

NEOLIBERALISM AND CLASS FORMATION: ANTHROPOLOGICAL PERSPECTIVE

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Abstract

Nepal has experienced changes in socioeconomic characteristics within the past couple of decades. Neoliberal economic policy was adopted after 1990, which has impinged in many aspects of Nepali society. This article explicates the consequences of politieconomic practices of neoliberalism and globalization, which have changed different variables of social structure with the changes of socio-economic characteristics with the mode of production. It has to be analyzed critically and explicate the consequences of neo-liberalism and globalization that has to assess the extent of change through the anthropological perspective. This study is prepared based on historical materialist perspective and neo-liberalism. The article is based on an ethnographic study of the urbanizing society of multicultural and diversified individuals located in the inner-Tarai mid-Nepal, where indigenous groups and the ethnicities of inland migrants have been residing since time immemorable. This paper is prepared for evaluating the period before and after the implementation of neo-liberalism based on the qualitative primary data taken myself. I have analyzed how the landholding system and pattern of landownership are changing; how most of the workforce have changed their occupation from traditional to non-traditional; how the class structure is changing from peasant to labor; how the mode of production is changing from feudalistic to capitalistic; and what are the driving factors of change in societies. I have concluded that due to the socio-economic practices of neo-liberalism and globalization, independent peasants have become proletarians in the single system of the global economy, though they seem like the middle class in the domestic context.

Keywords: Globalization, Landownership, Mode of production, Neo-liberalism, Proletarian

Introduction

Nepal has experienced rapid changes in its socioeconomic characteristics in the last 75 years. There have been rising political movements and bearing facing counter-revolutionary activities in a parallel way. The last uprising became viable and ended with

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revolutionary changes. Those uprisings have brought great revolutionary changes in the political sphere and it has been concealed by economic changes.

Nepali society has been shifting one step forward; its feudal characteristics has terminated, basically, and capitalism is inflowing and growing. It is supposed that the juridic-political superstructure i.e., "the legal and political system, which orders and regulates society, usually in the direct interests of the social groups that are economically dominant" (Wilk, 1996, p. 86) being changed due to the gradual socio-political movements of seven decades, though the ideological superstructure i.e., "system of ideas, including religion, philosophy, and cosmology, that rationalizes and explains the economic system and convinces both the haves and the have-nots that the way the society works in 'natural'" (p. 86) is not changed. It can be seen that the elected representatives from the people have attained to the top of the government in place of feudal monarchy and feudalist rulers.

Capitalism was penetrated at least two hundred years before, not only in the capital city but even in the countryside of Nepal (Mikesell, 1999; Liechty, 2010; Mishra, 2007, p. 12). However, its characteristics can be understood as mercantile capitalism. However, it is debatable whether "mercantilism itself is the characteristic of capitalism?". Here, we know that the comprador bourgeoisie are those who are "closely tied with the world and regional capitalism" (Mishra, 2007, p. 106) as its characteristic, mercantilism hinders indigenous capitalism or hinders capital formation. However, there was "India- China trade across Nepal and Tibet which had been going on for more than a millennium" (Frank, 1998, p. 89).

Since the 1930s, when world capitalism was facing a great depression, capitalism penetrated Nepal, which started the establishment of some industries like Biratnagar Jute-Mill, Raghupati Jute-Mill, The Juddha Match Factory in the 1930s, and Nepal Bank Ltd., also established in 1937. Since then, capitalism has been emerging gradually in place of feudalism. Though capitalism was penetrated at least 200 years ago, for example, Mikesell, 1999; Liechty, 2010; Mishra, 2007. Capitalization has "further increased since the 1950s and expanded and intensified since the 1980s" (Mishra, 2007, p. 12).

Neo-liberalism was introduced in the economic policy in the late 1980s however, Nepal was facing an absolute monarchy and closed economy until 1990. After the political uprising of 1990, the Nepal government adopted neo-liberalism as the state's economic policy, however, neo-liberalism is "a theory of political economic practices rather than a 'complete' political ideology" (Harvey, 2005; Hoffman, DeHart, & Collier, 2006). For the implementation of key values of neoliberalism like, "primacy of the individual; options and freedoms for choice; market security; minimal government; and laissez-faire economic policy" (Putnam, 2010, p. 5, C.f. Lerner 2000) the "World Bank structural adjustment program" was implemented with the tools of "IMF stabilization loan" that have been utilized even in Nepal for making market-led development mostly initial stage of neo-liberalization in the state. Once neoliberalism is implemented, favors a more efficient private sector and less the government's role in delivering public goods

and services to the public. On the issue of the policy recommendations of neo-liberalism, those are "concerned mainly with dismantling what remains of the regulations welfare state" (P. 34). However, "Nepal has seen a wide range of development theories and flavors articulate with its local historical geographies and since the advent of democratic consciousness in the 1980s (... 1990 in particular) has seen various neo-liberalisms at work" (Putnam, 2010, p. 8).

