

Abstract

Nepal is a developing country in the world. It has a lot of problems for the rapid development in present context. Economic planning was started in 1930s' decade from former U.S.S.R so that their economy was not highly affected by the great depression of that decade. In Nepal, 2013 B.S first five-year plan was formulated and implemented. Poverty alleviation is the main objective of economic plans of Nepal since 7th plan. The study identifies the major issues of poverty alleviation strategies of Nepal. Methodologically secondary sources are used to analyze the five-year plans since the beginning. Most of the strategies were concerned with the formation of better and prosperous country with higher living standard of its citizen. Direct and indirect measures are taken from the side of government, private sector and co- operative, but the achievement is not so remarkable. Lack of domestic resources, low rate of capital formation, depend on foreign sources, lack of political commitment, low level of awareness are the causes of failure of poverty alleviation strategies in Nepal.

Keywords: Economic Planning, Poverty Alleviation, Strategy

Background

Nepal is a land locked country in South Asia bordered by China to the north and India in the south, east and west. The total area of the country is 147,181sq.km and Nepal's population is around 25.8 million (Central Bureau of Statistics, 2006). The population growth rate of the country is approximately 2.2 in number where as its GDP is around 3 percent. Nepal is one of the least developed countries in the world and its per capita income is about 300 US dollar. The literacy rate in the country is around 54 %. The 31 % population of the country is under the poverty line. According to the Human Development Index 2006, the country is ranked 138 out of 177 countries for having poor living standard (UNDP/N, 2006). These facts and figures indicate that Nepal is one of the poorest countries in the world.

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Poverty alleviation has been one of the top priorities for the national development since 1976 A.D. And the bureaucracy has been used as the main means in formulating and implementing poverty alleviation policies and programs from the very beginning. However, one third of country's population is under the poverty line and they are living without having very basic needs-foods, cloths, and shelter that just need for the survival of human beings. Why high percentages of population are so poor in the country?

In normal sense, planning is the systematic way of doing any work. In economics, it is systematic way of any work with certain objectives, allocation of resources and certain time period. Economic planning has a lot of advantages so that most of the countries follow this concept for systematic development of their economies. The concept of plan was also popular in Rana regime but it was not written. The plan was started in 1956 A.D. in the context of Nepal. Most of the plans, had poverty alleviation as the main objective but they are not as fruitful as expected by the concerned authorities. Poverty is understood, measured and evaluated in various dimensions as the level of income, human development and social inclusion. Poverty line is determined by the marginal points that allow or do not allow consumption of minimum goods and services necessary in life with the purchasing power from the available income (Alluwala, 1975).

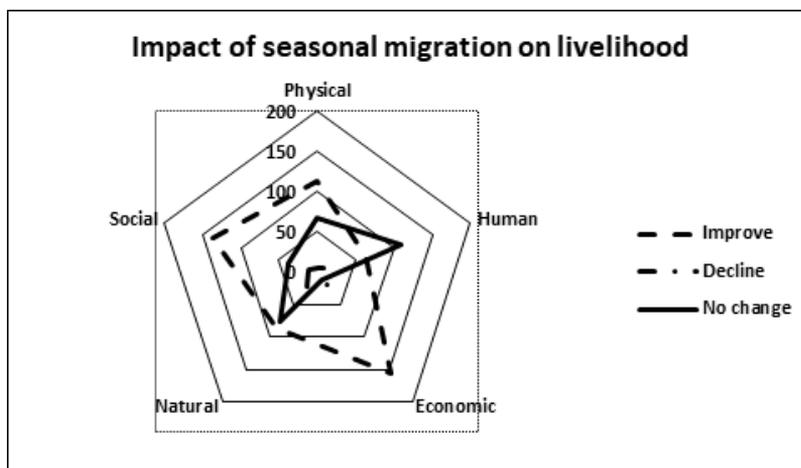
Economic planning and poverty alleviation are two words frequently used in economic literature. Proper implementation of plan definitely reduces of poverty level in our like economy. In present approximately 25 percent of people live in Nepal are poor but the same type of survey conducted by World Bank reveals that about 66 percent of Nepal are poor.

