

The Failure of Confidence Mechanism:

Reflections on the 1990's Social Change Movement in the Light of Policy Measures Affecting Farming System in Nepal

- *Tulsi R. Pandey*

Introduction

A low level of income leading to inadequate access to food, cloths and shelter is the fact for a majority of farming households in Nepal. This state of people's (farmer's in our case) poverty is generally interpreted in terms of their ignorance to adopt new agrarian technology -- such as farm mechanics, chemical fertilizers, improved seeds and the like -- for an increase in agricultural production to enhance their economic well-being. This importance on technology for production growth cannot be denied. But the blame on people alone for their poverty ignores the effect of structural arrangements.

As Elliott (1975) observes, poverty of people in the Third World countries is a result of the structural process arranged for the enrichment of the elites. The elites, by virtue of their political and economic power, gear most of the resource of society towards their own benefit. However, to avoid the risk of possible question about legitimacy of such an askewed distribution, they regulate distributive channels in forms of new development interventions or reform measures to provide an image of competitive success for enrichment, but maintaining a selective bias in competition. Through this strategy, they neutralize revolutionary forces of society and increase their own confidence to rule. This is what Elliott calls the "confidence mechanism" of the elites to keep continuity of their interest in society.

But sometimes the confidence mechanism fails. The revolution terminating Panchayat rule in favour of multi-party system of government in Nepal, with new group of elites in formal power structure, can be taken as an example. This event raises three issues for an academic discussion: i) through what confidence mechanism had the Panchayat political elites ruled over the country amidst poverty of the peasants? Why did that confidence mechanism fail to get legitimacy of public support resulting to a change of the system through revolution? What challenge will the new group of elites have to face to fulfill the promise of revolution? This paper attempts to delve on these issues. Before this needs however, one clarification.

The 49 days long revolution (from Feb. 18, 1990 to April 9, 1990) headed by Nepali Congress with support of the United Left Front and backed by professionals, students and peasants forced the king to dismiss Panchayat rule in April 9, 1990. These various groups involved in the movement might have their own particular interests for such an involvement. They all were however, common to charge the previous system to have plunged the country into socio-economic damage creating hardships in the survival of the people. In a country

with above 90 percent of the population emanating agrarian livelihoods, the landless, marginal and small farm households accounting about 78 percent (NPC 1983; 3, 7) of the total farm population must be the ones to be highly affected from the systemic defects. It is also the support of this population to give legitimacy of the movement. The focus of this paper will be therefore, on examining the policies and programmes affecting farming systems in the country. Where the first section presents the anatomy of those policies and their effects, the second section will identify their structural roots. The third section notes some challenges ahead to fulfill the promise of revolution. Secondary materials are the basic sources of information.

Anatomy of Farm Related Policies and Their Effects

Discussions on policies and programmes affecting a system of farming require to define the concept "farming system" itself at the beginning. Farming system denotes to that total process in which a farm household with a set of inputs for agricultural production works to produce and use that product within a social setting. Farm inputs can be of three categories -- natural, technological and institutional. Natural inputs are the land, water and forest resources used for the purpose of production. Technological inputs include the types of farm tools, human skills, seeds, nutrients and power used for that purpose. Institutional inputs are the conditions of market, credit facilities and related policies which affect the use and distribution of inputs, labour and products. These input elements are set into motion through such activities: preparation of farm fields, planting of seeds, irrigating, weeding, protecting the crops and maintaining tools, implements, sources of power such as animals, machines and the like. The final product needs

then to be harvested, stored, processed, transported and consumed or marketed to complete one farming system cycle.

This wider coverage of farming system components suggests therefore, the same for policies affecting them. For the purpose of simplicity, those policies and programmes can be classified into two broader categories in terms of the nature of their effects. One category includes those which affect the productive base of farming households. Programmes related to land reform, resettlement, institutional credit and marketing, forest management, etc. fall under this category. Another category, of policies / programmes operate through affecting farmers' needs and obligations. Those related to population change, health and education, market extension etc. can be taken in this type.

While the operation of the second category of policies and programmes determine the extent of pressure upon farmers' resources and opportunities, that of the first category of programmes determine the extent to which those resources and opportunities are preserved and promoted. Given the pressure upon those resources and opportunities, the degree of positive contribution from the first category of policies and programmes conditions the quality of living of the farmers. Therefore, this section firstly describes the first group of policies and programmes under Panchayat rule with few notes about their background situation. Then, it dwells on the effect of the second category of programmes on the basis of which will be judged against the achievements of those of the first to observe the conditions of the peasants.

Policies and Programmes Affecting

Productive Base of Farming Households

It would give no justice to consider all farmer's problems to have originated only in Panchayat rule. In fact, the governments of pre-1950 Nepal, by assigning lands to a handful of elites -- such as the priests, royal family members, nobles,

officials, tax collectors, etc. -- had forced the mass of cultivators to work as their tenants (Regmi 1971; 1976; 1978). This tenant majority was not secure of its tenure nor was there a standard rate about the rent. Tenants could be evicted in favour of higher bids (HMG 1955: 38); Land rents could be appropriated in cash or in kind at any seasons (Regmi 1971: 80-81); tax collection was made under contractual arrangements providing contractors a right to charge any amount they could collect from the peasants, (Regmi 1976: 80-81); tenants were forced to pay unpaid labour to the government, its officials and local headman (Regmi 1971: Chap. vi). Land concentration was a problem also in state land in the lack of its ceiling. These conditions had forced many cultivators to bond themselves to money lenders' usury for raising money to meet their needs and obligations (Regmi 1971: 98-100). Alternatively, they had started to migrate towards India since the beginning of 19th century. Also the government endorsed this labor movement allowing the British to recruit the Gorkha force since 1885 (Rathaur 1987: 67).