On the other side, globalization is to be understood "as part of the experience of neo-liberal capitalist modernity in which global cultural, political, and economic forces intersect with the powerful realities of local histories, cultural sensibilities, and social projects" (Liechty, 2010, p. 23). As a result of the interaction between the neoliberal capitalist modernity and historical process, culture, and social projects, social structure especially class structure might have changed with the changes of socio-economic change which has to be studied.

Whether, neoliberalism calls for the free movement of "goods, services, capital, and money across national boundaries" (Kotz, 2000, p. 2) and contemporary globalization is taken as the flow of "trade, finance, culture, ideas, and people" (Lewellen, 2002, p. 7), then those variables might have changed in various components of the society. Thus, this article explicates the consequences of neoliberal globalized capitalism vis-à-vis class and culture. Specifically, it focuses on:

1. how has the socio-economic characteristics of the society been changing with the changes of post- 1990 economy?
2. how are the people alienated from their means of production? and how is the class forming in the context of socio-economic practices of neo-liberalism?

Theoretical Framework

Historical materialism is such a theory that views society through the perspective of the mode of production. It measures the socio-economic condition (i.e., the stage of human evolution) of society in a broad framework. On the other side, neo-liberalism also applies a secondary perspective, as neo-liberalism is a "socio-economic practice" of the present society. Thus, this article is based on the perspectives of "historical materialism" and "neoliberalism".

Objective of the Study

The general objective of the study is to critically analyze and explicate the changing process of the socio-economic characteristics and class formation of Nepali society in the context of implementation of the neo-liberalism. However, the specific objectives of the study are as follows:

1. to analyze the socio-economic characteristics of society as it was before and after 1990, and
2. to analyze consequences of neo-liberalism and class formation process in urbanizing society.

Methods

Research design identifies "the strategic plan of the project that sets out the broad structure of the research" (Brewer, 2005, p. 57). As neoliberalism was implemented after the 1990s, recently after the establishment of multiparty democracy in Nepal which was supposed to influence to the semi-urban and urbanizing society, like Ratnanagar in Chitwan, thus the study bears the descriptive research designs as it covers the study of two different periods it was before the period of 1990 and after the implementation of neo-liberalism (the present day).

However, my research asks for two types (historical and present) data to fulfill my research objective. I took historical data from the informants and secondary sources. I have applied subjectivism as a way of collecting factual data. From the informants, I obtained subjective knowledge from the objective reality embedded in the society. I have applied the purposive sampling method to select participants as the informants from the selected sites. Thus, it has been based on the ethnographic approach method.

In this way, the article is based on the qualitative primary data collected by myself in 2017/18 however, I have utilized some secondary data specially produced by the Central Bureau of Statistics (CBS) and other institutions, as well. This data was taken from different villages from Ratnanagar municipality of southern mid-Nepal which is an urbanizing society.

Study Locale

The ethnographic study is based on the site of Ratnanagar municipality in the Chitwan district of southern mid-Nepal. Chitwan is located between Mahabharat and Chure hill with the first national park (Chitwan National Park) inhabited by different wild animals and birds. Due to this reason many tourists have been visiting Chitwan; so, it is the third popular touristic hub of Nepal. Most of the tourist hotels are located in Sauraha which lies in Ratnanagar municipality. In the middle part of Ratnanagar, there is the second largest and one of the primogenital cities of Chitwan which is known as Tandī bazar.

When I first visited Chitwan, I saw people working on the land most of the time. The villagers had a couple of oxen power to till their lands. Most of the young men used to plough their land themselves or some of them were ploughing at the landlord's land either as the wage worker or the tenant farmer. Women used to work either in the field or indoor jobs. In summer season peasants used to plough and herding their oxen to the field or the jungle nearby. I had seen, ox-carts were carrying various materials especially, Agri-produces either from the land to home or from home to market place. Now, we neither see oxen power nor carts in the villages.

In the marketplace, in Tandī bazaar, there were some groceries, cloth stores, utensil stores, and a few numbers of other shops like watch and radio. There were one or two very small groceries in villages where they used to sell biscuits, confectionary, matches,

cigarettes, tobacco, salt, and kerosene. In Tandi bazaar, there was only one bank (Nepal Bank Ltd) where a few people used to do their transactions of money, some of the villagers used to pledge their ornament (gold) and landownership certificate as security and get a certain amount of money as loan. There were some lenders who used to lend money to the villagers instead they used to take paddy (grain) as interest. During the harvesting, they used to collect paddy as the interest of the year.

