crops increased in the fiscal year 2008/09 by 0.6 percent to 8,115,000 mt. It declined by 4.35 percent in the fiscal year 2009/10. On the other hand, the cultivated area also declined by 1.02 perecent over the previous fiscal year. Average production of food crops

per hectare was 1.66 mt per hectare in 1974-1980 and it increased to 2.3 metric ton per hectare in the period of 2001-2009.

Table 9.1 depicts that the trend of average per hectare production of paddy, wheat and barley increased in the period of 1981-1990, 1991-2000 and 2001-2009 in comparison to the period of 1974-1980. Average production of maize and millet varies in different periods. The total cultivated area of all crops increased by less than two times whereas the production doubled between the periods of 1974-1980 and 2001-2009.

Table 9.1: Average production of foodgrains, 1974-2009

Food Crops	1974-1980	1981-1990	1991-2000	2001-2009
Paddy	1.89	2.04	2.38	2.7
Maize	1.64	1.48	1.68	2.0
Wheat	1.15	1.31	1.54	2.1
Barley	0.89	0.88	0.99	1.1
Millet	1.08	0.99	1.11	1.1
Total Area("000 ha)	2207.86	2920.40	3191.60	3356.8
Total Production("000 MT)	3667.86	4755.10	6138.30	7672.4
Average Metric Ton Per Hectare)	1.66	1.63	1.92	2.3

Source: MoF (2009)

3.1.2 Cash crops

Between 1974-80 and 2001-2009, total production of major cash crops increased by 5.9 times to 4.5 millon mt, while cropped area increased by a much smaller magnitude of 1.7 times. This suggests a higher increase in the average yield per hectare. This increased by a multiple of 3.4 from 3.15 mt/ha in 1974-80 to 10.7 mt/ha in 2001-09. The major contribution to increased productivity came from patato and sugarcane. Larger increases in the yields of cash crops vis-à-vis food crops indicate the future prospect to substitution of food cultivation by cash crop cultivation. It may posed a challenge to food security. In retrospect, it also implicitly reveals that both the government and growers have ignored food production.

Table 9.2: Average production of cash crops in M.T. per Hectare, 1974-2009

Cash Crops	1974-1980	1981-1990	1991-2000	2001-2009
Sugarcane	17.37	26.51	35.7	39.8
Oil Seeds	0.59	0.63	0.6	0.7

Cash Crops	1974-1980	1981-1990	1991-2000	2001-2009
Tobacco	0.73	0.74	0.9	1.0
Potato	5.53	6.72	8.9	12.3
Jute	1.28	1.20	1.2	1.5
Total Area('000 ha)	242.71	272.80	346.9	417.0
Total Production ('000 MT)	765.14	1344.70	2754.7	4491.1
Total Production/Total Area	3.15	4.91	7.9	10.7

Source: MoF (2009)

3.1.3 Livestock, poultry and fishery

Another component of Nepalese agriculture is livestock and poultry farming. As per the data from the Census of Agricultrue 2001, about 68 percent of all farm households had cattle in their holdings. In the fiscal year 2009/10, its population increased by 0.34 percent to 7,199,000. Most of the households keep, buffaloes, goats, and chicken and other birds. Such activities directly and indirectly support the rural people to generate income for their livelihood. The number of cattle, buffaloes, sheep and goats has increased. The number of milch cows and buffaloes has also increased significantly. The total production of milk from cows and buffaloes increased by 3.5 percent in the fiscal year 2009/10. The production of chicken, eggs and meet has not increased as expected due to diseases such as bird flu in the fiscal year 2009/10. Somehow, it contributed to a decline in the income of poultry farmers.

Fishery holds the prospect to contribute to income generating businesses. Therefore, the core area should be identified for fish farming. Most of the agricultural households remain indifferent to fish farming. Very limited agriculturarl holdings are operating fishery farming. The number of holdings with fisheries was 12.9 thousand in 1991/92. This number has now incrased to 22.2 thousand.

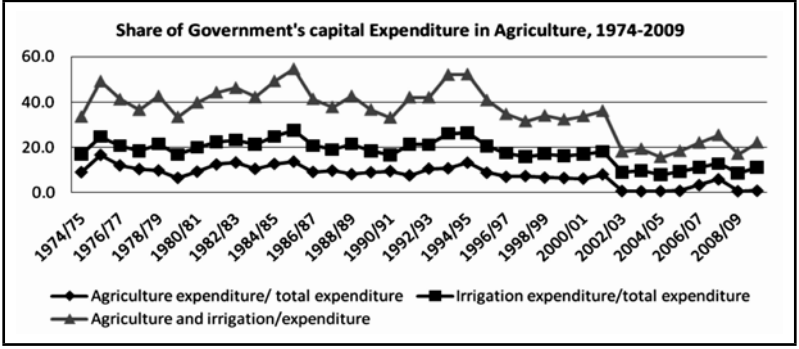
3.2 Government expenditure in agriculture sector

Transformation of agriculture requires massive investment. In the context of Nepal, this sector suffers from persistent underinvestment. Government spending in agriculture as percent of agricultural GDP is less than 3 percent in Nepal. According to the report published by the World Bank, emerging economies spend one-tenth of their agricultural GDP on agriculture. Not only for the general activities, public spending is important to modernise the agriculture sector through technological intervention and by linking it to the market through infrastructure, institutions and information.

Figure 9.3 shows government spending in agriculture out of the total goverment expenditure. Expenditure on agriculture was less than 20 perecent over the 35 year period. Particularly, this ratio remained at the lowest point in 2002/03, and lasted until 2006/07. It was in a positive direction in 2006/07 but again declined in 2008/09 and 2009/10.

Expenditure in irrigation buttresses agriculture. Therefore, investment in the irrigation sector is equally important to promote and strengthen agriculutre. Especially, irrigated land is very limited and the government has not yet been able to invest much in irrigation. Figure 9.3 illustrates that government expenditure in irrigation is quite low. It was an average of around 20 percent before the mid-1990s but declined sharply and stayed below 10 percent after 2000.

Figure 9.3: Government expenditure in agriculture

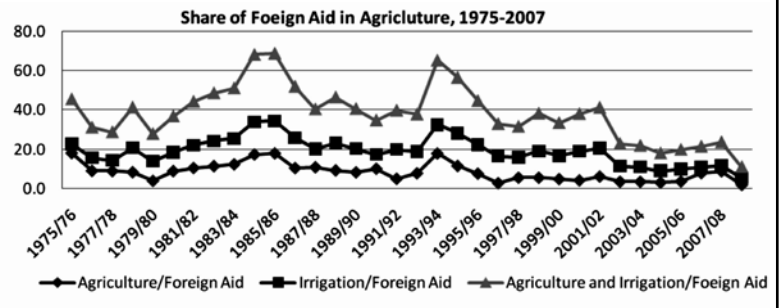


Source: MoF (2009)

3.3 Foreign aid in agriculture

The important source of public investment in agriculture is foreign aid. In the past, the donors were not interested in assisting the agriculture sector. The foreign aid flow has increased remarkably in the fiscal year 2008/09 and it reached Rs 36.4 billion. However, foreign aid in agriculture was less than 20 percent of the total foreign aid over the 35 year period. It even remained very low after 1997/98. Likewise, foreign aid in irrigation was higher than that in agriculture over a three decade period. Figure 9.4 illustrates that foreign aid in agriculture and irrigation remained higher in the mid-1980s and it declined afterwards except in 1994/95. This ratio has begun to fall sharply from 2000s onwards.

Figure 9.4: Trend of foreign aid in agriculture, 1975-2007

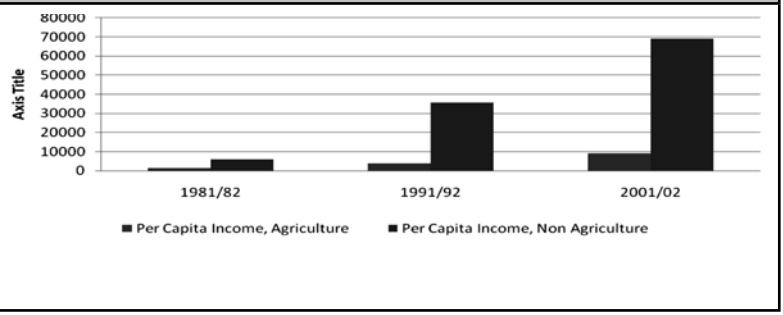


Source: MoF (2009)

3.4 Per capita income from agriculture and non-agriculture

Figure 9.5 depicts that per capita income from agriculture increased in 2001/02 when compared to 1991/92. Per capita income from agriculture in 1981/82 was quite lower than in 1991/92 and 2001/02. It shows that income of farmers has increased and it helped them improve their livelihood. Growth in non-agriculture per capita income increased significantly in 2001/02 in comparison to 1991/92.

Figure 9.5 Composition of capital income of agriculture and non agriculture 1981-2001



Source: MoF (2009)

3.5 Lending rate structure of commercial bank

The Agriculture sector has been suffering from paucity of sufficient finance. One reason could be the limited access to financial institutions.

Even before the mid-1990s, there were a few financial institutions which were providing financial services to the people. After adopting the liberal economy and open market economic policy, the number of financial institutions increased rapidly. Particularly beginning from the decade of 2000, financial institutions flourished significantly. However, the agricultutre sector continued to suffer from very poor access to finance.

A look at the Table 9.3 clearly reveals that the minimum lending rate to agriculture continues to remain highest across all the sectors. What makes the matter worse is that banks are reluctant to lend in agriculture. Secondly, banking in Nepal is still concentrated in urban areas, while agriculture is predominantly a rural occupation. Still worse, the main source of agricultrual financing, the Agricultural Development Bank has recently been converted into a full-fledged commercial bank. This is certain to further squeeze the supply of institutional credit to agriculture.

Table 9.3: Lending rate in the agriculture sector

Sectors	2003	2004	2005	2006	2007	2008	2009
Industry	8.50-14.0	8.50-13.5	8.25-13.5	8.0-13.5	8.0-13.5	7.0-13.0	8.0-13.50
Agriculture	10.5-14.5	10.5-13.0	10.0-13.0	9.5-13.0	9.5-13.0	9.5-12.0	9.5-12.0
Exports	4.0-12.5	4.0-11.5	4.0-12.0	5.0-11.5	5.0-11.5	5.0-11.5	6.50-11.0
Commercial Loans	7.50-16.0	9.0-14.5	8.0-14.0	8.0-14.0	8.0-14.0	8.0-12.5	8.0-14.0

Source: NRB, Quarterly Economic Bulletin, 2010.

3.6 Agricultural credit flow

Flow of credit to agriculture barely increased. Table 9.4 depicts that agricultural loan as percent of total credit provided by the banks was just 3.09 percent in 2002/03. After a slight pick up in 2003/04, it continued to decline until 2005/06. After peaking to the highest share in 2006/07, it is again on a downswing path.

Table 9.4: Share of agriculture in total credit flow

Rs. in Ten Million

Description	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Agriculture	373.45	490.19	441.55	457.2	1388.2	1388	13376.26
Total Loan	12075.46	13563.02	15932.32	17657.81	23184.3	30653.41	401778
Agriculture Loan as % of Total Credit Flow	3.09	3.61	2.77	2.59	5.99	4.53	3.33

Source: MoF (2009)

3.7 National urban annual growth rate of CPI

Inflation generally hurts both producers and consumers. Producers have to pay for their inputs and consumers have to pay for outputs. However, getting higher prices for agricultural products could make farmers better off and consumers worse off. Table 9.5 illustrates the overall rate of urban inflation by major consumption category. The rate of overall inflation was 4.8 percent in 2002/03 with the base year price of 1995/96. It did not exceed 5 percent until 2004/05. Then onwards, it is continuously swinging upwards and hit the highest of 13.2 percent in 2008/09. Until 2005/06, nonfood inflation always exceeded food inflation. The situation reversed from 2006/07 onwards. It is assumed that, given the perfect competition, a higher level of food inflation vis-à-vis non-food inflation augurs well for the growers. But given market distortions and weak bargaining power of the farmers vis-à-vis other classes, this assumption may not hold true.

Table 9.5: Annual growth rate of consumer's price index (base year 1995/96)

Description	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Overall index	4.8	4.0	4.5	8.0	6.4	7.7	13.2
Food and beverages	4.4	3.3	4.0	7.8	7.2	10.1	16.7
Nonfood items and services	5.0	4.7	5.1	8.1	5.5	5.1	9.5

Source: MoF (2009)

3.8 Agricultural holdings

The number of agricultural holdings in Nepal as per the agricultural census of 2001/02 was 3364.1 thousand. Out of these 2653.9 thousand owned land and 26.7 thousand holdings did not own any land. The number of Agricultural holdings increased by 22.9 percent in 2001/02 over 1991/92. Likewise, total area of land holdings has also been increasing steadily.

Table 9.6 shows that between 1991/92 and 2001/02:

(i) The number of holdings has increased across all the ecological regions. The rate of increase has an inverse relationship with altitude; it is lowest in the mountain and highest in the Terai,

(ii) Most of the increase in holdings comes from the holdings with land, rather than from holdings with no land. On the contrary, there is an

absolute drop in the number of holdings with no land in the hill and Terai,

(iii The area of land holding has decreased in the hill, marginally increased in the terai and substantially increased in the Mountains,

(iv) Average holdings size has increased in the Mountain and decreased in the Hill and Terai.

The above findings suggest the following:

(a) Downward migration of population from the Mountain to the Hills and from the Hills to the Terai is still going on,

(b) There has been either a sharp increase in the subdivision and fragmentation of land holdings in terai and Hill or conversion of farm land into residential plots, or a combination of both factors,

(c) Decrease in the number of holdings with no land in the Hill and Terai is rather puzzling. It could be either due to the fact that the landless people left agriculture for other occupations, or they migrated elsewhere, or they bought a small piece of land from their earnings or savings.

In conclusion, one can say that the size of holdings has shrunk so much in the Terai and hill that it precludes the prospect of a meaningful commercialisation of agriculture.