Planning is a medium of social justice that can congregate people around the state and establish their participatory s in the uses of political power for planning. There is strong co- relation between politics and resources allocation for planning. If we look at the Nepalese electoral politics, we found that Sunsari district got more funds than the whole of Karnali zone for development. Size of geographical territory or interest representation in planning and decision – making can have an inverse relation with the transfer of resources from the center, if politics is not supportive. Application of same argument on the Dalit and the marginalized and local government units make Nepalese planning more pre- rational a rational. Consequently, planning has not been conductive to the expansion

of production for employment – generation, poverty alleviation and social integration. This leaves advocates opposing the victimization of the weak pledging for universal values like democracy, human right and social justice (Dahal, 2001).

Problem Statement

The selection of topic is due to the fact that economic planning is the main way that can reduce the rate of poverty in Nepal. As a land locked country situated between two giant countries, Nepal can take a lot of advantages from proper implementation of plans. Implementation of plan if appropriate, its economy can move in the main stream of development. Economic condition is closely related with political situation of any country.



Nepal is facing serious problem in political stability which is taken as a foundation of development. In some fiscal year, government is not spending their allocated resources in that year, leads toward slow down the pace of development. People are divided in the name of political parties and guided by vested interest, so there is no consensus among the people even they are staying in the same geographical region.

Proper allocation of resources in time is next major problem in the field of achievement of desired objectives. People participation seems to be weak, leads toward poor situation of planning. Depend on foreign aid has a serious threat in the context of timely management of resources to the planned task.

Objectives / Methodology

The general objective is to explore the efforts from the side of government to reduce the poverty level in various plans of Nepal. Similarly, specific objectives are to find the total allocation of resources in plans, priorities of various plans. So, to examine poverty situation and to look at the poverty alleviation policies, programs and activities of the state the main focus of this paper is to assess the involvement of bureaucratic means in order to alleviate poverty in Nepal. The article has also observed poverty alleviation initiatives made by non-bureaucratic means since 1990. This study is mainly based on secondary data collected from books, reports, policy documents, and articles.

This article is prepared on the basis of the secondary data published from various national and international institutions. Basically, the previous plans issued by Planning Commission are used in this article. Nepal Living Standard Survey Report, and annual household survey, 2016 were used for the purpose. Simple statistical tools are used to explain and compare the results. Quantitative and qualitative data were used to find the real situation of achievement of various plans of Nepal. The reports issued by World Bank and International Monetary Fund are also used in the field of analysis of real situation.

Discussion

Planning is the systematic way of doing developmental activities. Plan can be classified as long term, short term on the basis of time period. In these days, planning is taken as a powerful instrument for the development of Nepal like countries in the world. Planning is appropriate device to reduce poverty which is global issue in the world. It is useful to allocate resources according to priority; ultimately poverty can be reduced accordingly. There is planning in non- government and co- operative sectors also.

Policies and programs to cope with poverty reduction

The Government of Nepal has been carrying various poverty reduction activities since early 1970s- such as Subsidized ration distribution to the poor population, Production input distribution e.g. subsidized fertilizers for agriculture production, Integrated community development projects, Food and feeding programs with the assistance of world food program, Food for work program e.g. construction of infrastructure, skills generating programs for poor people, Bishweshwar among the poor program- support for their livelihood, Western Terai (west south part of the country) poverty alleviation