During 40 years, characteristics of the society have changed; rural villages have been urbanizing with various facilities. The profession, occupation, working culture and ultimately the social structure have dramatically changed in 30-40 years in Nepali society. So, I choose Ratnanagar as I have seen its various characteristics for four decades. And, it is notable that Chitwan is the valley that was developed about 65 years ago. After the "Rapti Valley Multipurpose Development Agreement", between Nepal and the USA in April 1956, the government implemented Rapti Dun Bikas Pariyojana (Rapti Valley Development Project) in 1956, then it had started cutting trees and leveling the land and eradicated malaria then hill people migrated to Chitwan district where limited number of indigenous groups, like: "Tharu, Danuwar, Bote, Majhi" (Subedi, 2021, p. 701) including Darai and Kumal were inhabited since the centuries.

Ratnanagar was declared a municipality in February 1998 and elaborated to 68.67 square kilometers in 2017 during the state restructuring after the declaration of the new constitution when the total population was 68951. Now, census data 2021 shows that the population of Ratnanagar municipality is counted as 90978 where 44120 males and 46858 females reside in 19901 households with 22670 families (CBS, 2022). In Ratnanagar, people of different castes and ethnicities, like Brahman, Kshetry, Tharu, Tamang, Newar, Magar, Sanyasi, Gurung, Darai, Kumal, Bishwakarma, Pariyar, Mijar, Majhi and Chepang comprise other ethnic groups are residing. As per the Census report 2021, the Brahman population occupies the largest section of people with 33.5 % where Tharu people occupy 15.2 % which is less than half of Brahman but it is the second largest in number. However, they are the native inhabitants of this area. Kshetry also occupies the third number with 12.8 % then Tamang 6.3 %, Newar 6.1 %, Magar 3.7 %, Bishwakarma 3.3 %, Gurung 3.1%, Musalman 2.1%, Pariyar 2.0%, Mijar 1.8%, Darai 1.2%, Kumal 1.1% comprises many other ethnic groups. From the above data, Ratnanagar can be introduced as a “multicultural society” (Pokhrel, 2018, p. 57).

Now, there are dozens of branches of banks and financial institutions in Tandi bazar where there only one before 1990. Those branches of Banks and Financial Institutions (BFI) flow money around and surrounding of the municipality area. There are more than 150 hotels, dozens of restaurants, pubs, and shops in Sauraha. A number of hotels and restaurants, trade houses and shops and other business activities have been functioning in this municipality. Those business activities have produced money that flows in the villages through the wages of labor power and others. On the one side, due to being the tourist hub, the community forests also collect revenue, and on the other side about 33 percent of the area of Ratnanagar has been declared as the buffer zone of the national park

which gets a certain portion of amount from the income of national park. These are the agencies for funding for local development except the governmental grants to the municipality.

Results and Discussion

Socio-economy of Society before 1990: Characteristics of Feudalism

The mode of production is an aggregate of two each component of the base and superstructure of society. Within the base there exist forces of production (labor with tools, technologies and the skills) and relations of production (relations between workers and ownership on the production); similarly, within the superstructure, there exist juridical-political superstructure and ideological superstructures. Thus, it represents the relation between forces of production and ownership it. Briefly, "the mode of production in material life determines the general characteristics of the social, political, and spiritual processes of life (Marx 1904, p. 11, C.f., Wilk, 1996, p. 85,). Thus, mode production is not only the modality of production and distribution but it is a set of the socio-economy and culture as a whole.

Landlord and Peasants in Feudal Society

There were some feudal landlords also in Ratnanagar, though landlordism was already abolished through the "Land reform policy" in 1964. During the landlordism, peasants/serfs had no right to the land, it was under dual ownership: to the landlord and the serf. They had some *Haruwa*²-*charuwa*³ for their help in their domestic works. At that time, not only the landlords but also rich or middle-class peasants had couples of *Haruwa* and *Charuwa* for serving them. They used to collect land-tax as an agent of the government until 1964. Here, many writers describe that Nepali society was under the semi-feudal modes of production during 1970^s and 80^s, for example: Blaikie, Cameron, & Seddon, 2014; Mishra, 2007; Mishra & Sharma, 2007.