Table 9.6: Agricultural holdings by ecological belt

	1991/92			2001/02			Change over 1991/92		
	Moun-tain	Hill	Terai	Moun-tain	Hill	Terai	Moun-tain	Hill	Terai
Total holdings ('000)	260.7	1357.7	1117.6	298.2	1586.4	1479.5	14.4	16.8	32.4
Holdings with land ('000)	259.9	1351.3	1092.8	297.2	1581.4	1458.8	14.4	17.0	33.5
Holdings with no land ('000)	0.8	6.4	24.9	1	5	20.7	25.0	-21.9	-16.9
Area of land holdings('000 ha)	176.8	1046.2	1374.3	218.7	1038.6	1396.6	23.7	-0.7	1.6
Average holding size (ha)	0.68	0.77	1.26	0.74	0.66	0.96	8.8	-14.3	-23.8

Source: CBS (2005)

3.9 Land distribution

Distribution of land remains a persistently crucial issue in the Nepalese context. Therefore, equitable distribution of land is indispensable to achieve inclusive economic development. Generally, land distribution is measured by the concentration index or lorenz curve. A high value of the index shows less equitable land distribution and vice versa. As per the agricultural census 2001/02, the concentration index for Nepal declined to 0.49 from 0.52 in 1991/92. It is quite difficult to measure equity in land distribution. Table 9.7 illustrates that 260.5 thousand holdings were under 0.1 hectare and it constituted 13200 hectares. The number of holdings with a size of above 0.2 hectare and under 0.5 hectare was 972.3 thousand hectares in 2001/02. Three-fourths of the total holdings in Nepal, or 2.5 million holdings covering an area of one million hectares, were of less than one hectare in size.

The number of holdings in excess of 3 hectares consisted 2.9 percent of the total holdings and 17.3 percent of the cultivated area. This fact warrants a serious caution in land reform through land redistribution.

Table 9.7: Number and area of land holdings by size of holdings

Size of Holdings	Holdings ('000)	Percent	Area of Holdings ('000 ha)	Percent
Under 0.1 ha	260.5	7.8	13.2	0.5
0.1 ha and under 0.2 ha	346.1	10.4	49.9	1.9
0.2 ha and under 0.5 ha	972.3	29.1	327.1	12.3
0.5 ha and under 1 ha	915.7	27.4	641.7	24.2
1 ha and under 2 ha	588.6	17.6	792	29.8
2 ha and under 3 ha	157	4.7	371.2	14.0
3 ha and under 4 ha	51.6	1.5	175.7	6.6
4 ha and under 5 ha	20.2	0.6	89.3	3.4
5 ha and over	25.4	0.8	194	7.3

Source: CBS (2001)

3.9.1 Area of irrigated land

Nepalese agriculture is largerly monsoon based. Insufficient irrigation is the major constraint and cause for stagnant productivity. However, the number of holdings with irrigation increased by 45.0 percent in 2001/02 compared to 1991/92. It had increased by 62.9 percent in 1991/92 compared to 1981/82. Similarly, area under irrigation increased by 51.1 percent in 1991/92 and slightly declined in 2001/02. Table 9.8 shows that

area of irrigated land in the mountain increased significantly compared to other belts. It increased by 48.6 percent in 2001/02 over 1991/92. Change in the percentage of irrigated land remained low in the hill. Change in the percentage of land area in the Terai was merely 33.8 perecent in 1991/92 and 34.6 in 2001/02. To summarise, efforts of the government and donors in irrigation has drastically declined across all regions, the worst sufferers being the hill and Terai.

Table 9.8: Trend of irrigated land area

Description	Period			Change over previous period	
	1981/82	1991/92	2001/02	1991	2001
Number of holdings with irrigation('000)	845.8	1377.5	1997.6	62.9	45.0
Area of Irrigated Land ('000 ha)	583.9	882.4	1168.3	51.1	32.4
Mountain('000 ha)	19.8	41.8	62.1	111.1	48.6
Hill('000 ha)	119.2	245.5	304.9	106.0	24.2
Terai('000 ha)	444.9	595.1	801.3	33.8	34.6

Source: CBS (2001)

4. Policy interventions in agriculture

As mentioned earlier, agriculture is the mainstay of the Nepalese economy. Therefore, it is imperative for the government to pay a special consideration for the development of this sector. It is equally vital to transform farming from subsistence to commercial scale. Even before the beginning of the planned system, the government had undertaken some fundamental reform packages in the agriculture sector. However, it subsequently lost momentum. A remarkable reform was abolition of the Birta system by the first elected government in 1960. The distribution of land remained more uneven in the past than today. The land reform of 1964 was introduced to reduce inequality in the distribution of agricultural land by fixing ceilings on the size of land ownership. This act also attempted to protect the right of tenants by setting the share of production between tenants and owner. This has been amended more than six times but without any success.

Absentee ownership remained, and continues to remain a major constraint. Thus, land remained uncultivated and farm workers remained unemployed. Even share tenant and leasehold farm had no incentive to invest in the farm they tilled. This is an important reason behind an equilibrium of under-unemployment and sub-optimal farm output.

Often times, the government pronounced new policy measures to increase the productivity of agriculture and to promote ago-based industrialisation through diversification and commercialisation of agriculture. The government has already linked poverty alleviation with the reform package of the agriculture sector. Rural poverty is still higher than the urban poverty. Rural poverty reflects the real picture of the people who are suffering from penury. Some of the measures introduced to reform agriculture were establishment of cooperatives, Land Reform Savings Corporation in 1967, cooperative bank under the Cooperative Bank Act of 1963, later converted into the Agricultural Development Bank in order to meet the overall credit requirements of agriculture and to provide credit to co-operatives and to individual farmers. Also, during the Fourth (five year) Plan (1970/71-1974/75), the Intensive Agricultural Development Plan was implemented. Establishment of various institutions such as the National Food Cooperation, Agricultural Inputs Cooperation, Agricultural Tools Factory, National Agricultural Research Development Fund, Tea Development Cooperation and various other public institutions have played some role to enhance the capacity of the agriculture sector. Likewise, Birgunj Sugar Mill, Janakpur Cigarette Factory, Paddy and Rice Exporting Corperation, and Nepal Jute Corporation were some other key institutions which had been established to provide essential services to the farmers.

To supplement the above interventions, the government came out with a 20-year Agriculture Perspective Plan 1995-2015. Later on, the Poverty Reduction Strategy Papers or medium term periodic plans, and National Agriculture Policy, 2004 also appended the strategy. The green revolution programme and high value crops for the Terai and Hill are some strategic programmes to achieve the objectives of the plan.

The government has been introducing and implementing various programmes through the annual budget. Establishment of Small Farmers Cooperative Bank, priority given to the export of organic agricultural products, rebate facility, subsidy on chemical fertilisers, shallow tube wells and milk chilling cooperative centers, concept of cooperatives in each village and ward of a city, employment for every households, and one-village-one-product to increase agricultural productivity are some of the programmes brought forward for the development of the agriculture sector.

A High Hevel Scientific Land Reform Commission has submitted its report (with recommendations) to the government for implementation of a scientific land reform programme in Nepal.

5. Constraints and challenges in agriculture

It is argued that Nepal's agriculture sector never harvested its full potential. Commercialisation of agriculture is very much needed through agro-based industrialisation and diversification of commodities with the potentiality of comparative advantages. However, the agriculture sector has not been free from massive constraints and complexities.

Nepal's experience in the implementation of the various successful programmes related to agrarian reform indicates that patience and perseverance with uninterrupted commitment over a long period of time is essential.

6. Conclusions/recommendations

What all this means is that our past endeavours at transforming agriculture have been piece-meal and even time-inconsistent. Neither political class, nor bureaucrats, nor the peasantry themselves owned and adhered to the stated objectives. What the agriculture sector needs is structural transformation in land relations augmented by infrastructure back up. In this context, Surendra Pandey, current Finance Minister, has floated the following agenda for debate.

Number one, current classification of land as Abbal, Doyam, Seem and Chahar should be completely abandoned. Based on location and prospect all existing land should be classified into (a) farm, (b) industrial, (c) residential, (d) commercial, (f) forest, and (g) community/public space. Without a clearly defined specific need of the state, conversion of one category of land into another use should be legally prohibited.

Furthermore, keeping farm land barren will be taken as a legal offence. Farmers who keep farm land barren will be imposed a heavy financial penalty and recurrence will ultimately result in confiscation. All kind of transfers of land ownership will be settled only through registration. In participation of parent's property, gifts and all other transfer deeds will be done only through registration. All land transactions will be settled only through qualified and licensed brokers.

To encourage commercialisation, there should be a law to guard against premature withdrawal by individual farmers from cooperative/community and corporate farming. The state should provide road, electricity and communication access to such cooperative farming.

To supplement agricultural reform, urbanisation should be planned at two levels. First, adjacent urban centres and those planned around the vicinity in the mid-hills should be integrated and linked by fast track and Hulaki highways. This will initially increase the demand for masons, carpenters, painters, electricians and plumbers. Second, it will also generate employment through the establishment of construction industries such as cement, iron rod, furniture, brick and paints. Ultimately, it will generate employment in the service sectors such as transport, tourism and education and health.

Absorption of labour by the modern sectors will address the problem of under-employment of labour in the farm sector and average land and labour productivity in agriculture will go up. Only enterprising and innovative people will remain in agriculture.

Finally, in the Minister Pandey's scheme, generation of micro hydro projects in all the VDCs wherever feasible, under the joint ownership of VDCs/DDCs/municipalities, local schools/colleges and community forestry groups can generate about 100 to 150 megawatt of hydro power within three years. This will support farmers in irrigating their farms, nurturing livestock and poultry, and in developing rural micro enterprises. This will also lessen the pressure on the forest by means of extraction of products for heating and cooking. With access to cities, roads, electricity and telecommunication and increased productivity farming will turn into an joyful and respectful occupation.

Initially, the state should take a lead in the development of infrastructure and provision of extension services. Given this, farmers will themselves increase investment in farm modernisation.

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Chapter

10

Political economy of agrarian transformations

YB Thapa

1. Introduction and theoretical orientation

Agrarian transformation is much more than land reform or agricultural transformation or rural development. Here, we propose five indicators of agrarian transformation as follows: (i) Population in rural and urban areas by occupational and industrial classification; (ii) access of people to natural resources (such as farm land, forests and water bodies), skills and capital in rural areas; (iii) level of technology (e.g., seed, fertilisers, chemicals and irrigation) in farm production, and agricultural productivity and market development; (iv) wealth and income distribution especially in rural areas, and social relations; and (v) political power of people to influence the agrarian policies, acts, institutions and values. In addition, the relative share of agriculture and industry in the GDP are also discussed to highlight transformation of the economy.

1.1 Paradigms in political economy

Political economy is about political motivation of economic policies. Policy makers and lobbyists are often more concerned with income distribution than with efficiency effects of policies (Black 2009, p 358). Grindle (2001) says that political economy broadly refers to the efforts to investigate the intersection of economics and politics in policy choices and in institutional change, whether these efforts include the "new political economy" rooted in economics or a distinctive tradition of analysis based on sociology (p 347). The author describes traditions that draw on economics and sociology to attempt to understand the response to four real-world puzzles: (i) Why and when politicians are interested in supporting policy changes? (ii) How do political institutions affect the choices made by politicians? (iii) How are institutions created or transformed? and (iv) What are the consequences of the game for economic and political interactions?

There are two contending paradigms to answer these questions. For the *neo-classical (rational-choice) political economic tradition*, political

economy means application of tools of economic analysis to political phenomena, often referred to as "new political economy". In this tradition, microeconomic assumptions about centrality of self-interest are applied to political actors. Consequently, the political behaviour can be modeled with economic behaviour. On the other hand, *the comparative institutional tradition of political economy* focuses on concepts of conflict, group consciousness, institutions and power. The divide between the neo-classical political economy and comparative institutional political economy is deep and often contentious. The neoclassical political economists look to economics for insight into policy to develop a general theory of politics that is deductive, powerful and rigorous, and they are in search of explanations that hold across an extensive range of empirical cases. In contrast, comparative institutional political economists insist that political behaviour is always deeply rooted in context and specificity and that to be useful, theory must be able to evoke, explore and explain this complexity and specificity. They further insist that political institutions are central to explaining why the study of policy is primarily a study of how similar issues in collective life work out differently in different contexts. These two approaches offer strikingly different responses to questions about policy choice and change. They also pose a sharp contrast as to whether generality or specificity is the best way (e.g., with respect to the above four questions) to understand political dynamics.

To be relevant to the real world, the theory of political economy ought to be useful in at least one of two ways: (i) It ought to be able to model reality by reflecting the basic dynamics of political interactions in the design and implementation of development policy and in the creation or transformations of institutions. If it can do this, it can inform the strategic action of those actively engaged in promoting policy and institutional change. (ii) In addition, or alternatively, the theory ought to be able to predict the behaviour of political agents in designing, adopting and implementing policy changes or to predict the political consequences of alternative policy and institutional choices. This is another way of informing about policy choices that the policy reformers make. Comparative institutionalism has generally shown itself to be more adaptive than an economic approach to the realities of developing and transition country policy making.

Commenting on Grindle's view, Bisley (2001) says that there are *two* key roles for a political economic analysis of policy. The first is positive: to understand the policy process better. The second role of political economic

analysis is to facilitate policy advices. There are two reasons why actual policy reform might diverge from the ideal. They concern distributional judgment. Policy reforms can also diverge by choosing a policy that is not picked-up by a cost-benefit test for any distributional weights. A key role of political economic analysis is to emphasise that the context of decision and the nature of decision-making institutions are critical to the quality of government. High-quality governments, like just high-quality firms, are likely to expand the domain in which they operate. The key issue is to identify the activities in which government can be effective, and then to design institutional solutions to guarantee this effectiveness over the long run; it is the latter part that underlines the political economy.

1.2 Process of political economic inquiry

Anderson (2004) has restated the theories of political economy and suggested for a creative synthesis. There are three broad theories in political economy, namely, the theories of accumulation, of market and of growth. The accumulation theory (from Marx) can help indentify class interest as well as tendencies towards monopoly, commodification and over-production in a capitalist society. Market theory (neo-classical) can help explain short-term price revenue movements. The growth theory (from Adam Smith to Keynes) can help explain some aspects of productive capacity, employment and public finance. As each theory has some currency, it is useful to understand and be able to engage with the distinctive language of each.

The practical implication of reliance on a grand theory has been to encourage centralisation in thinking and administration. Thus, broad growth theory maintains aggregate measures (e.g., growth in GDP) as a yardstick of socio-economic welfare, against a catalogue of well-established socio-economic arguments to deal with distributional, environmental, subsistence, voluntarist, domestic work, and productive non-productive concerns. Similarly, market theory obscures power relations, ignores or misrepresents developmental and institutional histories, and tends to reduce human values to money transactions. Finally, while the accumulation theory can help disaggregate differing interests, it also suggests a centralising logic of production relations, which tends to obscure non-industrial social struggles. As a result, the regional and indigenous self-determination struggles, resistance to customary landowners and subsistence farmers, and the struggle of women, students, youth and marginalised people are sidelined.