In this chain of peasants' miseries had been able the 1951 revolution to raise public support for terminating the Rana rule. The multi party governments of the post-revolution decade had introduced therefore, some reform measures (e. g., land reform programmes) aiming at improving their agrarian conditions. But the political instability of this decade with frequent changes of governments did not help towards significant progress for their implementation. Except converting tax free lands of individuals to taxable form, no other changes appeared from those measures. At the mean time, the king in 1960, dissolved parliamentary rule banning the operation of political parties throughout the nation. Some of his charges for taking this action were the lack of economic discipline and "directionlessness" in 'planning based on crude economic theories' devoid of concern of people's problem in the multi-party system of government (Devkota 1980: 645-46). Resuming

absolute power under his control, the king introduced therefore, the partyless Panchayat system to operate for the next 29 years (before the 1990's revolution).

Also this system had introduced policies and programmes addressed to affect productive base of farming households. Those related to land reform, resettlement, institutional credit and marketing were some of the important. By principle, land reform and resettlement programmes had their avowed objectives for improving farmers' access to land and their labour relations; irrigation development and forest management programmes were to facilitate their access to water and forest products. Similarly, institutional credit and marketing were supposed to improve farmers' technology by providing them means and materials. All these programmes had a direct bearing on input-related components of a farming system. They might also have indirect effect on the system's output and production activities through a change in cropping.

In this discussion, policies and activities related to irrigation have been deliberately excluded. Such an exclusion is not to lessen the importance of irrigation. But since only 13 percent of the cultivated land of the country is affected by government-operated programmes (NPC 1985: 442), and they are site-specific in their design, irrigation projects affect people only of certain localities. They, therefore, need no further analysis in terms of equity of distribution. Moreover, other irrigation facilities, wherever they are available, are based on former-managed systems where government assistance is limited to the issuance of credit on construction materials. This conversation leads accordingly with the description of the characteristics of remaining programmes.

Land Reform

The immediate gain of the Panchayat rule was the abolition of unpaid labour obligation by a law in 1963 (HMG 1963: 119). In 1964, it also introduced the land reform

programme again with the following provisions (Zaman 1973: Part 1).

1. **Redistribution of Land Above the Required Ceiling.** The Lands Act 1964, fixed a ceiling on agricultural landholdings for both the owner and tenant families on a regional basis. The size for an owner family in the Terai (plain land bordering to India), hills and Kathmandu Valley was not to exceed 18.4, 4.9 and 3.1 hectares respectively, while that for a tenant family was 2.7, 1.0 and 0.5 hectares, respectively. Any land above the ceiling was to be resumed for redistribution to landless families.
2. **Security of Tenancy Right and Fixation of Rent Rate.** Peasants cultivating lands belonging to others were considered tenants and were protected by law to have their tenancy right secured and inheritable. Rent was fixed to a maximum of 50 percent of the main crop.
3. **Interception of Debt and Compulsory Saving Scheme.** Agricultural loans to the farmers during the time of its enforcement were to be assessed in terms of an interest rate or other obligations of the farmers and were to be stopped by the government. Tenants and landowners were to make in-kind saving on compulsory basis from the main crops grown on the land owned or cultivated, in order to raise funds for agricultural projects. Such savings were to be refunded at an annual interest of 5 percent after five years.
4. **Abolition of Jimidar system of tax collection.** By this provision land tax was to be collected directly by the government agencies rather than by local tax collecting functionaries.

Resettlement

Resettlement programme had its objective to improve productive base of landless households by providing them land. Started with the introduction of Rapti Valley Development

project in 1956 and accentuated by Malaria Eradication in the Terai (1958), Panchayat government further established Resettlement Company (1964) and Resettlement Department (1968) as formal bodies to arrange resettlements in wider national scale. Besides these, a number of ad hoc resettlement committee and commissions -- such as Zonal Commission, the One Man Commission, the Jhora Commission, the Tikapur Development Committee, the High Powered Forest Conservation Committees and Committees of Conservators and Exservicemen had been established over years to resolve resettlement problems in particular areas (K. C. 1986).

Forest Management

Forest management policies refer to the extent to which farmers use forest products for productive purposes (e.g., livestock raising, cultivation, etc). Until 1957 there were no specific government policies on forest management activities. People used it according to their needs without any local restriction except in certain areas which were under the control of communities (Furer-Haimendorf 1964: 105-112). In 1957, via a Private Forest Nationalization Act, the government claimed ownership over all forest areas except orchards and small plots of planted trees. All officials efforts until mid 1970s were geared towards this type of forest use and protection.

After the mid-1970s, the nationalization of forest resource in the lack of effective administrative machine for its control were believed to spur people to consume forest products without bearing any responsibility for its protection. It was thus, deemed necessary in 1976 to place some forest under community control for their appropriate use and protection (NNFP 1979: 15). Accordingly, since 1978, community forestry became one of Nepal's major forest management programmes (Manandhar 1982) - one believed to encourage people for its management for fulfilling their needs of daily life such as timber, fuelwood, leaves and grasses. Under this programme, communities were to be entrusted with three categories of

forest land -- Panchayat Forest, Panchayat Protected Forest, Leasehold Forest -- for their maintenance, protection and use. The first category was to constitute a degraded forest area in which a Panchayat (local level political and administrative unit) would have to reforests, protect and eventually claim the right to use its products. The second category, on the other, was to constitute forest land which a community would have to protect in exchange of 3/4 of its income. Under the third category, an individual or an institution could lease a degraded forest from the government to reforest and use the products.

Institutional Credit and Marketing

The chances of improving the economic standing of farming households through improved agricultural productivity was to depend also upon their investment potential and opportunity to buy inputs and sell their produce. To achieve this, farmers needed access to an effective source of agricultural credit and markets. Since 1960, some policies also had addressed to this problem.

