

## A Note on Land Reform in Nepal

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### INTRODUCTION

The question is often raised whether modernization of agrarian societies can be 'meaningful' without actually involving and benefiting a larger section of population -- the peasant community. The question is very pertinent to Nepal, a transitional nation-state which is predominantly agricultural and where the tradition of 'planned development' is a very recent origin, probably not beyond the history of Panchayat System -- a period of twenty-five years. Equally, the essence of modernization of Nepal implies positive changes more in the agrarian front than in any other sectors of the national economy. However the argument is posed, the available evidences moderately support the proposition.

Also, it is a truism to affirm that the basic thrust of planning of scarce resources in Nepal is to achieve the twin objectives of modernization -- social justice and equity. In principle, this kind of planning; which is based on a long term perspective of the national economy, envisions a greater egalitarian society with the fulfillment of basic necessities of life -- food, clothes, shelter, medi-care, education, and security. And, growth, in such a situation, is quite naturally perceived as slow and arduous. In addition, in the initial stage or planned development, the need for infrastructural base supersedes all other concerns and the immediate gains are sacrificed toward the larger system's objectives. Viewed from this angle, the assumption given above definitely needs careful scrutiny less, in contrast, it may look valid at firsthand.

In Nepal, the aforesaid model of development at a macro level has been largely incorporated in Lands Act of 1964. In principle, the major objectives of the Act are stated as threefold:

- (a) improvement in general standard of living of those who actually till the land through equitable distribution of landholdings and provision of agricultural technology and services;
- (b) diversion of idle capital and surplus population from agriculture to non-agricultural sector; and
- (c) economic development via increment in agricultural production.

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From the perspective of land reform in Nepal, this paper intends to provide some viewpoints on the proposition given above. By way of generalization, it will draw the agrarian landscape of Nepal by identifying major achievements and obstacles in land reform and the strategy needed for change.

#### PROGRESS IN LAND REFORM

To achieve the goals of agrarian modernization, the major thrust of land reform has primarily been in four interrelated areas of much importance, namely:

- (a) financial mobilization at grassroots level;
- (b) ceilings on holdings;
- (c) patterning of landownership and tenancy; and
- (d) supportive services for agricultural inputs and marketing.

These areas over the two decades have been partially achieved despite the lack of trained manpower and basic infrastructure. Some of the significant achievements are as follows:

First, the surplus land available for distribution was roughly 50,000 ha. which amounted to a meager 3 percent of the total cultivated land in the country. It may be noted that prior to 1964 nearly 40 percent of the total cultivated land was owned by probably less than 1 percent of the total population.

Second, the tenants still pay a fixed amount of 50 percent of the main crops to the landlords and 15 out of 75 districts of Nepal have the better system of "fixed rent".

Third, the institutional credit facilities available to the farmers have not been evenly and adequately available throughout the country and also the major beneficiaries of these facilities have been the rich landowners. Approximately 60 percent of the credit sources originate from the traditional sector such as landlords, traders, merchants, friends, relatives, etc.

Fourth, agricultural population more or less have remained in agricultural activities and its migration over the industrial sector has been quite insignificant. It is remarkable that over 90 percent of the population are still concentrated in the traditional agricultural sector and this sector alone contributes nearly two-thirds of the GDP and earns 90 percent of export in international trade.

Fifth, a large volume of traditional credit was intercepted thus relieving the poor peasants from permanent bondage. It may be noted that a second cycle of similar program has not begun in order to monitor the progress in this field.

Sixth, tenancy certificates have been issued to nearly seventy-five percent of recorded tenant farmers.

Seventh, provisions of seeds, modern technology, and extension services have been institutionally channelled on a nationwide basis though in a modest scale. Although developmental psychology and institutional infrastructure have taken some roots yet the major beneficiaries have been the rich peasants with large holdings.

Last, but the most important is that the agricultural production has remained quite static over the decade and if this situation continues for some time, the agricultural sector may not be able to sustain the rapidly growing population. The imbalance between population growth and agricultural growth will further tax the country's economy, affecting the fragile saving base for further acceleration of the industrial sector.

Thus the impression given above describes the course of agrarian modernization in Nepal, giving insights into new challenges of development. The land reform program in the agrarian front has shown to be modestly successful. It has no doubt paved the way for infrastructural establishment more than actually pushing forward with a decisive take off. Also, it may be derived that the description given above is based on governmental data which may be taken with some suspicion but this is generally the case with land reform, a public sector undertaking. However, the other side of the picture can be looked into. In an opinion survey taken by this researcher at a macro-level, similar features, nonetheless, can be discerned. The elite of Nepal provide assertive views on agrarian problems and the strategy for their solution.