Given the contention over relative merits of heterodox tools, Anderson has suggested broad avenues of inquiry opened up by the range of non-orthodox traditions, including those which explain "the embedded-ness of markets in the non-economic conditions" (Dow 2002 p 80). These avenues are set out simply as guideline 'steps' of analysis in Table 10.1.

Table 10.1: Method in political economy: Approaching a question

Steps	Themes	Associated considerations
1	Defer judgment	Discount the stated aims and objectives of actors, defer ethical or summary judgments;
2	Explain historical and institutional context	Explain why the issue/question arises, explain what particular histories and social structures bear on the issue/question, discuss the fragility or resilience of systems;
3	Apply group/ class interest analysis	Disaggregate general claims, identify which formal group/class rights are stressed or advanced, identify the interests of monopoly power;
4	Identify the argument	Identify ideologically charged concepts, discuss the interest group-concept relationship, critically analyse 'rights' claims;
5	Discuss value distribution	Identify any distributional issue embedded in social relationships;
6	Present a considered view	Explain how value might be (re)distributed, explain impact on effective group/class rights, apply above considerations to form a conclusion judgment.

Source: Anderson (2004; Table 1; p 142).

The methods to approach political economic questions in Table 10.1 are based on several premises as follows: (1) Analysis of political economic issues begin with a deferral of judgment (e.g., strategic concerns, a policy issue or ethical matter) until a fuller analysis and assessment has taken place. Political economy has often effectively mixed the western tradition of empiricism and rationalism and is sufficiently enhanced by 'material' detail (evidential and quantitative) to avoid *hasty* excursions into ethical arguments. (2) Historical and institutional context is important, when analyst (e.g., in the Marxist and institutional traditions) assumes that socio-economic developments are significantly historically congruent. A political economist will generally want to explain which particular histories and social structures bear the analytical question, including considerations of the possible fragility or resilience of the system. (3) Class analysis has been important in political economy, both from its classical origins and through the Marxist formulations. In most cases, the analysis of political economy

requires some form of disaggregation, and immediate shifting away from liberal claims of common interest or common benefit. Relevant questions may be 'who benefits?' and 'which interest are advanced?' (4) Ideological arguments are identified and distinguished in political economy; this is an important linguistic process of analysis, and potentially a way of hunting all relationships between concepts and class/group interests. Various accommodations (e.g., protection or pro-poor policies) and general claims (e.g., 'all benefit from economic growth') must be scrutinised carefully. (5) Some forms of distributional analysis are an essential element of a political economic approach. Political economic analysis performs an important task in drawing to attention the distributional implications of social and productive relationships, and the ways in which effective groups or class rights and interests are facilitated by social development or policy changes. When some or all of the above forms of analysis are applied, the political economist can return to the initial question and deliver a considered judgment.

1.3 Agrarian structures and transformation

An agrarian system is a concept used to describe the dynamic set of economic and technological factors that affect agricultural practices. It is premised on the idea that different systems have developed depending on the natural and social conditions specific to a particular region. Political factors also have a bearing on an agrarian system due to issues such as land ownership, labour organisation, and forms of cultivation. As food security has become more important, mostly due to the explosive population growth during the 20th century, the efficiency of agrarian systems has come under greater review. The basis for a prevailing agrarian system may be derived from one of a number of major types, including agrarian social structure, for example, tribal or ethnic divisions, feudal classes, or family based systems. Farming methods such as migratory herding of livestock are a common framework for which an agrarian system may evolve. Other important kinds of system are based on the dominant political ideology such as communism or agrarian socialism, e.g., collective farming and community-based agriculture.

Agrarian reform can refer, either narrowly, to government-initiated or government-backed redistribution of agricultural land, or broadly, to an overall redirection of the agrarian system of a country, which often includes land reform measures. Agrarian reform can include credit measures, training, extension, land consolidation, etc[1]. According to

[1] http://en.wikipedia.org/wiki/Agrarian reform, visited on August 2, 2010

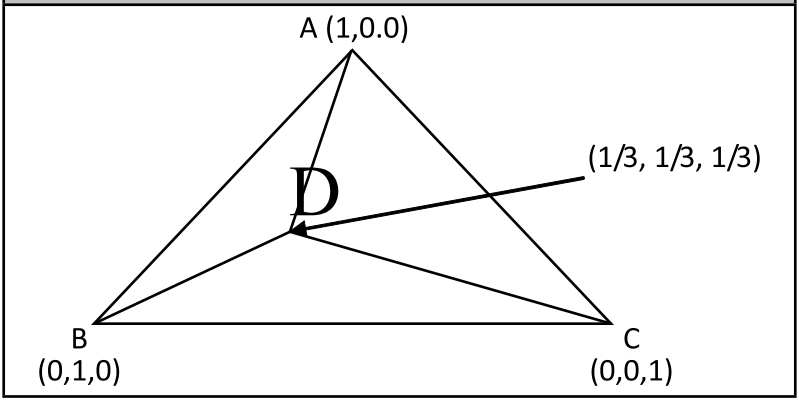
Csaki and Nash (1998), the World Bank has evaluated agrarian reform using five dimensions: (1) price and market liberalisation, (2) land reform (including the development of land markets), (3) agro-processing and input supply channels, (4) rural finance, and (5) market institutions. Along similar lines, the World Bank (2003) report states: A key precondition for land reform to be feasible and effective in improving beneficiaries livelihoods is that such programmes fit into a broader policy aimed at reducing poverty and establishing a favourable environment for the development of productive smallholder agriculture by beneficiaries. Examples of other issues include: (i) tenure security for farm workers, labour tenants, farm dwellers, tenant-peasants; this tenancy-security would make these workers and tenants have better prospects for receiving private-sector loans; (ii) infrastructure and support services; (iii) government support for rural enterprises that are complementary to agriculture; and (iv) increased community participation in government decisions in rural areas.

Ben Cousins (2007) has defined the difference between agrarian reform and land reform as follows: Land reform is concerned with rights in land, and their character, strength and distribution. Agrarian reform focuses not only on the land reform but also on a broader set of issues such as the class character of the relations of production and distribution in farming and related enterprises, and how these connect to the wider class structure. It is thus concerned with economic and political power and the relations between them.

1.4 Nash bargaining triangle

The political power relations among the classes/actors and their role in the government would affect the development of an agricultural economy and its transformation into an industrial economy depending on the distribution power among the farm landlords, tenants/workers and peasants in agriculture. Similarly, the distribution of power among the capitalist/traders, workers and farmers would affect the transformation from an agrarian to industrial economy/modern society. Bargaining among the three classes (A, B and C) within agriculture or between agriculture and industrial/trading branches are depicted in Figure 10.1 on Nash Bargaining Triangle and Table 10.2 on agencies or classes involved in agrarian transformation. In the triangle, the corners A to C show a dominance of a particular class whereas point D symbolises a common point where all the three classes/actors ought to agree for productive and equitable solutions.

Figure 10.1: Nash bargaining triangle



Symbols for actors in nash bargaining triangle	Actors/classes within agriculture	Actors/classes in agriculture – industry context
A	Landlords/Feudal	Landlords/Peasants
B	Peasants	Industrialist/Traders
C	Workers/Tenants	Workers

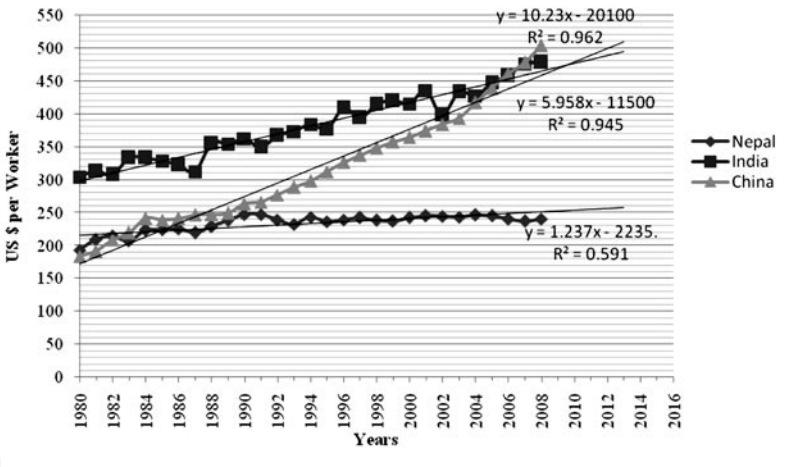
Note: Refer to Bhattarai (2005) on application of Nash Bargaining Triangle with the king, democrats, and Maoists in Nepal on a solution for political settlement and economic growth.

2. Performance of agrarian systems in Nepal, India and China

One may judge the performance of an agrarian system by examining the growth in agricultural output or agricultural productivity per labour over a long period. The point is that growth in agriculture/or productivity would help raise the living standards of the agrarian community and generate agricultural surplus to support the development of industry and services. Here the agricultural value added per labour in Nepal, India and China during the 1980-2008 period and its linear projections for 2009-2015 are presented in Figure 10.2. Thus, the agricultural VA per worker in the 1980 was approximately as follows: Nepal US $ 198, China US $ 196 and India US $ 300. The linear equations show that during 1980-2008, the GVA per worker grew at very different pace among these countries: Nepal had the agricultural value added per worker growing at US $ 1.24 annually, India at US $ 5.96 annually and China at US $ 10.23 annually. Projections for the year 2015 show that the agricultural value added per worker by country

would be as follows: Nepal US $ 250, India US $ 490 and China US $ 510 (approximately). These differences in the rates of change in agricultural value added per worker during 1980-2008 are very important findings for political economic choices concerning the evolution of agrarian systems.

Figure 10.2 Agricultural gross value added in Nepal, India and China at Constant US $ of 2000 Prices



Source: World Development Indicators (WDI) data sets.

On the question of land ownership and tenancy reforms in Nepal, the leftwing parties such as United Nepal Communist Party (Maoist) have been advocating for redistribution of land ownership as in China prior to 1978. The rightwing political parties such as the Nepali Congress have been in support of the status quo in land ownership distribution as in India. The centrist parties such as the Nepal Communist Party (UML) have been ambivalent. The above figure shows that Nepal and China had similar performance in terms of agricultural value added per worker until 1980 as long as China earlier maintained the commune farming, but was later able to boost agricultural productivity only after breaking up the communes into 'responsibility' systems and then into peasant farms.

Kerkvliet and Selden (1998) show that in the half century since 1945, China and Vietnam have each completed two far reaching agrarian transformations whose broad parameters exhibit striking institutional

and temporal similarities. The first transformation, from the end of 1945 through the end of 1970s, began with redistributive land reforms and continued with collectivisation. Land reform eliminated tenancy and hired labour, equalised landownership within villages, broke the power of the dominant landed classes, and consolidated the position of the Communist Party at the village level. Collectivisation transformed authority over land and labour from rural households to local authorities, increased the scale of cultivation, and sharply restricted but never eliminated household production and markets. The collectives in both nations reduced labour mobility and increased the ability of the state to control consumption, to extract resources at fixed state prices, and to regulate most aspects of rural life. In the second transformation, beginning with late 1970s, households in both countries received contractual rights to cultivate plots of land, and most of the other collective property was distributed, leased or sold. Households re-emerged as independent producers, as the state and collectives relaxed control over agricultural production, prices, labour and accumulation. Markets revived with diverse forms of private and mixed enterprises. However, the legacies from the first period continue to influence rural societies in both countries in the second period.

To sum up, land ownership distribution, land tenure relations and agricultural productivity in communist China/Vietnam and those in democratic India have tended to converge; this should have important lessons for the political parties' agrarian reform agenda in Nepal.

3. Nepal's agrarian structures and its dynamics

3.1 Agricultural resources, land tenancy and labour markets

The principal resources related to agricultures in Nepal are land, forest and water. The state has granted private ownership of agricultural land, common property resources, forest areas and principal water bodies. These are presented in the first three columns of Table 10.2 under the land statistics for the years 2008/09. On the other hand, the share in gross value added (GVA) for major sub-sectors of agriculture, industry and services in the country for the year 2009/10 are presented in the last three columns of this table.

Table 10.2 Land use types and gross value added by industries

S.N.	Land Statistics 2008/09			Gross Value Added 2009/10 P		
	Land Use Types	Million Ha	%	Activities	Billion Rs	%
1	Agricultural land cultivated	3.09	21.0	Crops	181.2	16.3
2	Agricultural land uncultivated	1.03	7.0	Horticulture	61.8	5.6
3	Forest and shrubs	5.82	39.5	Livestock	94.2	8.5
4	Grass land and pastures	1.77	12.0	Forests	29.6	2.7
5	Water	0.04	0.3	Fishery	5.8	0.5
6	Others	2.62	17.8	Industry	165.4	14.9
7	Discrepancy	0.35	2.4	Services	572.3	51.5
Total area		14.72	100.0	Total GVA	1,110.3	100.0

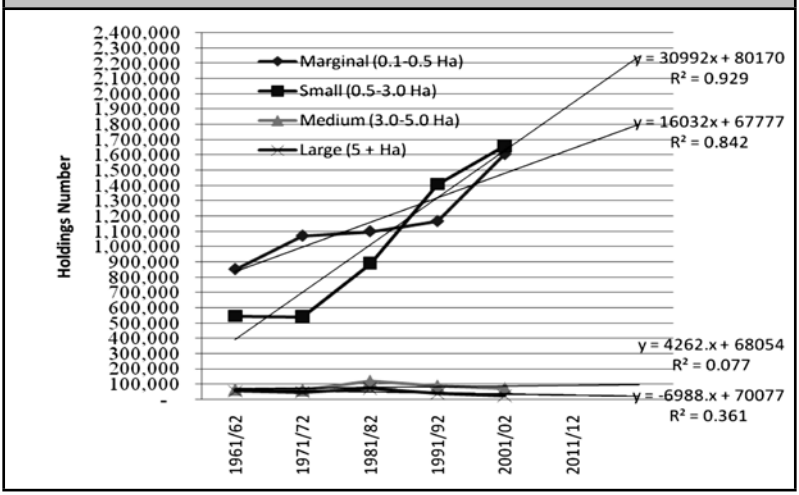
Sources: Ministry of Agriculture and Co-operatives (December 2009), Statistical Information on Nepalese Agriculture 2008/09; Ministry of Finance (July 2010), Economic Survey 2009/10.