The establishment of a Co-operative Development Bank (CDB) in 1963 was the beginning of an institutional credit arrangement for agriculture in Nepal. In 1966, the Land Reform Saving Corporation (LRSC) was established to channel savings as envisioned in the Compulsory Saving Scheme of the 1974 Lands Act. In 1967, CDB was converted to the Agricultural Development Bank/Nepal (ADB/N) to broaden the access to credit among farmers outside cooperative societies. Since 1975, the LRSC merged "to provide short-medium and long-term loans for agricultural development to individuals, cooperatives, village committees", as well as to groups of small farmers and "to provide loans to tenants to buy land which they had been cultivating" (Poudyal 1983: 11). There were 200 central, zonal, branch, sub-branch and depot. offices throughout the country to disburse the loan until 1989 (NRB: 24).

In 1974, procurement and diffusion of agricultural inputs such as seeds, fertilizers and implements became the task of

the Agricultural Input Corporation (AIC) -- a task previously done by the Agricultural Supply Corporation. Since then, AIC has been operating its programmes through district offices, cooperative societies and dealer merchants in different parts of the country (Yadav and Rawal 1981: 130); Singh and Shrestha 1981: 93). The cooperative societies were also supposed to arrange the marketing of agricultural produce and the purchase and sale of goods for daily needs (Agrawal (1984: 18).

Policy Effects of other Factors Affecting Farmers' Needs and Obligations

As there were explicit policies and programmes addressed to affect productive base of farming households (i. e., the condition of farmers' access to resource and their activities and opportunities), there were related policies towards population change, social service (e. g. education, health) development and market network expansion, which also affect farmers' needs and obligations. This section discusses the possible effects of these related policies on farmers' needs and obligations.

Population Change

The population of Nepal has increased rapidly in the past few decades. The 5.6 million population recorded in the first census of 1911 reached above 15 millions in 1981. This rate of growth, especially since 1950s, has been phenomenal. The decades of 1910s and 1920s observed a negative growth; the following decades, however, showed a steadily increasing positive growth rates: 1.1 in the 1930s, 2.2 in the 1940s, 1.6 in the 1950s, 2.1 in the 1960s, and 2.6 in the 1970s (CBS 1987: 7).

The negative growth of the 1910s and 1920s is interpreted in terms of lack of measures to control mortality and under-reporting/enumeration of existing population during census operations. The slow but positive rate of growth for the

1930s was thus interpreted as a result of under-enumeration of previous population census. Similarly, that of 1940s is interpreted as a result of repatriation of Nepalis engaged in World War II and improvements in the methods of 1952/54 census operation (Kansakar 1980: 12-14).

Repatriation was a case also for the 1950s. Other than this are, however, some other explanation for population growth since the 1950s. One was a gradual decline of mortality rate. The crude death rate for the early 1950s was estimated to be 36.7; it has decreased to 11.9 in the mid-1980s (compiled in CBS 1987: 298). This decline can be attributed to the improvements of medical facilities during this period. Together with Malaria Eradication Programme, there was also the spread of other immunization facilities, using DPT, BCG and cholera vaccinations. Attempts were also made to increase the number of hospitals, health posts and medical centres through a series of development plans (NPC 1985: 781-82).

But mortality decline do not constitute the sole explanation of population growth in Nepal. In 1958, at the same year the Malaria Eradication Programme started its operation, the Nepal Family Planning Association began to provide birth control service in certain areas. Since the mid-1960s, the dissemination of family planning services has become one of the avowed national policies of periodic development plans. Several agencies and institutions have also been affiliated with the national programme (CBS 1987: 312-28). Despite these efforts, however, growth rates steadily rise. Why is this so?

One of several explanations may be the low level of education of the country's population. In 1987, the literacy rate was estimated at 33 percent of the total population (CBS 1988: 6). No estimate was given, however, by sex. But if the 1981 figures can provide a guide, the literacy rate for females is only 1/3 the size for males (CBS 1986: 128). As most of the family planning campaigns are addressed to females, this situation may

result in a low understanding of contraceptive use. Similarly, emigration can affect the absolute population size of the Terai and urban areas which are the major destination of immigrants. But the absolute decline in the immigrant population from 1971 to 1981 (CBS 1987: 155) suggest no ground to estimate its contribution on overall growth rate unless it is empirically verified. Cultural factors may also be explanatory. For example, the cultural practice for preferring male children to perform the mortuary rites of parents in a Hindu society may prompt parents to have more children for the sake of having males.

More important than the cultural factor however, is the farmer's need to have more children for the sake of income for subsistence. The pre-1950s policies of exporting Nepal's unemployed labor force for increased state revenue continued after this period. Consequently, the tempo of extra-agricultural employment generation within the country remained almost stagnant; above 90 percent of population has always to depend on agriculture. For this reason emigration remained an effective source of income among rural households (Dahal, Rai and Manzardo 1977: 65-69; DeDaugal 1968: 46, Caplan 1970: 1013-21; Hitchcock 1966: 17). Given the stagnation in the internal employment structure, the increased population through mortality control has made emigration for subsistence an attractive alternative. It involved 2.4 percent of the total population in 1952/54 and increased to 3.5 percent in 1961 and 5.2 percent in 1961 (Rana and Thapa 1975: 45). This increasing need to emigrate inevitably required able bodied male children, thus promoting more births.

Social Service Development (Health and Education)

The development of health facilities helped to decrease mortality and by contributing to population increase exerted added pressure on farmers' resources. More specifically, these health facilities required farming households to spare more

money to avail themselves of health services. The same applies to education. The increase in the number of students at all school levels rose from a total of 10,434 in 1950 (Stiller and Yadav 1979: 225) to 2,434,188 in 1986 (CGS 1988, Tables 9 2,3,4,8). Since 1975, students from grades 1 to 5 were freed from school fees and reading materials (CBS 1988: 142). If they wanted to pursue their studies further, however, parents had to bear these school expenditures.