#### OBSTACLES IN LAND REFORM IMPLEMENTATION

There are several obstacles the land reform programme has encountered during the period of implementation. Of the many factors in land acts, the major political obstacles as identified by a highly select group of Nepalese elite at a national level, during March-June, 1982, are briefly the following. In rank order, the primary obstacle in Nepal is all levels -- national, regional, district and local. This is followed by another authoritarian character, namely national legislature is considered a weak political body. The second factor is further supported by the existence of centralized bureaucracy which has limited political support in the execution of people-oriented national plans. The next obstacle is a feature which characterizes this centralized behaviour, namely lack of decentralization of power and restriction of open politics (Table 1).

Thus, it is evident that the attitudes of the Nepalese elite toward the land reform programme show that the programme operation is far from satisfactory. There are many vital areas recognized for reform in the agrarian sector.

Table 1  
Distribution of Elite Responses Toward Existence of Political Obstacles  
to Land Reform Implementation in Nepal

Rank	Political Obstacles	Percentage
1.	Feudal interests of landlords in politics	25.00
2.	National legislature not having sufficient power	17.00
3.	Bureaucracy not getting political support in order to execute national plans	15.00
4.	Non-decentralization of power	9.62
5.	Restriction of open politics	7.62
6.	Hesitation of policy-makers	3.85
7. (a)	Lack of regimentation towards resource mobilization	1.92
(b)	"Gap" between "Terai" and "hill" people	1.92
(c)	No possibility of class coordination	1.92
(d)	No orientation of policy-makers towards grassroots issues	1.92
(e)	Personality - based politics	1.92
No Answer:		11.85
<b>Total</b>		<b>100.00</b>

N = 104

Source: Field Survey I, March-June, 1982.

#### STRATEGY FOR CHANGE

There is a deep-seated desire to transform the agrarian sector of Nepal. This is because of many drawbacks and obstacles in land reform implementation which affect agrarian modernization in Nepal. In order to disentangle the implementation process, here are some strategic areas identified by the Nepalese elite (Table 2).

The above mentioned areas are very fundamental which more or less cover many aspects of the land reform programme. If all the top four ranks are combined, it is evident that the very issues and objectives of the programme are touched upon with identification of techniques. The total figure in support of vigorous implementation of the programme is 82.68 percent of the elite respondents. This indicates a number of valid assumptions that cannot be ignored. First, there is a deep-seated desire to change the agrarian sector in Nepal. This is because many vital elements of the programme are not implemented and thus not realized. Second, the emphasis on the lowering of ceiling, cadastral survey, tenants as owners of the land, and Sajha as people-oriented is a crucial factor in agricultural planning, a point supported by more than three-fourths of the elite respondents. Third, the subjects under rank fifth and sixth are quite varied in nature and they, by and large, should be taken as

**Table 2**  
Elite Identification of Strategy for Change in Nepal

Rank	Strategic Areas	Percentage
1.	Tiller-tenants as owners of land/lowering of ceilings/cadastral survey	38.46
2.	Comprehensive treatment on all aspects	21.15
3.	Tiller tenants as owners of land/lowering of ceilings/ <u>Sajha</u> as people-oriented	19.23
4.	Lowering of ceilings/cadastral survey/distribution of excess land	7.70
5. (a)	Tenancy protection/increase in the size of landholdings	3.85
(b)	Tenancy protection/lowering of ceilings/provision of transferable tenancy certificates	3.85
6. (a)	Restriction on fragmentation of landholdings	1.92
(b)	Fixation of ceilings of absentee landlords	1.92
(c)	Raising of homestead ceilings of tenants/activating peasant organizations for land reform implementation/simplification of rules for obtaining <u>lal purja</u> (ownership certificate)	1.92
<b>Total</b>		<b>100.00</b>

N = 104

Source: Field Survey I, March-June, 1982.

emerging problems if not implemented, which, of course, bear the magnitude of protecting the tenants in a more scientific manner. Finally, these areas are widely desired by the elite class no matter what occupations, zones, or regions it originate from.

Overall, in relation to the earlier discussion on "political obstacles", a fair degree of positive changes are desired by the elite class which transcend social, administrative, and economic boundaries. The spectrum of the elite perception on these changes is very wide and deep. In order to fulfill the goals of agrarian modernization in Nepal, the land reform measures under greater democratic and people-oriented political order emerge as the imminent strategy for transformation.