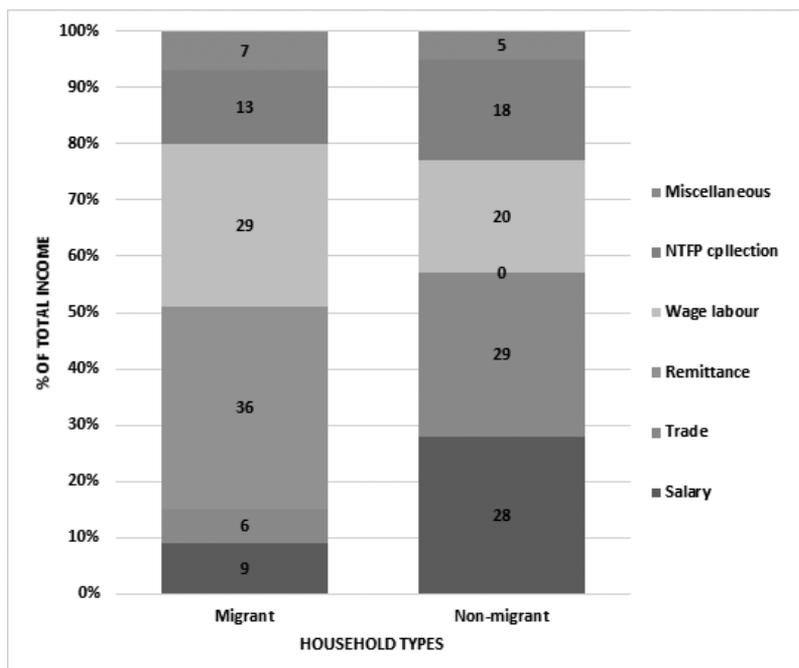
project, Jagriti women income generating program and Self-employment for poverty alleviation in Arun Valley (Dhakal, 2002) etc. In spite of these pro poor programs and activities, the percentage of poor people has not been reduced as per the targets. In view with considerable figures of poor population in the country, poverty alleviation has been constantly become the top prioritized agenda of the nation in the following three periodic plans.

(Table-1 Main objectives, poverty reduction targets and achievements of Plans)

Eight Plan, 1992-1997	Ninth Plan, 1997-2002	Tenth Plan, 2002-2007	Eleventh Plan (2007/08- 2009/10)	Twelfth Plan (2009/10- 2012/13	Thirteenth Plan (2013/14 -2016/17
1.Sustainable Economic Growth	Poverty Alleviation	Poverty Alleviation	Poverty Alleviation	Poverty Alleviation	Poverty Alleviation
2. Poverty Reduction	Integration of Sectoral Development Activities	Target was 38 to 30 %	Target was 31 to 24%	Target was 25.4 to 21% Only reduced to 23.8%	Target is to reduce poverty from 21% to 18%
3. Reduction of Regional Imbalance					
Target-	Target was 42 to 32%, Only reduced on 38 %	Only reduced on 31%	Only reduced to 25.4%		

(PRSP Document, NPC, Government of Nepal,2012) (NPC,2070)

The table shows that the poverty alleviation program has been the most prioritized agenda of the Government since 1990. Following the restoration of democracy in 1990, poverty reduction was one of the main objectives of the Eight (1992-1997) and Ninth Periodic Plan (1997-2002). Looking at the widespread poverty in the nation, the Tenth Periodic Plan, 2002-2007 has clearly mentioned that poverty alleviation is the single objective of



the nation. Therefore, long-term targets and development indicators of all sectors in the nation are set out towards overall objective of poverty alleviation (PRSP, 2002-2007). Despite these various efforts of poverty alleviation over the different periodic plans of the state, there is around 31 % population who are living below the absolute poverty line yet (CBS, 2006). Even those people who are above the nationally adopted poverty line, they are also living with measurable conditions in terms of basic things such as subsistence, cloths, shelter, health and sanitation, and education services.

In view with high percentage of poor population and incidents of ups and down of marginal poor, the Government has now adopted various economic reforms programs such as trade and commerce, fiscal and monetary, and capital formation. And poverty alleviation is being dealt as the cross-cutting issues of the national development. These reforms have brought some positive impact on non-agricultural sector, but the reforms in economic sector are still unable to bring the positive impacts in the field of agriculture where around 70 % populations are engaged. Learning from the past experience of poverty alleviation, the Tenth Plan (2002-2007) has set up following four policy pillars which are the latest governmental strategies to fight against poverty in the country.