Extension of Market Networks

Until the middle of the 19th century, Nepalese villages were virtually shut off from external market forces. This closure was partly an offshoot of the problem of transportation in a mountainous topography, and largely the result of the rulers' intolerance to the entry of foreign merchants (Naraharinath and Acharya 1953: 18). Gradually "a growing taste of European luxuries among Nepal's rulers opened the door" for Indian traders, and since 1923, also for the import of goods from Japan through India (Blaikie et al. 1980: Part I, Mihali 1965: 11).

This exposure to external goods intensified after 1950s with the opening of rural interiors through transportation development. In 1951, Nepal only had a total of 376 kilometers of motorable roads of any kind. This increased to 6,306 kilometers in 1986 (CBS 1988: 119). This increase might not appear significant in terms of its coverage. What is important is that roads contributed to bring growing number of farmers near the market places. It also added new items such as spices, cigarettes, watches and the like in the farmers' homes (Caplan 1970: 91).

These types of increased expenditures of farming household could be termed as development only if they have been supported by a healthy growth in farmers' income through an improvement in their productive resources and opportunities. Let us explore, then, whether the policies and programmes affecting productive base of farming households have been able to sustain these expenditures.

The Balance Effect: Achievements of the Policies/Activities Affecting Productive Base of Farming Households

a. Land Reforms, Resettlement and Forest Management

These three policies and programmes—land reform, resettlement and forest management—though different in terms of the time and context of their origin, affect the use and distribution of land. They complement each other so much that a failure in one leads to a negative effect in the others. For this reason their performance is analyzed together.

Available information suggests a gloomy picture of land distribution resulting from the Lands Act of 1964. During 1961/62, 74.9 percent of the landholdings in Nepal had a size smaller than 1 hectare and covered only a total of 24.0 percent of all cultivated land. Another 19.9 percent of the total holdings had a size in between 1 to 4 hectares with their share of the total cultivated land at 35.7 percent. The remaining 5.2 percent of the total holdings covered 40.3 percent of the cultivated land which were above 4 hectares in size.

The Lands Act of 1964 was supposed to improve this level of disparity and concentration in landholding. But the performance did not fulfill this expectation. Nearly 77 percent of the landholdings in 1971/72 and 66.6 percent of those in 1981/82 had a size less than 1 hectare. Altogether, their share over the cultivated land was not more than 25.9 percent in 1971/72 and a lower 17.3 percent in 1981/82. In contrast, 4.5 percent of the total landholdings in 1971/72 and a larger 5.4 percent of those in 1981/82 were above 5 hectares in size and covered 34.8 percent and 36.4 percent of the cultivated land during those respective periods (calculated from CBS 1986 Table 3.42).

This failure stemmed from both the programme provisions and the process of their implementations. Given a

situation where the average size of landholding per family was 0.54 hectares in the mountain, 0.74 hectare in the hill region and less than 2 hectares in the Terai (Dhital 1975: 99), the act approved a size of 18 hectares per owner-family in the Terai where lived 1/3 of the country's population (CBS 1987: 18) owning more than 2/3 of all cultivated land. Every son over 16 years of age and every unmarried daughter above 35 (effective from 1975) could constitute its own separate family for this purpose. Where there was no system of vital registration, one could imagine the loopholes engendered by these operations.

With these inadequacies, the programme was implemented on a phase-wise basis with much publicity and propaganda. This "provided a good opportunity to the landlord class to dispose land, divide it among sons and relatives or make false transfers and other arrangements for retaining control over the land in access to the prescribed ceiling" (Poudyal 1982: 30-31). Consequently, of the estimated 600,000 hectares of land made available for redistribution, only 66,380 hectares (or the 11 percent of the estimate) were classified above the ceiling after the implementation of the programme. Of those only about 34,000 hectares have been appropriated for redistribution (K. C. 1986: 6).

With regard to land rent, Zaman's (1973) evaluation of land reform revealed that even before the 1964 programme, most of the farmers had not paid the rent for more than 50 percent of the produce. The Act simply provided a legal sanction to this rate to threaten the position of tenants in areas where they were paying less than this amount. Moreover, security of tenancy right is not obtained for two reasons. First the sanction for a tenancy relation between an individual owner and his cultivator is itself an endorsement of feudalism. Second, by fixing the tenant's access to a maximum of only 2.7 hectares of land to cultivate in exchange for half of its produce, the Act created a large gap between tenant and owner cultivator with the latter to appropriate all produce from up to 18 hectares of

land. In this case, certificates of tenurial security did not serve to improve the tenants' access to productive resources.

Indeed the resettlement programme could be viewed as a measure devised to enable farmers to escape from marginalization and landlessness. As has been noted above, emigration had already been a traditional source of subsistence for farming households to meet their increased expenditure. Despite this increasing trend, emigration alone could not relieve the total burden brought about by a degraded agrarian structure. It was also unlikely that larger number of emigrants could be absorbed in a foreign destination. There were already indications that Nepalis were being expelled from Burma in the 1950s and later, from some parts of India as well (Pandey 1987a: 14). Given this condition, the Nepalese government felt it earlier to allow landless or marginal peasants to stay in the virtually ownerless forests of the Terai. Until 1980, the Resettlement Company and the Resettlement Department -- the two major institutions handling resettlement in Nepal -- had relocated 49,819 families in 58,599 hectares of land (Wallace 1981: 143) -- a process which continued until the end of the Panchayat system.

But the downpour of hill people in search of land in the Terai was to outweigh the number of people that resettlement programmes could handle. According to a World Bank estimate (1979: 21), an average of 7,000 families each year between 1966 to 1975 migrated to Terai for land. The regional growth pattern of the population, with the Terai having an annual growth of more than 4 percent in comparison to less than 2 percent for the hill and mountain regions and the Terai serving as destination of 78 percent of Nepal's internal migrants during the 1970s (CBS 1987: 155) add convincing support to that estimate.