#### CONCLUSION

To sum up, it is sufficing to affirm two main implications which cannot be shrugged aside as mere conjectures, especially in view of the backwardness and poverty of the Nepalese society. Broadly, they are: (1) legislation for more comprehensive treatment of land reform programme which will take into account the strategic changes aspired by the elite

at large and (2) legislation for broader political changes which will transform the present political environment that is found to impinge upon the very process of land reform implementation. To overlook these implications is to undermine not only the leadership of the elite class in line actions for all bureaucratic measures but also to contribute further to the sharp contradictions that are emerging within this class and between the rich class and the impoverished peasantry.

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## BOOK REVIEW

Charan D. Wadhva and Mukul G. Asher, *ASEAN - South Asia Economic Relations* (Singapore: Institute of Southeast Asian Studies), 1985, pages 384.

The book is edited by two eminent persons under the auspices of Indian Council for Research on International Economic Relations (ICRIER) and the Marga Institute in collaboration with ASEAN Economic Research Unit, Institute of Southeast Asian Studies. The ICRIER a non-profit making organization, established in 1981, is concerned with furthering international cooperation and accelerating national economic growth. The Marga Institute was established in April, 1972, devoting itself to study and analysis of development problems in Sri Lanka. Whereas Institute of Southeast Asian Studies, established in May, 1968, is an autonomous organization with its emphasis on regional research centre.

The book with its two parts comprises studies on ASEAN and South Asian Countries. ASEAN (Association of Southeast Asian Nations) formed in 1961 is made of Indonesia, Malaysia, Philippines, Singapore and Thailand, whereas South Asia constitutes Bangladesh, India, Nepal, Pakistan and Sri Lanka. It may be noted that the South Asian Regional Cooperation (formerly SARC, later began to be abbreviated as SAARC) grouping formed in 1983 also includes two other small nations, viz., Maldives and Bhutan.

The book mainly constitutes the salient but somewhere glaringly different features of the economies of Asia's two organizations very much aiming to achieve regional cooperation. The book tries to reveal the real but varying features of the two regional organizations.

South Asian nations have 3.4 times more population than that of ASEAN with latter's GDP (Gross Domestic Product) as to be 11 percent higher than that of the former, with obvious results of higher GNP (Gross National Product) levels of the ASEAN. It is curiously pathetic while we note that the highest per capita GNP among South Asian nations - that of Pakistan at US \$ 350 - is only two-thirds of the lowest per capita GNP among the ASEAN nations - that of Indonesia at US \$ 530. Growth rates too in ASEAN are high enough to those of SAARC, thus implying a widening income differentials.

The tables in the book amply indicate that while the share of agriculture in GDP is substantially higher in South Asia, the share of manufacturing in India, Pakistan and Sri Lanka is comparable to that of Malaysia and Thailand and is much higher than that of Indonesia. ASEAN has much greater level of participation in international trade and much greater export-orientation by the ASEAN compared to the South Asia - ASEAN's shares of world exports and imports in 1981 were 3.64 and 3.75 percent respectively; while the corresponding proportions for South Asia were only 0.69 and 1.32 percent respectively. There is what is called the even distribution of exports/imports potentiality among the ASEAN nations, than what the South Asian nations have - India alone accounted for about three-fifths of total exports and imports. The book reveals the real peril that South Asia has higher adverse terms of trade than what the ASEAN has.

ASEAN has more foreign investment thus incurring less worries for balance of payments difficulties. Restrictions of imports in ASEAN to those of the South Asia have been comparatively less; but the debt burden as a proportion of GNP is generally lower in South Asia than in the ASEAN.

ASEAN countries do have more trade linkage with industrialized nations and this is largely due to exports of Indonesia and the Philippines. The major exportable items of Malaysia also are very much noteworthy. South Asia as compared to ASEAN has bigger benefits in terms of its share of trade relations with East European Socialist economics and oil-exporting developing economies - this is more so due to India and Pakistan. ASEAN has advantage in metals and minerals whereas SAARC has only in primary goods. Even in such a context of difference between the Asian regional cooperation organizations, the book concludes that there is potential for mutually beneficial collaboration between ASEAN and SAARC as to have added dimension for ASEAN's additional modes of trade strategy in view of its (ASEAN's) not less crippling resources.

While reading the book, we would come to a conclusion that EEC (European Economic Community) is superior in many respects as compared to ASEAN in a way as we find that the SAARC people have to traverse a long road even to achieve the ASEAN standard of living. It will be like an ovation when I take the captioned book as to give added academic contribution to recent discussions on the SAARC.

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