- High, sustainable and broad based on economic growth,

- Social sector development (education and health services) and rural infrastructures
- Social inclusion and targeted programs for poor people,
- Good Governance, (PRSP 2002-2007)

With the beginning of planned development, poverty alleviation has been addressed in one way or other. Since ninth plan poverty alleviation has remained as the major objective of the planning process. Though poverty was being defined in general term until the Ninth Plan, this has been analyzed in three dimensions namely general poverty, human poverty and social exclusion from the beginning of the Tenth Plan. However, general poverty has been the only basis for measuring poverty and analyzing the poverty rate. The current three-year plan has targeted to reduce current poverty of 25.16 percent to 21 percent, while investment levels in education and health sectors are raised with a view of reducing human poverty. Similarly, efforts are made to minimize incidences of social exclusion through inclusive development programs.

According to Nepal Living Standard Survey (NLSS), 2009/10, people having an average annual income of Rs. 19,261 are defined as people below the poverty line and on this basis, 25.16 percent of the total population is found below poverty line. During the FY 1995/96, 41.76 percent of the total population was below poverty line and this figure stood at 30.05 percent in 2003/04, and 23.08 percent in current fiscal year which can be viewed as optimistic progress in poverty alleviation initiatives. Factors like increase in literacy rate rise in the wage rate in agriculture and non-agriculture sectors, development of commercial vegetable farming, growing urbanization, growth in number of economically active human resource and inflow of remittance have been the major attributes to such decline in poverty. Living Standard Survey has been conducted for three times in Nepal, of which first was in FY 1995/96, second in FY 2004/05 and third in FY 2009/10.

Youth and Small Entrepreneur Self-Employment Fund

This Fund was established in fiscal year 2008/09 with the objective of conducting self-employment and vocational training programs for educated and uneducated unemployed youths to provide them employment opportunity through the provision of collateral-free periodic loans at concessional interest rate from banks and financial institutions so as to

bring change in the traditional production system and for speedy growth of the country with the optimum utilization of productive labour.

The primary objectives of the youth self-employment program were to provide Rs.200 thousand per person at the maximum as collateral free-loan in an easy manner so that economically deprived group, women, Dalits, Janajatis and conflict affected people, unemployed youths and people having traditional skills will have opportunity to get engaged in agricultural, vocational and service oriented activities thereby making their lifestyle much easier through their increased income. The other objectives of the programs are to provide loans to invest especially on commercial farming, livestock farming, agro-forestry, mines, high valued gemstones industry, rickshaws in cities and markets, carts service, plumbing service, repair and maintenance of electronic goods to run service-oriented self-employment programs. Similarly, loans will be provided to the people with traditional skills such as Damai, Dhimal, Kami, Rajbamshi Sarki, including conflict victims, disabled, injured, disappearance people's and martyr's families, deprived people, Janajatis and women. Likewise, this program aims at providing loan to impart trainings to interested unemployed entrepreneurs to run self-employment programs and giving high priority to the schemes that utilize skills and local resources.

Youth Self-Employment Program includes farming and agriculture, operation of Rickshaws, Carts services, traditional skills bearing programs, one-village one production program, skill-oriented program making unemployed to self-employed, coordination program with government and non-government organizations, banks and financial institutions.

Inclusive Development and Targeted Programs

Interim Constitution of Nepal, 2006 has embraced the principle of Inclusive development. The on-going three-year plan (2010/11-2012/13) has targeted to alleviate poverty through the employment centered inclusive and equitable economic growth. Inclusive oriented programs are being implemented by targeting various groups and communities who are excluded from mainstream of development in the current plan. These programs have benefited women, Dalits, ethnic groups, Janajatis, Madheshi, minorities, people with different abilities and backward class, small farmers and ultra-poor families in addition to

the rural communities.