The incapacity of resettlement programme to absorb peasants was reflected in the number of families it had resettled and in the decrease in the land sizes that had been distributed

to resettlers over time. The Rapti Valley Development Programme (1958) was too generous in allotting a size upto 33 hectares for each resettler family. This was brought down to a reasonable size of 2.7 hectares under a 1964 company programme. It was rendered to 2 hectares in 1974 and dwindled to 1 hectare in 1978 (Paudel 1980: 15). During mid-1980s, there were also some places (based on the author's observation in Nawalparasi district) where resettlers were only given 0.03 hectare of land.

The decrease in land size issued to resettler families had casted a bleak light on the future of resettlement programmes to provide peasants with sufficient land resources. Moreover, there still existed the question of fairness in the amount of land distributed under the programmes. Some studies (Ojha 1983: 34) have shown that some resettlement programmes were influenced by individual political motives disregarding the economic standing of resettled households. Other programmes – such as those in Nawalparasi district around the time of the national referendum (1979) – were instigated by the government to mobilize the votes and meet the survival crisis of the Panchayat Political System (Pandey 1984: Chap. 5). After the problem was resolved, resettlers from such areas were again evicted by official means to make their economic life constantly unstable.

This lack of sincerity and fairness in land distribution and the incapacity of the resettlement programmes to absorb land hungry peasants forced people to search for more resources. Indeed Terai forest areas have already witnessed the growth of unofficial settlements (Pandey 1987b) and the Hills have experienced constant clearing of marginal lands (Eckholm 1976: 77-78). As a result, the size of cultivated land in the country has increased through years – such as from about 1,700 thousand hectares in 1964 to 3,127 thousand hectares in the next sixteen years (compiled in Wallace 1987: 3). Together, the use of forest for fuelwood, fodder and grazing and for logging by

government agencies or their contractors have contributed to decrease the forest size from 6.4 million hectares around 1963 to about 4.3 million hectares in 1978 (NPC 1985: 476), a decrease of over one-third the size in just over a decade. Community approach towards forest management was a thin hope to improve this situation.

As programme in itself, afforestation by the government or its drive to urge local communities to regenerate, maintain and use their resources was a humble measure. But like in other programmes, the problem appeared to translate this ideology into effective operation. Reviewing the achievements of the past two periodic plans (a ten years period) the seventh plan had noted:

.....thought top priority was given in these two plans, only 57,000 hectares could be covered by afforestation. Thus, in two plans or in 10 years if 47,000 hectares have been afforested on the one hand, on the other side the destruction of the forest in one year is more than two times that of afforestation in 10 years (NPC 1985: 477).

There was still another disincentive for community forestry wherever it was planned to implement. Simply stated, communities under Panchayat protected forest provisions could not directly use the income from the forest under their management. Rather the income was to be forwarded to the central government which was supposed to return the income in the form of a grant. Whether communities retained their trust in this financial arrangement is itself a question heitherto unexplored.

b. Institutional Credit and Marketing

Despite the grim performance of policies and programmes related to land use and distribution, an effective performance of the institutional credit and marketing programmes could offer some hope to improve the farmers'

economic standing by helping, at least, to improve the productivity of their meager resources under their control. Unfortunately, the performance of these programmes remained equally dismal.

With regard to institutional credit, the, Compulsory Saving Scheme of the 1964 Lands Act was able to raise an equivalent of USdollar 15 million within four years of its implementation (Baskota and Lohani 1985: 101). Unfortunately the administrative machinery assigned to dispense credit was inefficient in recording the collection and use of the savings. As a result, the funds were used for the personal benefits of those in charge of the scheme and led to the closure of the whole programme in 1969 (Poudyal 1983: 36).

From then onward, the government's bank loan programme appeared the only source of institutional credit for agricultural activities. However, available evidences show that the programme was inadequate in coverage and inequitable in distribution to meet the credit needs of farming households. According to an Asian Development Bank estimate, institutional credit could cover only 24 per cent of the total agricultural credit in the country (adopted in Adhikari 1987: 14). In terms of its distribution, the Nepal Rastra Bank's study in 1977 (adopted in Hamal, Bhattarai and Niraula 1987: 4) has shown that of the total credit given to different categories of farm households -- 67 per cent for the large, 36 per cent for the medium, 20 per cent for the small and a smaller 13 per cent for the marginal farm households -- was covered by institutional sources. Where above 70 per cent of farming households in the country are small and marginal farm households (NPC 1983: 37) above 80 per cent of their credit was granted by indigenous sources, i. e. local money lenders.

This pattern of loan distribution is expected given the provisions of the credit programmes. Under the programmes, farmers needed to deposit a collateral against the loan they

borrowed. Such provisions inevitably blocked the access of tenant cultivators to the programme as they were not owners who could deposit land as collateral. Also the small and marginal farmers only had limited sources in comparison to enlarge farm households. As expected, benefits went more to latter than the former.

In like manner, the distribution of chemical fertilizer favoured specific regions over time. During the 5th five-year plan (1975-80), for example, the sale of fertilizer in the country totaled 210,000 tons. Of this total 16 per cent went to the hills, 36 per cent went to the Kathmandu Valley and 48 per cent went to the Terai (Singh and Shrestha 1981: 93). A slight change appeared in this distribution pattern in the late 1980s. For instance, of the total 376 thousand metric tons of chemical fertilizer distributed during the first 9 months of the fiscal year 1988/89, 72 per cent went to the Terai, 9 per cent went to the Kathmandu Valley and 19 per cent went to the mountain and hill areas (HMG 1989: 31). This change in favour of the Terai against Kathmandu Valley is justified since the Terai shares about 2/3 of all cultivated land. But the share given to mountain and hill appears negligible in comparison to its share of population which is above 50 per cent of the total. Even in terms of agricultural land, the less than 20 per cent share of the chemical fertilizer allotted for mountain and hill areas was not favourable in comparison to the Terai; and it is the Terai where the land reform programme had permitted large landholdings.