The above table shows that of the total area of 14.72 million hectare, agriculture makes use of 4.1 million hectare or 28.0 percent of the area and contributed 30.4 percent to the gross valued added (GVA) in the economy. The contributions of agricultural activities in the total GVA are crops 16.3%, horticulture 5.6%, and livestock 8.5%. The area under forests, shrubs, grassland and pastures is 7.5 million hectare whereas the share of forest products in the total GVA has been 2.7%. So, on land management, the broader issues for agrarian transformation would be how the government, people and international agencies work together to improve the land use patterns and productivity of the agriculture, forestry and fishery sub-sectors, and how these could contribute to reduce poverty and improve equity?

The attempts to transform subsistence agriculture into a commercial one through innovations such as the 'green revolution', 'white revolution' and genetically modified organisms have made progress for different categories of households or farm families depending on these peoples' access to resources such as land, technology, inputs/infrastructure, markets and prices. Therefore, welfare of the rural people and growth in agrarian incomes (i.e., agriculture in rural and urban areas, and non-farm enterprises in rural areas) has been lagging behind as compared with the urban people's incomes and well-being. The lawmakers in the parliament and policy makers in the government have to make very significant contributions in resource allocation for rural people vis-à-vis urban people.

Agricultural production has been organised entirely by the households under 'agricultural holdings'. The Agricultural Censuses show that the number of agricultural holdings has increased from 1.52 to 3.64 million during 1961/62-2001/02. Thus, the number of agricultural holdings has been increasing by 46.8 thousand per year, and this might reach 3.83 million by year 2011/12. The profile of agricultural holdings during the past 40 years is presented in Figure 10.3. It shows the growth of agricultural holdings among the marginal, small, medium, and large size categories during 1961/62-2001/02, and their projections for the year 2011/12.

Figure 10.3 Growth of farm holdings by size categories during 1961-2011



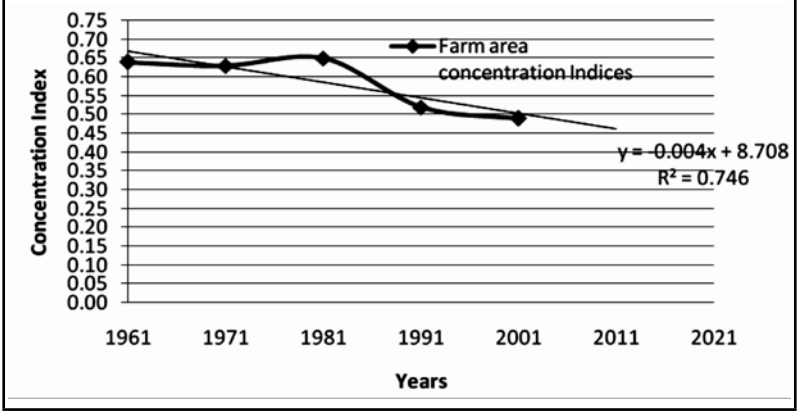
Source: Based on Central Bureau of Statistics, "National Sample Census of Agriculture, 1961, 1971, 1981, and 2001" data sets.

The figure provides definitions of farm-size categories in terms of operational holdings in hectare (i.e., land owned plus net-rented). The number of marginal holdings (0.1-0.5 Ha) was 1.6 million, and is increasing by 16 thousand annually, and may reach some 1.8 million units by year 2011. It is generally said that marginal farm holdings are not viable for their own subsistence and for the creation of marketable surplus in the economy. Likewise, the smallholdings (0.5-3.3 Ha) are generally less viable in terms of their self-sufficiency and marketed surplus. The number of smallholdings was 1.7 million in year 2001/02, has been growing by 31 thousand annually, and may reach 1.8 million by year 2011. On the other

hand, among the economically viable farms, the medium size holdings (3-5 Ha) were 72 thousand and grew very slowly by four thousand annually, and may increase to 100 thousand in 2011. Likewise, the viable units such as large farm holdings (5+ Ha) were only 25 thousand, are declining by about seven thousand annually, and may decline to about 15 thousand by 2011. The total farm holdings may increase from 3.36 to 3.85 million, the proportion of viable households in food self-sufficiency and creation of marketable surplus is barely 50 percent in the total, and is declining.

Quite often, there have been sharp arguments about inequality in the size distribution of farm holdings. In this regard, the concentration index for farm holdings and area are presented in Figure 10.3. It shows that the index of inequality among the farm holdings on the access to land has declined during 1981/82-2001/02 from 0.65 to 0.49. That is, land distribution has been becoming equal during 1981/82-2001/02. If this trend continues, the concentration index for farm holdings and area may decline from 0.49 to 0.45 by 2011. This implies that there will be increasing tolerance in the society on progressive evolution of land ownership and tenancy.

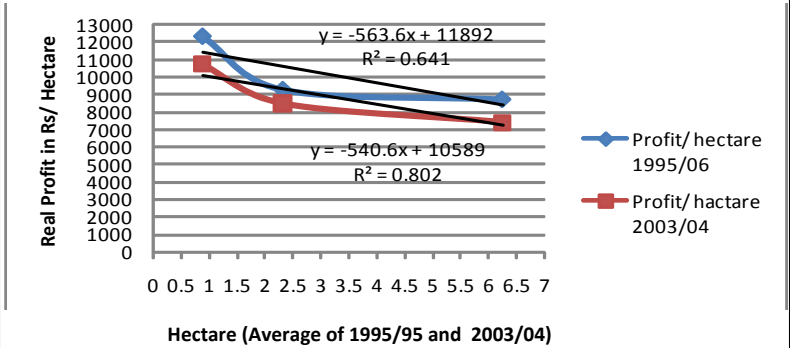
Figure 10.4 Concentration indices for farm holdings and area by census years



Source: Based on Central Bureau of Statistics 2006, National Planning Commission Report 2001/02, and Liz Alden Wily et al. 2009, p 42 Table-3.

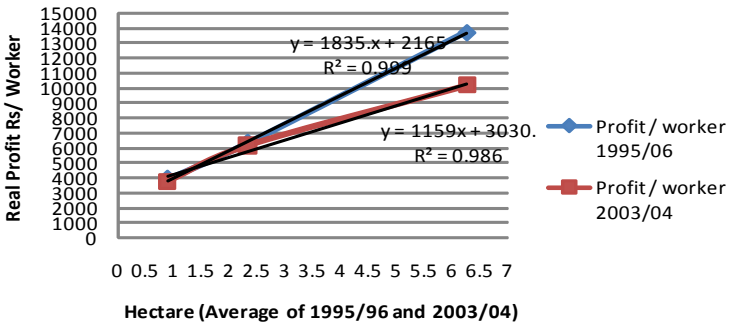
The arguments used to justify the land redistribution have tried to address the issue of equity among the farm classes (including labour) based on the relationship between farm size and productivity. The hypothesis has been that small farms are more productive in terms of value-added per hectare than large farms. Thus, transfer of land from feudal lords to peasants would increase agricultural growth and national output. The results from the Nepal Living Standards Survey 1995/96 and 2003/04 on land productivity and labour productivity are presented in Figure 10.5 and 10.6, respectively. This analysis covers the farm size holdings by small farms, medium farms and large farms, respectively. These figures show that the curves for real profits from agriculture have shifted downwards from 1995/96 to 2003/04. That is, farming has become less attractive over the period. Figure 10.5 views agriculture from the peasants' perspective, namely, the peasants maximise the return from a unit of land. Thus, the real profit per hectare is highest in the small farms at about Rs 11,500 per hectare, and it decreases with increase in farm size. The average rate of decline (for the grouped data) in real profit per hectare was Rs 563.6 with increase in farm size by one hectare in the year 1995/96; this rate of decline in profit increased to Rs 540.6 with increase in farm size by one hectare in the year 2003/04.

Figure 10.5 Land productivity by farming holding sizes



Source: Based on Nepal Living Standards Survey 1995/96 and 2003/04

Figure 10.6 Labour productivity by farm holding sizes



Source: Based on Central Bureau of Statistics, Nepal Living Standards Survey 1995/96 & 2003/04 Data Sets. See also CBS/GON, World Bank, DFID, ADB (2006).

Note: There was small decline in the average farm size in hectare of the households between 1995/96 and 3003/04. The farm sizes in hectare in the figures refer to averages of two surveys.

In Figure 5 10.6, the slope of labour productivity or the coefficient of real profit per worker significantly increased from Rs 1,835 to Rs 1,159 with increase in the farm size by a hectare between 1995/96 to 2003/04. Thus in the large farms, the real profit per labour declined from Rs 13,689 to Rs 10,172 in the years 1995/96 and 2003/06, respectively. In other words, incentives for the feudal or big landowners to transform themselves into capitalist farm enterprises have declined in the study period.

Agricultural diversification and technology in specific products are important to increase the land and labour productivity. The next section is on technology issues about three principal cereals, namely, paddy, wheat and maize because of availability of data and their larger share in the agricultural output.

3.2 Technology related to seed and water

The state has accorded priority to transform agriculture from traditional to modern art through the application of green revolution technologies such as seed, water and agro-chemicals. Table 10.3 presents practices used to produce paddy, wheat and maize between 1997/98 and 2008/09. These crop production practices deal with uses of improved or local seeds under irrigated or un-irrigated conditions. Most of the agricultural research

activities are concentrated in the adaptation of international/exotic dwarf verities of crops to Nepalese agro-ecological conditions. By 1997/98, the area under improved paddy was 64.0 percent of the cultivated area, which increased to 87.6 percent by 2008/09. Thus, most of the paddy fields are under improved varieties as against the local verities. In other words, the gain in rice yields per hectare would have to come through the development of further high yielding new lines such as hybrid rice plants, and their adoption by the farmers. It is difficult to appraise the capability of Nepal agricultural research and extension systems to transform rice production from high yielding dwarf varieties to hybrid seed technologies. In case of wheat, the dwarf high yielding variety technology has already reached the ceiling because the area under improved varieties was already 97.3 percent by 2008/09. There is some more room to increase agricultural productivity by increased expansion of improved varieties and for some other traditional crops like millet, barley, oats, beans, pulses, etc.

Table 10.3 Cereal grain productivity of land by seed type and water supply condition

Crops	Seed Type and and Water Condition	1997/98		2008/09		Change in Yield (%)
		Area (%)	Yield (Kg/ Ha)	Area (%)	Yield (Kg/ Ha)	
Paddy	Local unirrigated	29.1	1,995	8.9	1,898	(4.9)
	Local Irrigated	6.9	2,107	3.6	2,288	8.6
	Improved Unirrigated	25.3	2,345	35.7	2,446	4.3
	Improved Irrigated	38.7	2,837	51.9	3,439	21.2
	Pooled	100.0	2,417	100.0	2,907	20.3
Wheat	Local Unirrigated	12.1	1,201	2.5	752	(37.4)
	Local Irrigated	0.6	1,554	0.3	1,140	(26.6)
	Improved Unirrigated	31.1	1,247	35.2	1,074	(13.9)
	Improved Irrigated	56.2	1,899	62.1	2,471	30.1
	Pooled	100.0	1,610	100.0	1,934	20.1
Maize	Local	36.0	1,361	10.5	1,559	14.5
	Improved	64.0	1,908	89.5	2,281	19.5
	Pooled	100.0	1,711	100.0	2,205	28.9

Source: MoAC, Statistical Information on Nepalese Agriculture 1997/98 and 2008/09.

In terms of irrigation conditions, paddy production was under irrigated conditions in 45.6 percent area in year 1996/96, which has increased to 55.5 percent of paddy area in the country by year 2008/09. Paddy and wheat have been the major crops targeted for irrigated-agriculture.

Water supply and irrigation has been recognised as critical, technology-facilitating, and equity-enhancing input for agricultural growth. However, pending the capacity of community and state to harness and harvest water resources through investment and safeguarding riparian rights, transformation of agriculture from rain-fed/upland farms to greenery and to livestock such as dairy has been progressing at very slow rates.

3.3 Investment in agriculture

Government investment in agriculture shows a lack of a political will for it. The lack of public investment in agriculture also adversely affects investment by organised agencies and households because of the complimentary effects between the investment priorities of the state and civil agencies. The proposals of the Government for investment in agriculture and non-agriculture activities during the Ninth Plan (1997-2002), Tenth Plan (2002-07) and Three-Year Interim Plan (2007-10) show that the share of investment in agriculture has declined from 16.8% to 13.8% of the total outlay and further to 12.2 percent (both state and private sources), respectively. Table 10.4 provides a comparison of investment in agriculture and non-agriculture sectors during 1997-2010, and Figure 10.6 provides variations in the investment per capita in agriculture, industry and services during 1974-2008. The low priority given to agriculture during these plans and earlier is not due to low productivity of capital there. Indicators such as incremental capital output ratios, proportion of the population directly dependent on agriculture, etc., would suffice for allocation of higher investment by the state in agriculture. The under-investment in agriculture in terms of government budgets and bank finance, or lack of policy priority in trade and human resource activity may have been due lack of agrarian/rural voice in the government and parliament.

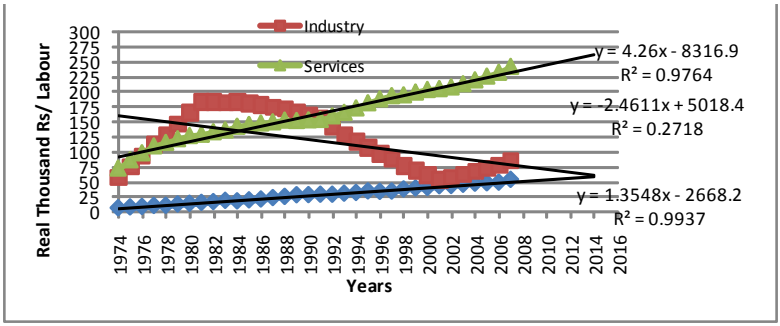
Further, there seems to be a lack of initiative among the politicians and policy maker to develop agriculture and rural areas as electoral constituencies. Therefore, allotment of many rural areas with parts of urban areas to make electoral constituencies and election of political leaders in the parliament from cities has probably contributed to subduing the voice of the rural and agrarian people in the legislative and allocative branches of the government.