With the objective of mobilizing youths for reducing poverty of backward and disadvantaged people, National Development Volunteer Services – NDVS program has been implemented through district development committee. Volunteers have been mobilized as facilitators in Dalit, poor, ethnic and socially excluded communities for education, health, infrastructure development and social mobilization works. Programs are being conducted with the participation of local bodies and communities for income generation and poverty alleviation. This program has been carrying out activities like facilitating farmers in agricultural and livestock service sector, group formation, seed capital and saving mobilization, construction of *Sulabh Sauchalaya* (toilets) and water tap, skill-oriented training, literacy classes etc.

Resources are allocated to fulfill the desired objective of various plans of Nepal. Allocation is made in the demand of various areas of Nepal and resources were not fully spent in the allocated sectors. Due to the reason, the income of the people starts to decline and decline the living standard of the people who are living in Nepal. In Nepal, planning and allocation of resources are totally depending on political factors rather than the need of the areas.

(Table: 2 Plans and allocation of resources in Nepal)

Plans of Nepal	Objectives	Strategies (priorities)	Money expected to spent (In Rs)	Actual money spent (In Rs)	% of expenditure
First five-year plan (1956-1961)	Increase national output, people participation and collection of data	Development of transportation, development of agriculture, forest	NRs. 33 crore	NRs. 21 crore	63.6

Second three-year plan (1962-1965)	Economic stability, creation of additional employment, increase agricultural output	Development of transportation, development of agriculture, forest	NRs. 60 crore	NRs. 60 crore	100
Third five-year plan (1965-1970)	To increase agricultural and industrial output, increase the facility of transport and communication	Development of transportation, development of agriculture and rural sector	NRs 250 crore	NRs 178 crore	71.2
Fourth five-year plan (1970-1975)	To increase agricultural and industrial output, increase the facility of transport and communication	Development of transportation, development of agriculture and rural sector, trade diversification	NRs. 354 crore	NRs. 332 Crore	93.7
Fifth five-year plan (1975-1980)	Increase productive human resources, maintain regional balance	Development of agriculture, forest and irrigation, development of transport and communication	NRs. 1140	NRs. 887	77.8

Sixth five-year plan (1980-1985)	To increase output, generate more employment, to fulfill basic needs.	Development of agriculture, forest and irrigation, development of transport and communication	NRs. 4112 Crore	NRs. 1558	37.8
Seventh five-year plan (1985-1990)	To increase output, generate more employment, to fulfill basic needs.	Development of agriculture, forest and irrigation, development of transport and communication	NRs. 5041 Crore	NRs.4141 Crore	82.1
Eight five-year plans (1992-1997)	Sustainable growth, alleviate poverty, reduce regional imbalance	Diversification in trade, development of energy, infrastructures	NRs. 17033 Crore	Not available	—
Ninth five-year plan (1997-2002)	Poverty alleviation	Development of agriculture, forest, water resources, human resources.	NRs 33729 Crore	NRs. 27846 Crore	82.5
Tenth five-year plan (2002-2007)	Poverty alleviation	Development of agriculture, forest, water resources, human resources.	NRs. 456.3 billion	NRs. 443.5 billion	97.1
Three yr. interim plan (2007/08-2009/10)	Establishment of peace and reducing poverty	Social integration, Reconstruction of infrastructures	NRs. 680.5 billion	NRs.680.3 billion	99.7

Three Yr. interim plan (2009/10-2011/12)	Achieve MDG goal	Federal republic state restructure, agriculture development	1021 Billion	1021 Billion	100
Three Year Interim Plan (FY 2070/71-72/73)	Graduation Nepal in the list of Developing Nations	Hydro and energy development, agriculture diversification and commercialization	1369 Billion	1201 Billion	87.7

(National planning commission, various plans of Nepal)

The expenditure done from the side of government is increasing year by year. It has increased due to increase in population as well as welfare government (democratic) in Nepal. But critics are not ready to accept this view. According to them, unproductive nature of the government, political arrogant and irresponsible administration creates economic hazards, social anomalies and political chaos in the country. Above information can be presented in the bar diagram as; (Government of Nepal, 2017)

Government of Nepal cannot spend all the resources allocated for the specific plans. It is the great threat in the field of timely completion of development plans. Spending less also reduce the income of the citizen because ones' expenditure is the income of others.