In turn, the marketing of agricultural products was left completely to individual hands (Shivakoti and Pokharel 1989). Cooperative societies theoretically supposed to handle this business engaged, in practice, only on the supply of certain input such as fertilizer and on the sale of consumption goods. (Mishra and Satyal 1981: 87).

Structural Roots of Programmes Performances

The previous discussion shows three interconnected features of the performance patterns of policies and activities affecting the productive base of farming households, under Panchayat rule. These are.

1. The policies and programmes aimed towards distributive equity among households with different levels of access to agricultural resources were provisionally as well as operationally biased in favour of households with higher access to resources (such as land). Thus, they had little redistributive effect to improve the resource base of peasant majority.

2. Consequently, programmes related to distribute common resources in reserve (such as resettlement in the Terai forest) were under heavy pressure to reduce the size of the resource itself (i. e., forest land for the next generation) without being able to improve the resource needs of the peasant majority.

3. Seeing less and less prospects to improve farming opportunities under existing conditions, peasants were forced to find extra-local means of support (emigration) for their subsistence.

These features that went against the interest of farming households prompt us to dwell on the nature of structural arrangements for the formulation and implementation of those programmes. Policy planning and implementation can give due recognition to the interest of farming households only at conditions where they are represented in the formal bodies discharging those duties. As national policies and programmes they are decided by a national legislature and implemented by a bureaucracy designed for that purpose suggest therefore, the need of their representation in those structures.

Popular representation (in this case representation of peasant majority) in the legislative body requires two basic conditions. The first is a committed leadership to an ideology backed by the people who form the membership of that body. The second is an opportunity for the people to exert pressure on the body of membership through organizational means in case this legal body violates its commitments.

The first condition includes two components. One is a pool of candidates for leadership or membership to the legislative body; another is the election process to select that membership. The formation of Panchayat legislature (Rastriya Panchayat), as seen below, involved the second of these two components but lacked the other conditions.

Before the third amendment of Panchayat constitution (1980) election process was indirect. People had right only to elect members of local Panchayat bodies (village/town panchayats), where those of the national legislature were to be filtered from among these members through different stages of upward selection. There were also few nominees of the King.

The third amendment of the constitution made the election process rather direct, providing all adults the right to elect members for this legislative body. Whether before or after the amendment, however, what is similar was the condition which determined the character of candidates and/or elected members.

By banning the operation of political parties and interest groups with any ideological backing, panchayat system eliminated the possibilities for both the emergence and selection of an organized leadership to represent a group at any level of decision-making organization. On the other hand, the system bore and ideology of "class coordination" (HMG, 1987: Part 4), theoretically allowing all nationals at any level of socio-economic strata to play the political games equally as

"independents" or "nonpolitical men of integrity" (Joshi and Rose 1966: 406). Consequently the system neither committed itself to the supposed beneficiaries of development policies/activities nor allowed them to advance their interest through organized means. Because of a lack of "nationally organized platforms and clear-cut election manifesto promising the removal of economic and social injustice on ideological grounds" or a lack of direct commitment of existing organization to the suffers of those socio economic injustices, "the panchayat elections at all levels" involved merely an undisguised play of selfish and personal interest" (Shah 1982: 100). This personalism allowed those who had resources and connections to manipulate the situation.

Thus as the "representatives" did not represent the people, they did not have any commitment to perform for them. They could not be expected to pass progressive policies to improve the productive base of farming households -- i. e. policies that would go against their own interest. At this level of policy formation, the bureaucracy had little to implement. Moreover, whatever that was left to implement still faced two structural barriers.

The first related to the social background of bureaucrats themselves. Since 1956, employment in Nepalese bureaucracy was theoretically open to all Nepalese of any social and economic strata provided that they could meet the required education qualifications (HMG 1983). But this theoretical openness was difficult to apply in the concrete. For example, where the literacy rate of the country was estimated at only 33 per cent (CBS 1988: 6), more than half of the government civil service had drawn its members from Kathmandu Valley which contained about 3 per cent of the population (Shah 1982: 98) and 37 per cent of the 1981 urban population (calculated from CBS 1988: Tables 1.4 and 1.5). Similarly, as almost all the higher level educational institutions were, as still are, concentrated in urban areas, the remaining half of civil service

members should come mostly from urban areas outside the valley and from landowning village aristocrats who could support their children's education outside their locality. A bureaucracy drawn from this section of society would retain a different interest from that of other sections. And as any progressive policies would threaten this group's interest, bureaucrats were hardly inclined to implement such policies. This is why, even after 26 years of implementation (from 1964 to 1990), the land reform programme, as observed above, had not been able to appropriate more than half of that minimum land found above the legal ceiling. Even though, a son born 10 years after the 1964 Lands Act had been of age to retain his own share of landholding, Panchayat's plans had mentioned the need to implement land reform for appropriate improvement in landownership and utilization pattern (NPC 1985: 460), until the time of its demise.

The second barrier relates to the relative strength of bureaucracy over the legislative body. That the bureaucracy did not represent the mass of peasants should not mean that there should be no bureaucracy or it be composed of uneducated majority. At this point, the availability of higher educational facilities for peasant families would be an undeniable recommendation for the long run. But the bureaucracy could still be forced to implement the positive features of existing policies if the legislative body could unite as an organized voice against bureaucratic indifference. Unfortunately, as observed above, the elected members of Nepalese legislature lacked group liability and were completely unorganized to amass the necessary group strength and thwart bureaucratic indifference.