Table 10.4 Proposed investment in agriculture in different plans

Production Sectors	Ninth Plan (1997-2002) in 1997 Price		Tenth Plan (2002-07) in 2002 Price		Three Year Interim Plan (2007-10) in 2007 Price	
	Mn Rs	%	Mn Rs	%	Mn Rs	%
Agriculture	62,618	16.8	84,400	13.8	71,66.9	12.2
Non-Agriculture	310,093	83.2	525,423	86.2	516,007	86.8
Total	372,711	100	609,823	100	587,676	100

Source: National Planning Commission/ Government of Nepal: Plan Documents.

Figure 10.7 Capital labour ratio by production industry 1974-2007



Source: Thapa (2010).

Note: The bottom line denotes capital labour ratio in agriculture.

The estimates of capital/labour ratios in agriculture, industry and services sectors of production are preseneted in Figure 10.7 . Thse estaimates are derived fom the National Planning Commission's estimates of incremental capital output ratios and the Central Bureau of Statistics estimates of aggregate investment or gross fixed capital formation. The point being made here is that capital/labour ratio in the services sector is not only some five times more than agriculture but also it has been increasing by Rs 4.26 thousand annually as compared to just Rs 1.35 thousand per labour in in agriculture. The capital labour ratio in the industry sector is highly unstable. A stable investment climate in industry could have improved the demand conditions for the products of agriculture and intensification of capital labour ratios in agriculture could have put agriculture in higher gear to meet the demand of industry. The choice of reltively more investment in services and lower investment in industry and agriculture

may reflect excessive influence of the mercantile class in the government organs. However, it has acted as a drag on the transformation of industry-agriculture relations to increase national incomes.

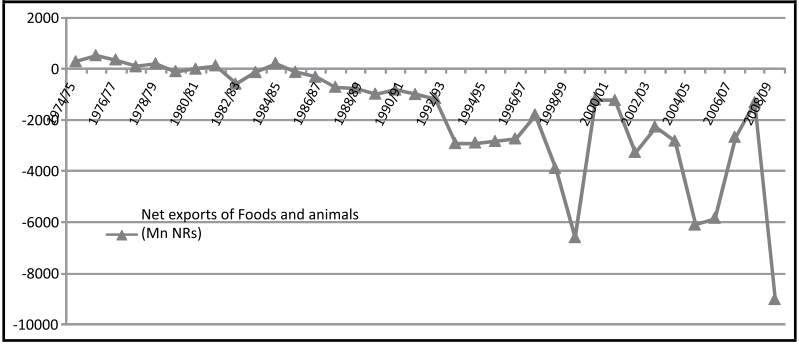
3.4 Marketing, trade, price policy and extraction of surplus

Development economists have viewed agriculture as supplier of products for industrial development and for earning foreign exchange through trade. In this process the barter terms of trade (i.e., the ratio of farm prices to non-farm prices) between agriculture and non-agriculture has been an area of political decisions. Adverse prices for agricultural products coupled with the high risk and uncertainty have led to the decline in agriculture and a "scissors crisis" in the process of mopping up agricultural surplus. In this regard, Figure 10.8 and 10.9 shows that the supply capacity of agriculture has undergone a secular decline and the economy has become a net importer of food and animals since the mid-eighties. This has resulted into huge leakages in the national income and employment opportunities. Nepal faces persistent deficit in net-exports of food and animals even on a monthly basis. In other words, the comparative advantage of Nepalese agriculture as compared to the Indian agriculture in specific areas has not materialised to make the net exports of agriculture positive even on a monthly or seasonal basis. Given the presumption that Nepalese agriculture has seasonal comparative advantage over Indian one and that Nepal has cost disadvantages due to small volume of exportable agro-products, a stronger political will may be needed to integrate and harmonise the Nepalese agriculture with Indian agriculture.

Coming to individual agricultural products, Table 10.5 shows the marketed surplus of the most traded 13 crop products and four livestock related products based on the household data. Among the crops, the share of sales to gross outputs has increased from 16 percent to 25 percent between 1995/96 and 2003/04. Likewise, the proportion of households selling livestock products has increased from about nine percent to some 14 percent between 1995/96 and 2003/04. This indicates a rapid transformation of agriculture from subsistence to commercial forms. The proportion of farm produce sold might increase due to transport, prices, profit motive, etc., but the sales volume would be significant only if agricultural productivity per unit of land and labour significantly picks up. This would call for political decisions in the areas of agricultural prices, para-statal corporations for marketing and trade, tariffs on trade

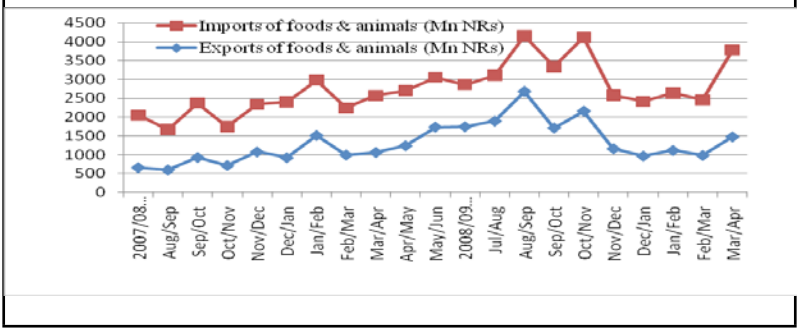
and exchange rates to favour agricultural supply response, growth and development.

Figure 10.8 Net exports of food and live animals mn NRs.



Source: NRB (2010)

Figure 10.9: Net exports of food and live animals by seasons, 2007/08- 2008/ 09 (mn NRs)



Source: NRB (2010)

Table 10.5: Sale of crop and livestock products by households in Nepal 1995/96 and 2003/04

S. N.	Products	Units	1995/96	2003/04
1	Paddy	% of gross output	13	21
2	Wheat	"	10	26
3	Summer maize	"	8	9
4	Lentils	"	27	32

S. N.	Products	Units	1995/96	2003/04
5	Winter potato	"	19	34
6	Summer potato	"	17	51
7	Others	"	22	24
8	Sugarcane	"	74	79
9	Ginger	"	6	15
10	Cardamom	"	91	90
11	Winter vegetables	"	30	43
12	Banana	"	24	59
13	Millet	"	11	12
	Total	"	16	25
1	Milk	% of households	15	18
2	Eggs	"	5	6
3	Meat	"	7	10
4	Veterinary services	"	9	23

Source: Central Bureau of Statistics, Nepal Living Standards Survey 1995/96 and 2003/04. See also: CBS, World Bank, DFID, ADB (2006) Table 5.7 and 5.9.

3.5 Employment shifts in agriculture, industry and services

Transformation from rural to urban populations

According to the *Population Census 2001*, the country's population (23.2 million) was growing annually by 2.27 percent: Rural areas at 1.72 percent and urban areas at 6.65 percent. Nevertheless, the urban area shared only 11.9 percent of the total population. Urbanisation and development have been synonymous concepts to the extent that higher levels of urbanisation lend to higher levels of development. Structural changes in the economy that accompany the process of urbanisation, and demand and sustainability of higher levels of services are possible with higher levels of income contributing better levels of living in urban areas. Sustainable development in Nepal requires that the pressure on rural environmental resources be reduced, that minimum infrastructural and service facilities be provided to a rising population, and the opportunities for in non-agricultural sector development be enhanced so that an increasing population can be absorbed in this sector.

While the change in the structure of GDP has still to be reflected in the change in occupational structure of labour force, the process of change in the economy has begun to increase the levels of urbanisation. For the levels

of urbanisation to increase, there has to be an economic transformation in the productive sectors. Agriculture has to be commercialised, agro-based, and other natural resources and other natural resource based industrialisation has to be encouraged. The legal basis and institutional capacity to enforce land use and zoning laws as well as environmental standards has still to be created (Quoted by Sharma 2003 from ADB 2000).

A Projection of Nepal's urban population by New Era shows that urban population is expected to reach 15.4 percent of the total population in 2016. This is a reflection of sluggish growth and lack of prospects for fundamental structural changes in the economy. Increased economic growth rates would speed up the process of urbanisation. Thus, the rural areas have remained as reservoir of surplus population, which migrates to urban areas, and foreign countries as opportunities arise. The dynamics of population transformation from rural/agrarian to urban/modern sectors till now and unto the near future have remained bleak.

Need to transfer labour out of agriculture

The role of households or labour market in production is generally examined with respect to the participation of people in economic activities such as types of occupation or types of industries. The population distribution by occupation indicates the types of social relations among people of different classes; it helps to comprehend the social hierarchy based on the skill requirements of the occupation and differences in wage rates.

The coefficients of elasticity of employment growth with respect to the growth in production sectors are shown in Table 10.5. We need to make a judgment here based on the employment by industry for male and female labour in the rural and urban residential sectors, the output labour ratio, growth of industrial output, and the coefficients of elasticity of employment with respect to the economic growth rates. The results show that the economy had some 8.9 million people as economically active or employed in the year 2001. As much as 5.9 million employed (or 66.3% of total) are still in agricultural activities. People employed in agriculture and other industries are further sub-classified by rural and urban residence, and then by male and female gender classification. The proportion of female farm workers varies from 84 to 91 percent in the urban and rural areas, respectively, per hundred male workers. This might indicate a high incidence of and probably increase in the feminisation of agriculture. A part of the explanation for higher incidence of feminisation of agriculture may lie in low value of gross value added (GVA) per labour. Thus, the GVA

per labour in agriculture, hunting and forestry activities is merely 26.9 thousand Rs for the average of the years 2000/01-02/03. In other words, productivity in agriculture is below US $ one per labour per day; this is sufficient neither for its own subsistence nor to generate agricultural surplus to support the growth of manufacturing and trading activities. Thus, there is urgent need to siphon off work force from agriculture to other industries in the economy. The very low coefficient of elasticity of employment at 0.3 with respect to agricultural growth rate is a further testimony to the hypothesis of overcrowding of labour in agriculture. However, the government policies to retain labour in agriculture in situ are not sound propositions; it should be transferred to any other sectors of production.

Table 10.6: Employed persons, labour productivity and employment elasticity

S. No	Industries	Labour Force in 2001 (Thousands)					Income 2001-10		Employ-ment Elasticity
		National Total	Urban Male	Urban Female	Rural Male	Rural Female	GVA/ Labour (ThRs)	GDP Growth (%/yr)	
1	Agri. & forestry	5,899.4	184.0	154.9	2,912.9	2,647.6	26.9	3.0	0.3
2	Fishing	8.1	0.7	0.1	6.3	1.0	242.8	7.0	
3	Industry	1187.3	172.4	70.3	538.9	405.1	63.0	1.9	1.38
4	Services	1806.7	411.6	120.3	985.2	289.3	108.7	4.4	1.03
	Total	8,901.5	768.7	345.6	4,443.5	3,343.0	48.5	3.8	0.6

Sources: (i) The data on employment are from Central Bureau of Statistics (2003), Population Census 2001, Selected Economic Activity Tables. (ii) The data on gross value added are from MoF (2010), Economic Survey Fiscal Year 2009/10. (iii) The data on employment elasticity are from Thapa and Khanal (2010).

4. Agrarian transformation in Nepal vis-à-vis Thailand

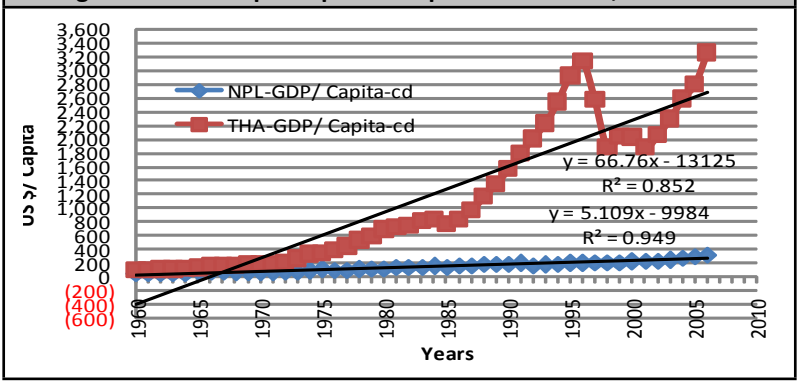
Finally, we examine the conditions under which Nepal may be able to transform itself from an agrarian to a modern society and economy with the help of findings obtained from Thailand. The example of Thailand is taken to draw lessons for Nepal because Thailand continues to be a kingdom, it is rich in water resources, it is the biggest exporter of rice in the world, it has served as a transit hub in transport, it has very strong services sector, and it has comparable area and populations[2].

[2] Thailand and Nepal have an area of 513 thousand sq. km. and 147 thousand square kilometer, respectively. The projected population of Thailand and Nepal are 63.3 million and 32.3 million, respectively, for year 2015. Thus, the population density of Thailand and Nepal are 124 persons per sq. km. and 219 persons/sq.km, respectively.

Both Nepal and Thailand were within the per capita GDP bracket of below US $ 100 in 1960: Nepal US $ 51.3 and Thailand US $ 99.8 as shown in Figure 10.9 . Since then, Nepal has increased the GDP per capita by US $ 5.1 annually and continues to remain an agrarian society, whereas Thailand increased the GDP per capita with a coefficient of US $ 66.8 annually (i.e., some 13 times faster rate) and has transformed from an agrarian to a modern economy and society. Thus, the gap in GDP per capita between Nepal and Thailand has increased from 1:2 to 1:10 during 1960-2006.

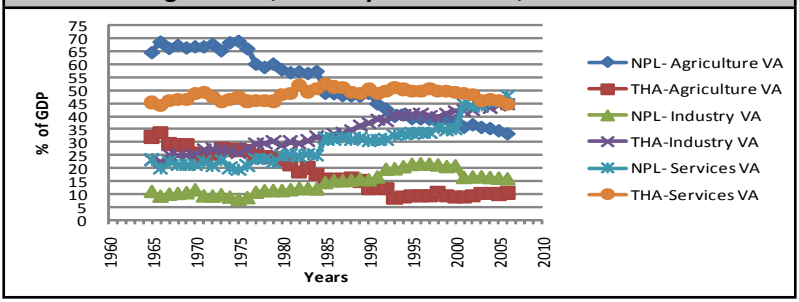
The transformation of Thailand from a low-income agrarian economy to a middle-income modern one has occurred in part by fall in the share of agriculture and rise of industry in the GDP whereas the share of the services sector has been similar in both countries as shown in Figure 10.9.