Government of Nepal adopted economic liberalization policy to materialize the objectives set by various plans of Nepal. Privatization and globalization are two economic policies to support rapid rate of economic development, Reform in broad based and sustainable growth rate. Membership of WTO is one of the important steps to increase bilateral and multilateral investment inside the country. It is an important because marginal propensity to save is almost zero.

Result and Discussion

Development processes has many dimensions. Among the various aspects planning is an important factor to reduce poverty in the country. The concept of planning was started in Nepal even in Rana regime. In 1976 A.D. 33 percent of people in Nepal were living under the poverty line, it was 42 percent in 1985 A.D., 42 percent in 1995 A.D., 31

percent in 2006 and in 2011 A. D, 25 percent in 2011 A.D. it is 23.8 percent due to the implementation of various plans in Nepal (NPC,2013). The percentage of below poverty line people has not been basically reduced over the three decades. Though poverty level reduced in the year of 1995 to 2006 by 11%, it has remained almost at the same figure even 30 years later. The poverty was further increased in the decades of 1980s and 1990s.

Planning and poverty level

Planning of Nepal was fruitful in some extent. In previous time, the level of poverty was in 42 percent when it was measured through the threshold of one Dollar. The same threshold is still used by Nepalese policy makers. The same type of survey conducted by World Bank reveals that two third populations living in Nepal are below the poverty line but according to National Planning commission only 25 percent of population is living below the poverty line. The cost of living is expensive so that if we actually like to measure the poverty, we should modify our measurement methodology. Flow of remittance may be the important cause of decrease in poverty level which is not taken as a sustainable source of poverty reduction. Additional employment should be created inside the through industrialization so that we easily can increase living standard of the people.

Looking at the income, it has increased in aggregate and per capita. The nominal average household increased from Rs. 80,111 in 2003/04 to Rs. 3,22,730 in 2015/2016, at annual average growth rate of 16.7 percent. The same in per capita terms increased from Rs.15,161 in 2003/04 to Rs.70680 in 2015/1016 at the annual average growth rate of 18.3 percent. The nominal per capita consumption expenditure in aggregate has increased from Rs. 15,848 in 2003/04 to Rs. 34,829 in 2010 at an annual average growth rate of 8.1 percent. The nominal per capita consumption of poor has increased from Rs. 4,183 in 2003/04 to Rs.11, 093 in 2010. While the same for middle/rich and ultra-rich has increased from Rs.9, 230 and Rs. 62,037 in 2003/04 to Rs.24, 238 and Rs. 1, 02,772 in 2010. The difference between the nominal per capita consumption of rich and poor is high. The same of ultra-rich is nine times higher than the ultra-poor.

Planning and basic facilities

In the context of basic facilities, households that owned houses have decreased from 91.6 per cent in 2003/04 to 84.7 per cent in 2015, while households that rented houses have

increased from 5.4 per cent in 2003/04 to 13 per cent in 2015/2016. Housing condition, a basic need of human beings, indicates that the people who live under absolute poverty have no shelter of their own, while the rich are renting their houses out. Households with access to power nearly doubled from 37.2 per cent in 2003/04 to 76.3 per cent in 2015/2016, an annual growth rate of 11 percent over this period. This is a significant improvement without any investment in additional power projects.

Conclusions

This article is based on social- economic prospective. The planning is one of the most important means of poverty alleviation. Poverty is one of the economic problems faced by under developed countries. Poverty reduced according to the various plans proposed by the country.

From the findings of the study, poverty is reduced by some extent in these days but the measurement criteria have not modified according to increase in prices. The various strategies are assisting for poverty reduction in Nepal. In Nepal, the total plan expenditure is not possible due to various economic and social causes. When the resources cannot spend according to the plan, then the income of citizen starts to decline. The condition is justified with the help of table explained above. The concept of planning was started in Nepal in 2013 B.S. Most of the country has planning concept because it is the best way to allocate resources according to the need of a nation.

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