These structural barriers were reflected even in the Decentralization Act of 1982 (HMG 1988). The preamble of the Act sought to enlist people's participation in the distribution of development resources and in the share of its benefits by encouraging them to frame and implement their development

plans For this purpose, the Ward Committees* of each village and town panchayat were to prepare their wards specific development plans which were to be integrated in their respective panchayat plans. Those village and town panchayat plans were then to be sent to their respective district panchayat upward, on the basis of which district development plans were to be determined. They would come into effect after the approval of the National Planning Commission -- the central planning body of the country.

The plans and programmes so approved were to be implemented by district, town and village panchayats or their wards based on the coverage of the programmes. Such implementation would have to be made through the formation of users' groups with the help of service centers established by the government. Issues under these plans and programmes included education, health, population, technology and marketing of agricultural activities as well as preservation and use of forest resource.

Although the Act was still to be implemented in full vigour, there were some provisions to discourage optimism. First among such provision was the right of central bureaucracy to determine what was to be incorporated in local development plans (Article 6). Second, the government had retained full right to reduce or control any taxes, fees, and contracts imposed by the Panchayats to raise their economic resource (Article 28). Third, government's donations to local development programmes would not always come in open grants; in many cases, the government also would determine the sectors of expenditure over which Panchayats would retain no right to change (Article 24). Fourth, given the structural context of determining the

* *Wards were the constituencies of village and/or town panchayat members. Each ward had an executive committee of elected members the Chairman of which would be the exofficio member of the concerned village and/or town panchayat.*

liability and commitment of Panchayat membership (as discussed above), it was only the Panchayat body with a government office at any level that could frame and implement local plans and programmes. The users' groups at any level were to be chaired only by any member of related Panchayat organizations (Article 19).

In the attack on these structural arrangement geared to favour the elites that to oppositional leaders had been able to amass public support to bring down the system. At this moment deems important to identify some challenges for the post revolutionary government(s).

Challenges for the Post-Revolutionary Government(s)

Public support to the 1990's social change movement can be observed into three basic components: (i) support to the direct process of anti-Panchayat movement, (ii) voting against to Panchayat elites in the subsequent parliamentary election, and (iii) providing right to Nepali congress party to frame new government with the United Marxist and Leninist party in strong opposition. A continuity of this type of support to these two parties is to depend, however, upon the degree of their fulfillment to their promise with the mass of population.

As noted in their respective election manifestos, Nepali Congress has its promise to establish political freedom and economic equity through a process of what it calls "democratic socialism". Similarly, the United Marxist and Leninist party has promised to pave a way towards communal control of the means of production for economic equity and for freedom to people from economic exploitation. A translation of either of these promises into concrete reality is, however, to depend upon the ways of their dealings with the following two structural challenges:

1. Challenge in Policy Formation: After the demolition of Panchayat rule, its elites were, though, ousted from formal power structure and, however, working as opposition group also in the system after the revolution. One of the challenges for the new group of elites in the government to frame progressive policies benefiting the masses will come. Therefore, from the opposition of this sections of society. The people supporting the system-change movement are helping to sweep away the Panchayat elites in the process of election may be able to support the government from this type of a challenge. But more important is whether the new group of elites will feel themselves be threatened of their interest from this type of policies will determine the structure of future development and the level of public support towards their activities.

1. Challenge in the Implementation of Development Policies: Despite a change in Political system, the bureaucrats have a fresh memory of their exercise of an absolute power unopposed from the people. Under the changed environment their activities will have to be guided and controlled by the people through their representatives. In this circumstance there are chances of the lack of bureaucratic cooperation towards the implementation of new policies and programmes.

Bibliography

- Adhikari, Ganesh. "Institutional Practices and the Nepalese Poor", Rural Poverty Research Paper Series, No. 7; Kathmandu: Winrock International, 1987.
- Agrawal, Govinda Ram. *Planning for Cooperative Development in Nepal*; Kathmandu: Center for Economic Development and Administration, (Mimeograph), 1984.
- Banskota, Mahesh and Iswor Lohani. *Nepalese Agriculture: A Comparative Evaluation*; Kathmandu: Center for Economic

Development and Administration, (Memiograph), 1982.

- Blaikie, Piers, John Cameron and David Seddon. *Nepal in Crisis; Growth and Stagnation at the Periphery*; Delhi: Oxford University Press, 1980.
- Caplan, Lionel. *Land and Social Change in East Nepal*; London: Rutledge and Cagen Paul, 1970.
- Central Bureau of Statistics (CBS). *A Comparative Study of Sample Census of Agriculture*; Kathmandu: CBS, 1986.
- *Population Monograph of Nepal*, 1987.
- *Statistical Pocket Book*, 1987.
- Dahal, Dilli R., Navin K. Rai and Andrew E. Manzardo. *Land and Migration in Farwestern Nepal*; Kathmandu: Institute of Nepal and Asian Studies, 1977.
- Devkota, Griskma Bahadur. *Nepalko Rajnitik Darpan* (Political Mirror of Nepal), Part II; Kathmandu: Arjun Bahadur Devkota, 1980.
- Dhital, Bhaarat Prasad. "Population Growth and Agriculture" in Daya C. Upadhyaya and Jose Abueva (eds) *Population and Development in Nepal*; Kathmandu: Centre for Economic Development and Administration, 1975.
- Eckholm, Eric P. *Losing Ground: Environmental Stress and World Prospects*; New York; W.W. Norton, 1976.
- Elliott, Charles. *Patterns of Poverty in the Third World: A Study of Social and Economic Stratification*; New York: Praeger Publishers, 1975.
- Furer Haimendorf, C. Von. *Sherpas of Nepal: Buddhist Highlanders*; London: John Murry, 1964.
- Hamal, Krishna B., Ramchandra Bhattarai and Bhanu Niraula. "Rural Development Policy and Poverty in