Figure 10.10 GDP per capita in Nepal and Thailand, 1960-2007



Source: World Bank (2010)

Figure 10.11 Nepal and Thailand-share of value-added (VA) by agriculture, industry and services, 1964-2006



Source: World Bank (2010)

To drive some lessons home for the transformation of Thailand, we refer to the works of Knippenberg (2003) who studied the transformation of Thailand from an agrarian into an industrial society during 1850-1985 using the main theory of Earnest Gellner (1988) about the transformation process; he also applied other help theories[3] for this study. The conclusions of Knippenberg on transformation of Thailand could be considered for Nepal in the present context.

Gellner's starting point is that there is a fundamental gap in the political, social, cognitive and cultural sphere between agrarian and industrial societies. In his view, there is no continuity, let alone some kind of a necessary historical development culminating in an industrial society. The agrarian society is not a pre-phase of industrial society. It is a society which can exist forever, and which has no internal drive to change into another kind of society. In fact, everything in an agrarian society militates against the sheer possibility of a fundamental change.

Transformation opportunities and bottlenecks

According to Gellner, successful transformation requires the appropriation of surplus to be subordinated to the enlargement of that surplus, politics to be subordinated to economics, and political legitimacy to become not only secular, but also even to be based on a concept such as sovereignty of the people. This reversal requires a strategy, which is in blatant contradiction to the strategy needed in an agrarian society. Moreover, this reversal leads to a strengthening of precisely those actors who have a subordinated position in an agrarian society; such actors are the producers and traders. These producers and traders have the benefit of already possessing a productive strategy, dominated by purely economic principles.

The industrial society offers unprecedented possibilities for economic growth, but also employs effective political power and control. Consequently, the actors dominant in an agrarian society are inclined to develop strategies aimed at taking over the useful elements, but forestalling fundamental changes. Such a strategy is devastating for a real

[3] These help theories include Giddens' (1984) structuration theory, Tambaih's (1973) model of galactic state, Paauw and Fie (1973) model on external factors and actors for up till 1930s. On the role of external factors and actors during 1935-1985, they applied theories of Vernon (1966, 1971), Dunning (1988, 1992), Strange (1988) and Schwartz (1994). To examine the internal political transformation in Thailand between the 1930s and 1985, they used theories specific to Thailand: Skinner (1958, 1959), Riggs (1966), and Jacobs (1971). To study the economic transformation of Thailand during 1930s-1985, the Evans' theory (1995) about embedded autonomy was used.

process of industrialisation and modernisation. However, the position of these dominant actors is undermined by the fact that they are confronted with an insurmountable problem of legitimacy. This lack of legitimacy deprives them of the possibility of changing their power into authority. To be considered as legitimate in the modern society, the actors have to be able to deliver further the prosperity and wellbeing of the people, the nation or the country.

Continuous economic growth is possible only if the pursuit of economic growth for its own sake has become the basic principle of a society, at which all political acts and strategies of the dominant groups are primarily aimed. If there is to be successful industrialisation, then, as Barrington Moore has accurately expressed it: 'The commercial and industrial leaders must be on their way to become the dominant element in society' (Barrington Moore 1974, p 424). When the emerging industrialists and traders are too weak and too dependent to obtain real decisive political power and, instead throw themselves politically into the arms of dominant political groups or the bureaucracy, it is likely that the process of industrialisation will be hampered or smothered.

Implications of the transformations process in Thailand

The transformation process of Thailand has implications beyond the specific Thai context and underlines the usefulness of the theory of Gellner. The main implications are:

1. Complex or highly developed agrarian societies have an advantage over more 'simply' organised ones when it comes to the capacity to set in motion and sustain a transformation towards an industrial society, although they probably will initially often lag behind in doing so. The latter is because the ruling elites have access to many well-organised resources for blocking further change by using the advances that the transformation offers them.
2. Open societies in the sense of open to and oriented towards external trade are as a rule the most adaptive ones.
3. For a society to be able to realise a successful transformation from an agrarian into an industrial society, the potential to do this must already be present in that society.
4. Political transformation is a sine qua non, if not a pre-condition, for a complete and economic transformation. Legitimacy is the key to political transformation.

5. The transformation of an agrarian society into an industrial one comes down to a fundamental rupture with the past: Politically, socially, economically and culturally. The quintessence of this rupture is the transformation of a legitimacy based on religious notions and personal bonds into a legitimacy based on abstract, worldly and utilitarian (rational instrumental) notions.

6. External factors are decisive for setting in motion the process of transformation and its continuation. Notwithstanding the influence of external factors, internal factors determine whether a transformation process will really take off and succeed. The transformation is set in motion by members of the local elite, out of political motives. They need to have the will, capacity, position, and legitimacy to do this.

7. The transformation into an industrial society means strengthening and emancipating economic rationality and behaviour to such an extent that economic activities and actors will prevail over other activities and actors. In an industrial society, politics serves the economy. The main political task is to facilitate economic maximisation, rationalisation, and accumulation.

8. In an industrial society, economic maximisation, rationalisation, and accumulation have become the fundament and target of political legitimacy. In an industrial society, economic maximisation, rationalisation, and accumulation are best served by private initiatives, based on the notion and protection of private property.

9. To understand the transformation process of societies, one has to begin with investigating this process in depth in the individual societies before starting to compare those societies. All transformation processes are historical in a three fold sense. The study of long-term developments is essential. The process is never teleological. Coincidence, singular and unpredictable events always have a great impact.

Many of the conclusions suggest that Gellner's theory about agrarian transformation would probably be even more useful if it were applied to the study of the transformation process in societies or countries, which have been less 'successful' in developing arguments on how and where their capacities, energy and focus could be better put.

5. Conclusions and recommendations

The study has used heterodox tools of political economy and sociology to assess agrarian transformation both within agriculture/rural society

and from agriculture to industry and services based/modern society in Nepal during the 1961-2008 period, and compare it with the situations in India, China and Thailand. Based on empirical evidences, the following recommendations are offered.

1. There is lack of political economic analysis of the Nepalese society and economy especially to assess how far and whether the political forces can/or cannot really come up with statesmanship to modernise the nation. Given the Nepalese society's setting, context and culture, the viability of small states and capability of its political process has to be questioned.

2. Changes in land ownership and utilisation often have a debatable place in the agenda of political parties, and agricultural productivity has only progressively lagged behind other countries in the regions. As experiences in both the People's Republic of China/Vietnam and Federal Union of India have evolved into peasant fundamentalism thus far, the Nepalese political parties need to promote peasant farming such that households involved in agriculture and agro-industries have full employment, self-sufficiency and marketable surplus.

3. The failure of the state and economy to move out workers and entrepreneurs from crowded agriculture to industry and services has rendered politicians ineffective, and it calls for innovative solutions for bringing economic growth and improvement in the distribution of income among the population.

4. Political division of peasantry along party lines has weakened them in their bargaining power vis-à-vis industrialists/traders and to some extent workers in the markets such as money/financial/capital market, commodities market, labour market and state policy/legislative and regulations aspects. The country is in need of professional peasant leadership.

5. As the Nepalese government, legislature and parties struggle to develop effective policies and institutions to develop agriculture, they are also called to harmonise agricultural policies with those of the neighbours to obtain an even-playing field in production conditions and trade facilitation in the region.

6. Drawing lessons from the conditions needed for agrarian transformation to a modern economy as in the case of the Kingdom of Thailand, the Nepalese political parties would deliver neither metamorphosis of

agriculture nor transformation to industrial/modern economy because they give first priority to politics and sideline economics. They could claim legitimacy only if they all bring economic interest of the country and people on the forefront and deliver high economic growth rates and bring prosperity to the ordinary people.

To conclude, the present study has set out political economic paradigms and methods of analysis for informed social choices and decision making with respect to specific structure of the Nepalese agrarian economy; the above recommendations should be considered as hypotheses for action by the state, and should be subject to more rigorous testing and development.

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Chapter

11

Political economy of conflict and agrarian change in Nepal

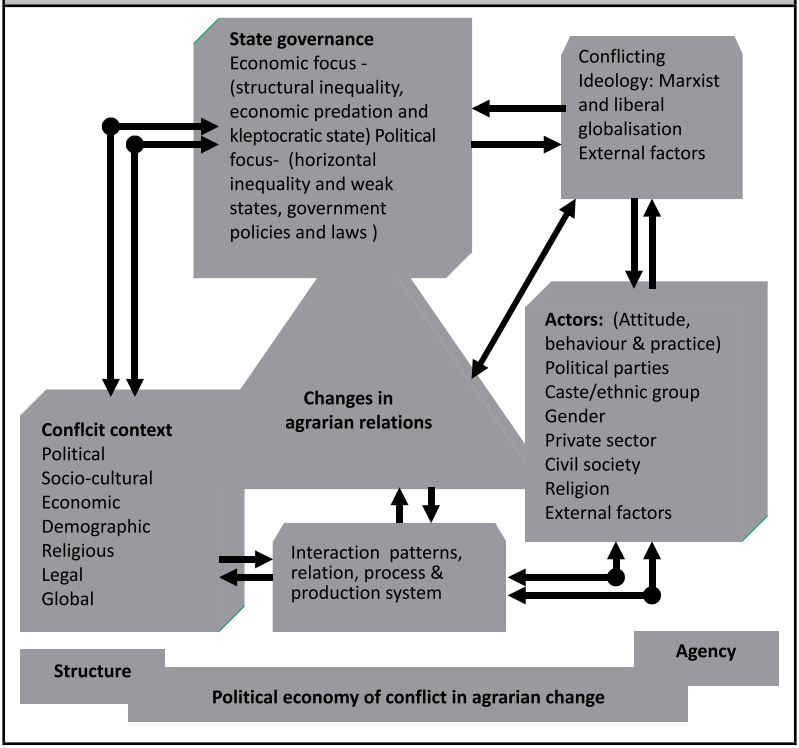
Bishnu Raj Upreti
Tulasi Sharan Sigdel

1. Introduction

The Nepalese society is dualistic in its structure and nature. It has a vast traditional agrarian sector and small and newly emerging modern urban society. The former is characterized by traditional agricultural economy while the latter comprises a small modern economy based on trade, industry and services. Livelihood options of the people are limited since alternative employment and income opportunities outside agriculture and allied activities are limited. In traditional societies, income distribution largely depends on access to land and land holdings (Shrestha 2004). Access to and control over resources is closely related to the socio-political structure and power relation in the society.

In this chapter, we argue that the relationship across the agrarian structural context; actors and their attitude, behaviour and practice; ideological differences; and the interaction process is often conflicting, which always serves as the main driver of social-political reform and change in societies. The basic theoretical domain of this chapter is the structuration theory (Gidden 1984 cited in Ritzer 1996) and political-economic approach of conflict and change (Cater 2005) which not only examines the interrelationship of political and economic causes but also integrates the theories of economic predation, kleptocracy, political protest and weak state (ibid). The analytical framework of political economy of conflict and change is as follows:

Figure 11.1 Analytical framework of political economy of conflict and change



2. Theoretical debate on conflict and agrarian change

Conflict is a universal phenomenon. It is an underlying fact that conflict prevails in every society. Conflict is a clash of interests and it occurs when two or more people/party/group opposes one another due to differences in their needs, goals, values, ethics, etc. It is usually accompanied by feelings of unfairness, injustice, anger, frustration, hurt, anxiety, mistrust and fear (Upreti 2002).

Gidden (2001) in his theory of structuration focuses on the relationship between the structure and agency arguing that social action involves structure and social structure involves social action. These two fundamental elements of society are inexorably interwoven in the social process and human activities. The structuration theory explains that structures do

not themselves exist in time and space but they do manifest in social systems in the form of reproduced practices (Ritzer 1996) where there is a dialectical relationship between the structure and agency or macro-micro relationship. Structural-functionalists argue that society remains normally in an equilibrium state through some shared norms, values and moral consensus and hence they rule out the conflict perspective. Opposed to the perspective of structural-functionalism, we argue that the interaction process between or among the agencies in a particular structure has a conflicting relationship and this kind of relationship is not necessarily 'pathological and dysfunctional'. It can also be a functional means of constructive social change (Upreti 2002). The Marxist perspective developed as a radical alternative to functionalism became increasingly influential during the 1970s due partly to the decline of functionalism (Haralambus and Herald 2003). The Marxist theory of class struggle, based on the premise that present society is a historical aftermath of class struggle, presents a counter-argument to structural-functionalism and explains that there is a constant conflict between the owner of the means of production and the labour class. Marxist theorists believe that the moving balance of the antithetical forces generates conflict and change in the society. They explain that the stratified social structure and the whole stratification system rests on the relationship of aggregates of men to the ownership of means of production and production alienation. The class conflict explains that change in the economic structure is inevitable for socio-political and structural change in society.

Antonio Gramsci, an Italian Marxist thinker, recognised the importance of the struggle against bourgeois values, i.e., an ideological-cultural struggle. Differing from the traditional Marxist theory, Gramsci analysed not only the force and coercive apparatus but also the pervasive forms of ideological control and manipulation through the non-coercive institutions (religious organisations, schools, trade unions, political parties, cultural associations, clubs, family, civil society) serve to perpetuate all oppressive structures as the basis of ruling class domination. The 'cultural hegemony' (established cultural norms, values, attitudes, beliefs and morality supporting the status quo in the socio-political structure) controls the entire socio-political system and change process and it is defined as an 'organising principle' that is diffused by the process of socialisation in every area of daily life. This prevailing consciousness is internalised by the population as 'common sense' and the philosophy, culture and morality of the ruling elite apparently becomes the natural order of things (Boggs 1976). Gramsci was of the opinion that if there is such ideological bond

between the rulers and the ruled, the strategy of 'counter-hegemony' has to be built up to bring the structural and ideological change. For societal transformation, mass consciousness, participation and consciousness transformation is required which is not to be imposed but it should develop from their actual working lives. Thus non-coercive hegemonic institutions supporting the traditional ruling class should voluntarily submit to socio-political change.

Paul Collier (2001) explains that all societies have grievances but civil war arises in a society when there is feasibility of economic predation and rational pursuit of economic self-interest, while having no relation to objective grievances (cited by Cater 2005). It is interesting to note that Collier finds relatively little correlation between armed conflict and factors like inequality, lack of diversity and ethnic diversity. Rather, the powerful risk factor is the high dependence upon primary commodity exports (ibid). According to Frances Stewart (2002), group feelings of 'horizontal inequality' may lead to conflict to secure the state power. The group identity in terms of caste, ethnicity, region, gender, class, religion, language, etc., and socio-political and economic differences between groups develop the feeling of injustice and mistrust leading to conflict and change in the socio-political structure.