There was no property right to the peasants, especially, the tenant farmers; the land could be handed over by the feudal landlords of the *Mauja*⁴ from one person to another. In European society, however, Marx saw, that "the serf belongs to the land and turns over to the owner of the land the fruits thereof" (Tucker, 1978, p. 205). In the Nepali peasantry, there was no security of tenants before 1964 until the Land Act 2021 BS was not implemented. One of my informant's lands was also handed over to another tenant by the local landlord. Due to that reason, his family became landless and went to *Haruwa-Charuwa*. The Lands Act- of 1964, emphasized security for tenant farmers and put a ceiling on landholdings (NLC, 1964).

2 Haruwa = wage labor who used to plough; servant.

3 Charuwa = wage labor who used to work as cattle herding, servant.

4 Mauja = village/locale

Among the indigenous people, there was no class hierarchy for marriage. The landlord used to let their daughter marry a servant and bring their daughter, too. Son-in-law to their household was usual among the indigenous community however, one of my informants reminds me of stating landlord's words, a "Tharu" landlord of Narkatiya village offered him as servant saying "you are always remaining as a servant wherever you go; So, come to be my servant; instead, I will give my daughter's hand to your son". It was usual that the landlords used to provide their girl's hand to the servant as they seek for workers where they had no any restriction to marry with upper- and lower-class family. But the cases did not match to Brahman-Kshetry community. These cases are closely concerned with working manpower. They had scarcity of working of manpower as per the amount of land holding. They used to occupy a large area of land so that they had to have number of working manpower. If they take own son-in-law as "Haruwa" then they could be permanent.

The wages of males and females were vast differences, too. During 1970 or 80s *Haruwa* (male servant) used to get 200 kg paddy but a female servant got 100 kg per year. They used to buy clothes themselves, feed their children, and nurture them from that amount of paddy.

Kind to Cash Wages

Two of my informants were serfs (i.e. Laborers) before 1985 or 1990. They used to get grains not money for the wages of their labor power, in villages as mode of payment was good. Workers themselves needed grain as they instantly prepare food if they had taken cash, they used to go to somewhere buy food; on the other side, the landlord also wanted to pay the wages through grain otherwise they had to sell their grain to the market. The flow of money was in-sufficient either. At that time, the landlords used to use their food for their expenses as the market economy was not formed, that can be taken as a sign of a feudalistic society.

Here, the general typology of an economic system that Polanyi (1957) proposes for a pre-capitalist mode of production as Godelier (1977) cites are three types: economies regulated by mechanisms of 'reciprocity' which depends on kinship relations or other institutions, is characteristic of primarily classless societies; economies regulated by mechanisms of 'redistribution' where goods being received from the units of local production in the form of tribute or other prestation, which can be found in many societies characterized by rank, caste or class, subject to some sort of chiefship or state; and economies 'integrated' by functioning of an institution 'disembodied' from social, political, religious or kinship relations – 'the market' (Godelier, p. 21, c.f. Polanyi). From this view point, Nepali society before 1990 was pre-capitalist as its dominant characteristics was chiefship, caste hierarchy and class differentiation.

Source of Revenue

Land tax was the major source of revenue before 1990, i.e., the total estimated budget of Nepal in 1951 was NPR 305 lakhs, whence 94 lakhs of income was from land revenue, 30 lakhs from forest resources, 73 lakhs from customs, 9 lakhs from contracts, and 99 lakhs from miscellaneous. Revenue from the land and forest increased in the second and third budgets. It was 123 lakhs from land revenue and 32 lakhs from forest products in 1952/53 and 131 lakhs from land revenue and 29 lakhs from forest products in 1953/54, respectively (Pant, 1956, p. 468). Actually, the land reform policy was held in 1964, when the land tax was the major source of income for the government; it was the dominant source of revenue before 1990. But now, the tax has not been counted as the income of the federal government for decades. Thus, declining their status, the feudal landlord has become a rich peasant in course of time. And the second major source of revenue was the forest products. Though forest products used to be sold to the Indian government, it had to be the higher amount as equal to the land revenue.

"Partly Due to lack of proper knowledge of the existing forest resources and partly to the anachronistic feudal system of land tenure, especially the Birta system in various parts of the country which recognizes the individual ownership of forest resources" (Pant, 1956, p. 468). It is clear that one of the reasons for the meager yield from the forest was to anachronistic feudal system of land tenure (p.468).

Feudalism depends on land revenue and traditional agro-products in gross domestic production (GDP) mapping. In 1974, 70 percent of GDP was measured from the agriculture sector which had been in diminishing order; it had declined to 50 percent in 1984/85 (Pokhrel, 2014, p. 2) when the socio-economic system of neo-liberalism had yet to be influenced in Nepal. Now, the total contribution of agriculture to GDP is 32 percent in 2019, while the service sector and other sectors except agriculture have been increasing (CBS, 2019).