- in Nepal", Rural Poverty Research Paper Series, No. 8; Kathmandu: Winrock Inter-International, 1987.
- His Majesty's Government (HMG). *The New Civil Code* (in Nepali); Kathmandu: Ministry of law and Justice, 1963.
-, *Civil Code Enacted During the Regime of Surendra Bikram Shaha* (in Nepali), 1965.
- *Civil Service Rules 1956 and Civil Service Rules 1963*, (in Nepali). 1983.
- *The Constitution of Nepal, 1962*, (in Nepali), 1987.
- *Decentralization Act 1982 and Decentralization By-Laws 1984* (in Nepali), 1988.
- *Economic Survey, Fiscal Year 1988-89*; Kathmandu: Ministry of Finance, 1989.
- Hitchcock, John T. *Magars of Banyan Hills*; New York: Holt Rinehart and Winston, 1966.
- Joshi, Bhuban Lal and Leo E. Rose. *Democratic Innovations in Nepal: A Case Study of Political Acculturation*; Berkeley: University of California Press, 1966.
- Kansakar, Bidya Bir S. "Growth and Distribution of Population" in *Population of Nepal*; Bangkok: Economic and Social Commission for Asia and the Pacific, 1980.
- K. C., Ram B. "Land Reform: Progress and Prospects in Nepal", Research Paper Series, No. 2; Kathmandu: Winrock International, 1986.
- Manandhar, P. K. *Introduction to Policy, Legislation and Programmes of Community Forestry Development in Nepal*; Field Document No. 1a, NEP/80/030; Kathmandu: HMG/UNDP/FAO: Community Forestry Development Project, 1982.
- McDougal, Charles. *Village and Household Economy in Farwestern Nepal*; Kathmandu: Tribhuvan University, 1968.
- Mishra, I. R. and M. R. Satyal. "Development of Agriculture Marketing and the Improvement of Rural Markets in Hill Areas", in *Nepal's Experience in Hill Agricultural Development*; Kathmandu: Ministry of Food and Agriculture and Agricultural Development Council, 1981.
- Mihali, Eugene B. *Foreign Aid and Politics in Nepal: A Case Study*; London: Oxford University Press, 1965.
- National Planning Commission (NPC). *A Survey of Employment, Income Distribution and Consumption Patterns in Nepal*; Kathmandu: National Planning Commission, 1983.
- *The Seventh Plan (1985-1990)*, 1985
- Nepal Rastra Bank (NBR). *Pocket Calendar* (in Nepali); Kathmandu: Banking Promotion Committee, 1989.
- Nepal's National Forestry Plan (NNFP): An Unofficial Translation*; Kathmandu: Nepal Australia Forestry Project, 1979.
- Ojha, D. P. "History of Land Settlement in Nepal" in *Contributions to Nepalese Studies*, Vol. XI, (1) : 21-44, 1983.
- Pandey, Tulsi R. "Poverty and State Policy: A Study of Eviction in Kawasiti, Nawalpur"; M.A. Thesis Submitted to Tribhuvan University, Kathmandu, 1984.
- "Subsistence Farmers and workers of Sunwal Village Panchayat Nawalparasi District", Poverty Research Paper Series, No. 12; Kathmandu: Winrock International, 1987.
- "Livelihoods of Landless Peasants: A Study of Evicted Resettlers", Research Paper Series, No. 33; Kathmandu: Winrock International, 1987b.
- Paudel, N. B. *Nepal Resettlement Company: (An Introduction)*; Kathmandu: Nepal Resettlement Company, 1980.

- Poudyal, Sriram *Planned Development in Nepal: A Study*; Kathmandu: Educational Enterprize (Pvt) Ltd., 1983.
- Rana, Ratna S. J. B. and Yadav S. Thapa. "Population Migration: Nature and Scope" in *Population and Development in Nepal*; Kathmandu: Centre for Economic Development and Administration, 1975.
- Rathaur, Kamal R. S. *The British and the Brave: A History of Gorkha Recruitment in the British Indian Army*; Jaipur: Niraula Publications, 1987.
- Regmi, Mahesh C. *A Study in Nepali Economic History*; New Delhi: Manjushree Publishing House, 1971.
- *Landownership in Nepal*; Berkeley: University of California Press, 1976.
- *Land Tenure and Taxation in Nepal*; Kathmandu: Ratna Pustak Bhandar (Reprint), 1978.
- Shaha, Rishikesh. *Essays in the Practice of Government in Nepal*; New Delhi: Manohar Publications, 1982.
- Shivakoti, Ganesh P. and Bhola N. Pokharel. "Marketing of Major Crops in Chitwan: A Case Study of Six Village Panchayat". Research Report Series, No. 8; Kathmandu: Winrock International, 1989.
- Singh, R. B. and G. R. Shrestha. "Delivery of Agricultural Inputs to Hill Farmers: Issues and Problems", in *Nepal's Experience in Hill Agriculture Development*; Kathmandu: Ministry of Food and Agriculture and Agricultural Development Council, 1981.
- Stiller, Ludwig G. and Ram Prakash Yadav. *Planning for People*; Kathmandu: Sahayogi Prakashan, 1979.
- Wallace, Michael B. "Solving Common Property Resource Problems: Deforestation in Nepal", Ph. D. Thesis Submitted to Harvard University; USA, 1981.

- "Community Forestry in Nepal: Too Little, Too Late", Research Report Series. No. 5; Kathmandu: Winrock International, 1987.
- The World Bank. *Nepal Agricultural Sector Review*, Report No. 2205-NEP; Washington DC: The World Bank, 1979.
- Yadav, Ram P. and Tilak Rawol. "Institutional Innovations for Hill Agricultural Development" in *Nepal's Experience in Hill Agricultural Development*; Kathmandu: Ministry of Food and Agriculture and the Agricultural Development Council, 1981.
- Zaman, M. A. *Evaluation of Land Reform in Nepal*; Kathmandu: Ministry of Land Reform, 1973.