Exclusionary government institutions, unequal development, and a governance system that is non-responsive, weak, incapable and ineffective (Ayoob 2001) dilute people's faith in the government and the state authority becomes weak to control and maintain order in the country.

3. Analysing agrarian context and relations

Development and change of an agrarian society is the outcome of the consequences of the complex set of socio-cultural, political, economic and technological factors. Because land is a major source of income and livelihood (Shrestha 2004, Upreti 2008), the political economy of an agrarian society is closely related to the structural relationship of land and its utilisation pattern with social structure. Beteillle (1979) observes that the study of agrarian change revolves around the problem of land and its utilisation pattern and ownership. There are various factors like political, social, cultural, economic, religious, legal, global, etc., which affect the structural relationship and process of social change.

3.1 Political context and agrarian change

The social process and social relationship with power structure and power differences is political. Political empowerment is a key factor in

socio-political changes. Basic political and liberal rights strengthen human capabilities to define their needs. Political factors enable people to draw attention to their needs and to demand appropriate public action (UNDP 2004). With the transformation of democratic practices, the functions of political parties to build and sustain the interest of citizens in politics have gone a substantive transformation in the socio-political sphere (Dahal 2008).

Meaning and truth are constituted in the domain of power structure in the society. The issues of representation and participation in decision-making are political because they are intrinsically bound up with the question of power (Barker 2008). Power, as social regulation force that is productive of the self, enables some kinds of knowledge and identities to exist and not others. Therefore, socio-cultural structure and power politics have some kinds of relations established in every society and in the process of social change.

Socio-cultural issues and structures are closely integrated in politics. According to Gramsci, cultural hegemony helps the ruling class to exercise social authority and leadership over subordinate classes. Political ideology and political parties are the key actors that influence the political, economic and social structure. Power and authority affect socio-economic inequality, agrarian reform, development and change.

The historical process of Nepal's emergence as a nation-state was virtually exclusive. The two high Hindu caste groups, Bhramin and Kshatriya, which later divided into several groups, were dominated in the political process (Joshi and Rose 2004). Upon the emergence of Rana families in politics, the political system eventually evolved around their families who controlled the state power. This kind of exclusive nature of political development during the Rana period was high and it continued in the Panchayat period.

Restoration of democracy in 1990 was expected to end all kinds of structural discrimination and feudal socio-economic production relation in society. However, political exclusion of traditionally excluded groups in Nepal continued after the restoration of multi-party democratic system in 1990 (Lawoti 2005). In exercising majoritarian democratic politics, Nepal had the formal trappings of democracy (such as regular elections) but the state institutions and democracy were exclusionary because the winner-take-all democracy alienated ideological and cultural minorities through denial of political space in governance (Lawoti 2010). Because of these

shortcomings, only the elite class could benefit from the democratic system. The state remained exclusionary to many poor, disadvantaged and marginalised people. Nepal Communist Party Maoist launched the people's war in 1996 when the then government ignored the 40-points demand, which were laid out in three major categories: nationalism, people's democracy, and livelihood. During the war period, they attacked and somehow uprooted the feudal and semi-feudal social structure.

Changes in the political context have increased the awareness level of people about their rights and they are making collective efforts to publicly put forward their demand. The political discourse and slogans during the insurgency period and Second Janaandolan used by the political actors, and advocacy and awareness programmes of the civil society, I/NGOs, different caste/ethnic groups, women, etc., have created a political space required for substantial transformative process (Sharma and Domoni 2010) at the grassroots level and rural parts of the country. It enforced the need for establishing political and socioeconomic transformation as one of the core components of the peace process and political transformation. Now, Nepal has undergone considerable socio-political transformation with the adoption of federal state, mixed electoral system (of proportional and direct representatives) in the constituent assembly election system, and inclusive and positive discriminatory policies. As a result, there is significant representation of deprived, marginalised and disadvantaged groups like Dalit, Janajati, Madhesi and women (hill Dalit-36, Madhesi Dalit-13, hill Janajati-164, Madhesi/Terai Janajati-50, Madhesi-128, Muslims-17, others (Hill Brahman and Cheetri)-19, and women-197) in the constituent assembly (www.election.gov.np).

However, the actors or agencies have not been able to respond to the changing political structure due to the gaps in the political culture between the old mindset, attitude, behaviour and practice and this has given rise to new contradictions and conflicting relationships. Because of the conflicting interests and demands of different socio-cultural groups, political parties of different ideologies and regions have taken different positions and the ensuing debate has stalled the constitution making process.

Upreti (2009) explains that federalism has become the means of conflict resolution in Nepal. Principally, a federal governing system can address the problems associated with the distribution of power and resources recognising the diversity, thereby reducing the conflict. However, there are potential sources of conflict within federalism such as political and fiscal power and resources, protection of minorities and marginalised people, institutional arrangements, jurisdictional clarity, social divergence, etc.

There is ongoing debate on restructuring the state. The state restructuring and resource allocation committee has submitted the preliminary draft (which contains many controversial issues), to the constitutional committee with some ethnicity based federal states and 'political prior-rights' to them for two consecutive terms. There are more than 100 caste/ethnic groups and less than ten ethnic groups will enjoy such rights. Would not this provision create conflict when majority of the people feel discriminated against?

3.2 Socio-cultural context and agrarian change

Social discrimination, exploitation, and feudal and semi-feudal socio-economic structure have become the major issues of socio-cultural transformation in Nepal. The wide range of physical, social and spatial diversity with variations in the resource endowment in the country have created and perpetuated the differences and inequalities in the lives of the people (UNDP 2009). The unequal gender relation, hierarchical caste system, caste/ethnic differences with social norms and values, linguistic discrimination, religious differences, spatial exclusion, etc., are the sources and dimensions of social exclusion.

Socio-cultural characteristics like belief system, and social norms and values are the influencing factors in shaping people's way of thinking and their perceptions (Rizal and Yokota 2006). Nepal is a multi-ethnic, multi-lingual, multi-cultural and multi-religious country. There are Aryan, Mongol, and Austro-Dravid races, and various castes and sub-castes of Aryan origin are living across the country. According to the population census of 2001, Nepal has more than one hundred caste/ethnic groups, religious communities and linguistic groups (CBS 2003). There are 59 formally recognised ethnic groups and there are many more who claim to be ethnic groups. In 2001, 92 mother tongues were identified.

Seddon, Blaikie and Cameron (2002) explain that patterns of socio-cultural inequality are the structural relations of economic and political inequality associated with the production, appropriation, and realisation of surplus; in other words, class relation. Lionel Caplan (1970), in his study on the 'Hindu caste-indigenous people relation and conflict on Kipat land in the Eastern part of Nepal' has analysed the resource conflict in relation to socio-economic structure and political power relations. Lawoti (2010) explains that Nepal not only faces class inequality but extreme social cultural inequality also existed among the numerous caste/ethnic, racial, linguistic, religious and regional groups.

Many other scholars like Bennet (2006), Gellner (1997), Czarnecka (1997), Lawoti (2005), Nickson (2003), Mikesell (2003) have analysed the complexities and dynamics of social cultural structures of gender, caste, and ethnic and power relations in Nepali society. The 'vertical inequality' within the caste/ethnic groups has been increasing. However, there is a wide gap in available literature with regard to the analysis of class structure and power relation within the caste and ethnic groups.

3.3 Gender relations

Socio-culturally, Nepal is largely a Hindu caste system and patriarchy. Social and cultural discrimination is widespread. Gender discrimination is rampant. The patriarchal social system is responsible for gender discrimination. Disparities in education, unequal access to inherited property rights, socio-cultural structures, norms and values, gender based violence and lower participation of women in the decision-making process are some vivid examples of gender based discrimination in Nepal (UNDP 2009).

In recent years, both men and women have increasingly become aware about gender discrimination in the society. The changing socio-political environment, frequent movements for women's rights, wide coverage of women related issues in the media, and gender empowerment activities of different I/NGOs and government organisations are some of the factors responsible for changes in the gender relation in the society. Moreover, awareness level of those women having access to schooling has significantly increased. Women based organisations promoting income generating activities like savings and credit cooperatives have tremendously contributed to changing the socio-economic and cultural life of the Nepalese people after 1990.

3.4 Caste based relations

The social dogma of touchability and untouchability is deep rooted. Caste-based discrimination became an organising principle of the civil code (Muluki Ain) of 1854 for consolidating Nepal's diverse peoples into a nation state. The code defined caste in terms of ritual "purity" and "pollution" (UNDP 2009). Though caste-based discrimination is illegal, it is still being practised in social interactions among different groups. After the restoration of democracy in 1990, these kinds of practices have been diluting in the society. Following a decade-long Maoist movement and the April movement (Second Janaandolan 2063 B.S.), caste-based

discrimination has become a significant and sensitive public issue in the communities and attracted considerable interest among the people and *Dalits* in particular have a high level of consciousness about their social position (Sharma and Domoni 2010). School enrollment rate has increased among *Dalit* communities. They have started to participate openly in public spheres like VDC meetings, community forestry users' groups, and school management committees. They are increasingly aware of their rights and are able to put their demands publicly for equity and respect. This is the positive symbol of socio-cultural transformation in the society.

3.5 Ethnicity-based relations

Upon the emergence of Nepal as a nation-sate in 1968, the political process became an exclusive prerogative of high-caste Hindu groups (Joshi and Rose 2004); many cultural and caste/ethnic groups feel deprived and discriminated against in the political process. Because of this historical process, socio-structural inequality prevailed in the society. Ethnic groups have grievances that imposition of various subtleties of the Hindu caste system upon the ethnic fabric of Nepal has created negative effects on indigenous peoples or Janajatis and this has created the foundation for their exclusion. Janajati movements have been centralised and grown out of the two interrelated issues of political demands and cultural identity. The political demands of Janajati include transformation of the state so that it becomes both more inclusive and representative of the country's population as a whole and more responsive to the needs of all citizens.

To summarise the socio-cultural context, there was a high level of consciousness among the Dalits, ethnic groups, women and other marginalised groups about their social position and rights against discrimination. Participation of these groups in social and political activities has increased after the political changes in the country. The old socio-cultural institutions and behaviour of people have gone massive transformation even in the rural areas. Caste, gender and ethnicity based discrimination has weakened in the society. People have felt that things have changed with the political transformation. They have started to be organised. This has increased their level of confidence, access to the outer world, participation in community activities, awareness about their rights and capacity to put forward their demand publicly. Changes in the socio-cultural structures, behaviours and practices have a direct impact on the socio-political and economic lives of these socially discriminated groups.

4. Socio-economic development and change

Karl Marx explained that economic forces are the driving force of socio-political change. The dominance-dependence relation and inequality in the society is the cause of unequal development of capitalist economy (Bhattarai 2003). This dominance-dependence relation of economic development reflects in social, political and economic spheres of the society. He suggests that the feudalistic production relation has to end for equitable socio-political development and social transformation because Nepalese social and cultural structures are closely linked with the production relation (ibid).

Nepalese economy is dualistic in its structure with the small and newly emerged modern sector and vast traditional subsistence rural sector (Shrestha 2004). The agriculture sector contributes about 33% to the gross domestic production. The two-sector economic model of Arthur A. Lewis explains the structural transformation of primarily a subsistence economy. Transformation of the subsistence or agriculture sector into a modern productive sector relies on the process of labour transfer from the rural subsistence sector to modern urban sector, and growth of output and employment opportunities in the modern sector (Todaro and Smith 2005). Expansion of the modern productive sector depends on the level of economic investment and capital surplus, and relation between capital, technological progress and productivity.

Government efforts for socio-economic development of the country are directed to poverty reduction. Nepal's tenth five-year plan and the poverty reduction strategy paper (PRSP) recognised sustainable, high and broad-based economic growth primarily in the rural economy as one of the four pillars of poverty reduction along with effective delivery of basic social services, economic infrastructure, economic inclusion and good governance as the four pillars of the socio-economic change and development (NPC 2002).

One of the significant development activities that took place after 1990 is expansion of road and transportation. Opening of new roads in the rural areas attracted many agricultural labourers to non-farm activities. New markets have been developed in many parts of rural Nepal. Foreign employment and remittance is another factor that has changed the socio-cultural sphere. Many people have started either to settle down in the nearby urban centres for educating their children or to run small-scale

business. During the Maoist conflict, many rural landlords and elites fled to the urban centres and the political economic power dynamics has completely changed in rural parts of the country.

Nepal has made progress in raising the living standard of the people over the last 50 years and particularly since 1990. Yet the country's human development index remains among the lowest (0.471 in 2001 and 0.509 in 2006) in the world (UNDP 2009). With the restoration of democracy in 1990, Nepal adopted a liberal economic policy. Dahal (2004) writes that economic reform policies must sustain the process towards achieving sustainable high growth rate and poverty alleviation because economic policies and economic activities are closely connected with the social change process.

Nepal was witnessing reasonable economic growth and improvement in human development index in the decade of 1990s (Lawoti 2010). According to Nepal Living Standards Survey (NLSS) 2003/04, during the last eight years, the percentage of people living below the absolute poverty line fell to 31 percent from 42 percent. It is due to the increased wage rate in both agriculture and non-agricultural sectors, increasing urbanisation, increased proportion of active human resources in the population, and inflow of huge amounts of remittance. Now poverty is estimated to be about 25.4% (NPC 2067). However, during this period, the Gini-Coefficient, a measure of inequality of income distribution, increased from 0.34 to 0.41, which reflects the increasing gap between the rich and the poor in the country (NPC 2007).

Development indicators show improvement in the socio-economic sectors of the economy. Infrastructure and service sectors have expanded more rapidly after the restoration of democracy in 1990. The road length has increased to 20138 km in 2009/10, which were about 7036 km in 1989/90 and 15308 km in 1999/2000. The banking sector has expanded very fast and it is gradually being more inclusive (MoF 2010). However, banking service has been limited to the urban centres.

Despite all this progress and improvement in economic indicators, there is increasing inequality in Nepal because the development efforts are highly urban-centric and there is a challenge to reduce the increasing gap between the rich and the poor, urban and rural, different caste and ethnic groups, and regions. Many scholars (Lawoti 2010; Upreti 2004 and 2008; Bhattarai 2003; Baral 2005) have analysed that the stratified socio-economic structure, inequality, poverty, unequal development process,

relative deprivation, and exclusionary politics provided a fertile ground for the Maoist insurgency despite growth and progress in the country.

5. Information technology, media and change

Information technology is fast growing in Nepal. The Interim Constitution has ensured the right to information. Opening of the print media and expansion of FM radios and TV channels have remarkably contributed to increasing the awareness level of the people. Awareness programmes are widely broadcast by the TV and radio focusing on gender, youth, caste/ethnicity rights, empowerment and ongoing programmes on social change.

Information technology has developed fast in the last two decades. There are 5648 print media of different types in the country including 426 daily newspapers, 2133 weeklies and 1678 monthlies. Similarly, 225 FM radios and 11 TV channels are operating. There is rapid expansion in telecommunication. Out of 3915 VDCs, telecommunication facilities are being provided in 3624 VDCs. Rapid expansion of information technology has played a significant role in bringing about social, cultural, economic and political changes in Nepal.

6. Education and change

Education is fundamental to socio-economic development, and in enhancing and expanding human capability and quality of life. Education is often perceived as the aggregate of all the processes by which a person develops abilities, attitudes and forms of behaviour with practical value to the society in which he or she lives (Pandey 2006). The importance of education can be analysed in developing human relations and networks, enhancing economic efficiency and civic knowledge.

Sen (2003) defined development as capability expansion. Education is the basic element of human capability. Education helps people to get a chance to expand their capacity and knowledge, which helps them not only to develop marketable skills and secure highly paid technical and professional jobs but also their capacity to fight against exploitation and other social evils existing in the society. Education develops human capital and capacity of a person. It plays a central role in socio-economic and political change in a society. Structural functionalists focus on the positive contribution made by education in maintaining the social system. For Gramsci, education has a fundamental importance in the ideological struggle for social change.

On the one hand, the rulers resort to education to create hegemony in the society, and on the other, it is the only means to develop counter-hegemony. He insists that this struggle should not limit to consciousness raising but must aim at consciousness transformation—the creation of a socialist consciousness. Pierre Bourdieu's explain the role of schools in both changing and reproducing social and cultural change from one generation to the next. He analyses education as a field in a multidimensional social space through which individuals or social groups would trace positions held in the social field (Harker 1990). The education system, on the one hand, provides an avenue for changing the symbolic capital and power in the society, and on the other, contributes to the reproduction of the system of class relation (ibid).

The education sector is fast growing in Nepal. The number of the schools have increased to 49924 (31655 primary, 11341 lower secondary, and 6928 secondary) from 23759 in 1990. There are 2512 higher secondary schools, 5 universities with 85 constituent campuses and 778 affiliated campuses (MoF 2067). However, the increasing gaps in the quality education between the urban and rural, and privately managed and government managed, have created inequality between the rich and the poor in the society.

7. Weak governance, unequal opportunities and conflict

In developing countries, opportunities are limited and unequal. Because of economic underdevelopment, political instability and poor infrastructure, the government could not deliver the basic needs and services to people promptly. The poor governance and service delivery system of the government and increasing inequality gives rise to grievances which play a part in fueling violent conflict and war. According to Collier and Hoeffler (2001), opportunity is largely defined by economic resources-access to finance, job opportunities, natural resources, and remittances. The discussion of economic opportunity as a cause of conflict has arisen mainly in the context of natural resource endowment, an abundance of which at least for some commodities, appears to increase the risk of a country falling into violent conflict.

Bray, Lunde and Murshed (2001) explain that horizontal inequality frequently arises between the heterogeneous social groups based on geography, ethnicity, class or religion. Horizontal inequality, which fuels conflict, includes asset inequality (land inequality), unequal access to public employment and services, and economic mismanagement may

generate grievance and frustration. The underlying assumption is that all societies have grievances but societies which are characterised by poor governance and corruption are more susceptible to conflict.

With the restoration of multiparty democracy in 1990, people have expected to end all kinds of discrimination and exclusionary practices. However, state institutions and democratic policies remained exclusionary. The widely perceived 'horizontal inequality' fueled organised violence for serving political purposes and securing the state power.

The multiparty democracy could not address the high expectations of the people and it failed to deliver in practice. Constant infighting in party politics distracted the political leaders from more substantive policy making. Because of the weak governance on revolutionary land reform, which has become a hot political agenda, poor people are losing their faith in the government. The government failed to address the issues of land reform, good governance, economic development and efficient service delivery system. These issues remained limited only as political slogans. The socio-economic and political frustration and grievances piled up creating a fertile ground for Maoist insurgency in Nepal.

During the Maoist insurgency, the rebels adopted different strategies to vent the grievances and frustration of different groups. As land was the major asset for the rural poor, they claim that they seized land of the landlords and distributed it to the poor farmers. This created a strong support base for the Maoists in the villages, which helped them to continue their movement.

8. Land, conflict and socio-political relations in Nepal

Conflict often occurs over land issues in an agrarian society. When two or more parties possess competing claims over its control and use, and no agreement can be reached between the parties to determine which claim has precedence (Upreti 2004). Land is a scarce resource. Land and land resources are very valuable in an agricultural society and their unequal distribution has contributed to conflict (ibid). 'Struggles over access, ownership and benefits from cultivation have been time-old, and continue to ferment in more or less every agrarian state where injustice is perceived. It is no coincidence that of 71 current civil wars and insurgencies around the world, 84% are intra-state civil conflicts and well over three-quarters of these in agrarian economies which have seen mismanaged modernisation, political formation and socio-economic relations' (Wily 2008a cited by Wily et al. 2008 p 7). Land has become one of the major issues in the Maoist conflict period and routinely on the post-conflict

agenda of the peace process and state building in Nepal. A chronology of major land right related movements is given below.

Box 11.1 Chronology of land related events

- Bhim Dutta Panta initiated the land rights movement in 1950s and advocated for the end of Haliya and Kamaiya system. He was arrested in 1953 from Doti and he was shot and beheaded. He is considered a real hero for the farmers' movements.
- Land struggle took place in Kathmandu and Bhaktapur during the period of Bhim Dutta Panta.
- Land struggle encampment took place in Pyuthan in 1954; Nepal Communist Party (Masal) had mobilised farmers against the landlords and feudal lords.
- The land rights movement expanded to Terai districts from 1953 to 1955.
- A slogan 'land to the tillers' fueled the land rights movement in Dang in 1960.
- Jhora land rights struggle took place in Morang district during 1970-1972 targeting against the hill migrants to Jhora areas between Terai and Churia region.
- The Jhapa struggle took place from 1970-1974 and it is an example of communist insurgency among the farmers in Jhapa district.
- 'Bhakari Phod' struggle of farmers demanding reasonable price for their products during 1979-1980 took place in Dhanusa district.
- Chhintang Movement against the local landlords who were accused of exploiting the local ethnic groups and poor farmers took place in Dhankuta district in 1979.
- Piskor movement took place against the feudal Pandeys of Piskor Village of Sindhupalchok district in 1983. Farmers organised this movement to end exploitation and oppression like free labour services and high rate of interest on loan.
- The Tharu community for land rights and livelihood launched Kanara (Kamaiya?) movement in Bardiya in 1993.
- The tenants of Rasuwa district stopped grain payments of Guthi land which was Birta earlier in 1995 which is known as the no grain payment movement in Rasuwa.
- Land deprived people of Banke and Bardiya carried out Bigari movement in Bardiya and Pitmari movement in Banke for land rights.
- Liberation of Kamaiyas was declared in 2000.
- The landless people launched a 48-hour hunger strike in Rajbiraj of Saptari in 2004 demanding land rights and citizenship certificates.
- 'Sit in' programmes were organised by land-deprived people at the offices of political parties demanding land rights in 2007.

Source: Upreti et al. (2008)

Average size of agricultural land size is small (0.8 Ha) in Nepal. The land ownership pattern is highly skewed which reflects persistence of the

feudal system. About 22.5 percent of households are landless and 44.8 percent of them own less than 0.5 ha of land (NLSS 2004). This group only accounts for 14 percent of the total agricultural land. In contrast, 5 percent of agricultural households who own more than 3 ha of agricultural land account for 27 percent of total agricultural land. The unequal landownership pattern has contributed to poverty and inequality in the development process of the country that contributed to fuel the Maoist insurgency (Lawoti 2010).

The land conflict in Nepal is primarily related to ownership and control because land is the source of livelihood in an agrarian society where majority of the people do not have access to non-farm employment opportunities and it is one of the major factors of production. It has connection with the socio-political power dynamics and structural relation. Patricia Caplan in her study entitled 'Priests and Cobblers' analysed the influence of landownership and access to government job opportunities, which had direct relations with village politics in Western Nepal (Caplan 1972).

Lionel Caplan, in his study on the Hindu caste-indigenous people relation and conflict on Kipat land in the Eastern part of Nepal analysed the power dynamics related to land ownership and loss sustained by the indigenous people in socio-economic and political power relations. Here, the cleavage between the Limbus and the Hindu neighbours arises not only or primarily out of racial and cultural differences between them. Rather, this aspect of relationship can be best understood in the context of a confrontation over land. Thus, the struggle of Hindus and the tribal group is not a phenomenon of the past, but an ongoing process that continues to affect the social relations in the region (Caplan 2000). Given the existing technology and production pattern, available land is not adequate to support the population that depends on subsistence agriculture for their substantial part of livelihood and they need to obtain or retain land already in one's possession (ibid).

8.1 Land as the political agenda

Land has become a strong agenda in the socio-political development in Nepal. All the political parties have woven wordy nets on land reform to draw popular votes of the people. Since the beginning of insurgency in 1996, the Maoists have raised the land reform issue strongly. In a 40-point demand put forward to the then government, the Maoists included revolutionary land reform with the concept of land to the tiller. It is still a matter of debate in the land reform agenda. Land as a political agenda set by three major political parties in their party manifestos has been analysed in the following table 11.1.

Table 11.1 Different political parties and their land reform agendas

Political Parties	Land reform agendas
Nepali Congress	• Strengthen cooperative movement and availability of micro-credit • 15-year agricultural promotion plan with credit, irrigation, market access, seeds, fertiliser & storage facilities, roads • Consensus sought for scientific land reform and land use policy • Recognition of the right of disadvantaged communities and groups including the landless expression of solidarity with them • Identity and rights including 'security and development' of the landless, Kamaiya, Badi and others
Unified Nepal Communist Party (Maoist)	• Redistribution: Land to the tiller, with abolition of feudal tenancy practices and absentee land ownership, with free distribution of land to labourers, tenants, freed bonded labourers, landless and very poor • Imposition of ceilings • Promotion of accelerated agricultural growth • Joint titling of spouses
Nepal Communist Party (UML)	• Eliminate feudal land ownership and scientific land reform, land to the tiller • Introduce a robust law against under-utilisation of land (overlong fallowing) • Protect housing and employment rights of Kamaiyas, Haliyas, Haruwas, Charuwas and other marginalised groups

Sources: Manifestos of the parties towards the Constituent Assembly Election 2008.

Theoretically, all political parties according to their manifestos do agree in scientific land reform. However, there is conflict among the political parties on the strategies and methodological aspects of land reform. The Maoists argue that the state should fix land ceilings and acquire land (without any compensation because it is a natural property) and the acquired land should be redistributed to the landless and marginal farmers to abolish feudal tenancy practices and absentee land ownership. The Nepali Congress and CPN-UML differ with the Maoists in terms acquisition of land without any compensation. Despite these debates, the government formed a high-level commission for land reform. However, this commission is dysfunctional now because of the different political interests and differences among the major political parties.

8.2 Land reform and management policy in the Interim Plan

The issue of land ownership is embedded in social justice and land productivity. The three-year Interim Plan (2007-2010) has adopted land reform as an integral part of land ownership, productivity and management. Limited availability of land and high population growth rate has forced encroachment of the marginal lands for agricultural purposes. To increase the productivity of land and achieve maximum benefits, it is necessary to end the feudal landownership patterns and adopt modern technologies and management practices. The Interim Plan aimed to adopt the following policy to implement scientific land reform.

- Ending the existing feudal system of landholding
- Implementing land ceilings in agricultural land ensuring social justice and productivity increase
- Ensuring access of those who expend labour and skill in land
- Providing land for settlement to the landless farm households
- Ensuring rights of farmers who cultivate public, barren lands and *Guthi* lands
- Ensuring access to, simplified and scientific land information, administration and services
- Formulating a Consolidated National Land Policy encompassing all land related activities and making it functional
- Harmonising programmes with forests, water resources, construction and agriculture sectors to enhance land productivity

However, these policies remain only on paper. Because of the transitional political situation, strong influence of the feudal landlords in national politics, weak state governance, and political differences on land reform issues, these policies could not be translated into practice.

9. Conclusion

Conflict is embedded in all aspects of a society. It is a universal phenomenon. In an agrarian society, land is the major source of unrest and conflict. Land is particularly important in Nepali society because it is intrinsically linked with a whole range of livelihood options and socio-economic and political power structures. Conflict is embedded in the feudal socio-economic structure, dominance-dependent production relation, unequal development process, structural inequality and feeling of injustice in the society.

Interaction patterns and relations of actors and structures have some kinds of conflicting relationships in an agrarian society. The process of conflict and change are interwoven within different structural elements and actors' behaviour and practices particularly in social, political and economic spheres. Therefore, transformation of an agrarian society rests on structural changes, actors' attitudes, government policies, socio-economic development like education, information communication, awareness and empowerment.

Different structural contexts in an agrarian society like political, economic, and socio-cultural are directly connected to the agencies like the caste/ ethnic groups, gender, political parties, civil societies, and other external actors who may have different ideas, ideologies, and belief systems. The interaction patterns and production relations force one another either to remain static or seek change. In this process, conflict is inevitable between and among the structures and agencies that lend to agrarian transformation.

State governance is an important factor in the socio-cultural, economic and political change in an agrarian society. A strong, effective and responsive governance system is required for social transformation and sustainable peace in the society. The state can correct lop-sided development, increasing inequality, social injustice, discrimination and exploitation through effective rules, regulations, policies and programmes. However, it is true that no single sector can bring socio-economic and political transformation in an agrarian society because multiple actors, structures, ideologies and external factors are strongly connected to the agrarian change process. Many scholars have minutely analysed the caste/ethnic, Dalit and gender structures and inequalities in terms of 'horizontal inequalities', but very few literature is available to analyse the 'vertical inequality' within the caste/ethnic and gender groups, which is equally pervasive in the Nepali society.

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