From the GDP perspective, 'the contribution of the agriculture sector to the GDP has declined from 61 percent in 1981 to 31 percent in 2011, while the contribution of the service sector has increased from 27 percent to 48 percent during this period' and the contribution of the service sector in GDP is increased by 21 percent in 30 years (CBS, 2014, p. f). There can be many causes for decreasing GDP to 30 percent during the 30 years. One of the major reasons of decrease agriculture's contribution to the GDP is that the working population being absent in this sector. It means the population of Nepal is shifting their occupation rapidly. This, obviously shows that Nepali society is shifting from agrarian to a capitalist society. However, Nepali agriculture has been taken as traditional, then the characteristics of society until the 1990^s was pre-capitalist as per the measurement of GDP, in terms of source of revenue.

Shifting the Occupation

Nepali serfs became liberated when they used to choose different jobs either handicraftsmen or tertiary workers then they became free from the feudal lord or rich peasants though they had been dependent on wages from world capitalist society.

How could the bonded labor and serfs become independent? In my case, when their descendants initially choose another job (either meson or carpenter or anything else other than serf) and later worked as a migrant worker and sends some remittance to their home then their family became independent from the landlord or rich peasants. Engels's argument was that:

The serf liberates himself in one of three ways: either he runs away to the city and becomes a handicraftsman; or, instead of products and services, he gives money to his lord and thereby becomes a free tenant; or he overthrows his feudal lord and himself becomes a property owner. In short, by one route or another, he gets into the owning class and enters into competition (Engels, 1947, p. 7).

Nepali serfs (peasants) shifted their occupations either become meson, or carpenter or plumber or other and mostly went abroad for employment. In this way, they become independent from the landlords but become labor power to the international bourgeoisie. Actually, they do not independent, yet.

Hence, in terms of the landholding system, in terms of labor power, in terms of uses of goods as the means of exchange the society remained feudal or semi-feudal characteristics; or the mode of production of Nepali society was feudal. And, if we put the general characteristics of feudalism in the standard of the theory of the mode of production within the historical materialist method, the feudal regime is not only declining but also deposed, now.

Neo-liberal Capitalism: Producing New Social Class

"Social class" can be understood as a group of people who occupy a common position in the production system and that is the historical phenomena which had originated historically and coincides with the state. In this section, I discuss some issues and depict findings based on my data. Then, this section draws some instances of "how the new social classes have been forming in Nepali society" as the society is interconnected with international capitalism. From the cases, the characteristics of present Nepali society can be known as capitalist as it has crossed the stage of the feudalistic mode of production.

After the people's movement of 1990, multi-party democracy was established. Then, neo-liberal policy was also implemented the state policy though it had already been introduced in Nepal's financial policy.

Implication of Neo-liberalism

Neo-liberalism can be understood as an ideology of current globalized capitalism which has guided the social, political, economic, and cultural life of men. It is an ideology of

current globalized capitalism which has become as like the "development mantra" (Updety, 2021) of the state affairs as well as international relations. Thus, neo-liberalism is the latest theory of socio-economic policy and practices that preserves and provokes individual freedom, limited government, and globalization within the current world system (Pokhrel, 2018, p. 36).

There were mainly three commercial banks (two commercial and one development) in Nepal before the 1980s. Among them one of the commercial banks had the full-fledged governmental ownership and other one was with a part of private owner, and the development bank was also under the ownership of government with a minimal part of public.

There was only one bank in Tandi bazar before 1990, but after then private banks also opened their branches in this city. It became a milestone for the cash flow in this area. In the meantime, there established some cooperatives that collected cash from the market and lent it to them. They had a scarcity of money to provide loans to the general public. The general public was unable to take loans without higher excess (source-force) or bribe. But during the 1980s when neo-liberal policy introduced then the government licensed some banks to the private sector along with the foreign investors. Then, banks became accessible to the people.

Nepali youth have been going abroad for more than two hundred years, they used to go to the British Army. They were recruited through a special agreement between British-India and Nepali autocratic rulers. After the independence of India, the Indian army also recruited some Nepali youths. But the general public had no excess to other countries except India, individually.

Nepali society became more open after 1990, then, Nepali youth started to go abroad for employment. The government provided licenses to brokers for job placement outside the country so that many youths took their step abroad to whom cooperatives and financial institutions provided loans. Once villagers went abroad, they sent remittances to their homes. On the other side, due to the migration for employment, villagers were facing insufficiency of labor power for farming; facing lack of labor for plowing; and felt difficulty holding oxen for plowing. As a result, they opted for tractors for plowing land. Nepali working force mostly were peasant before 1990 but gradually they became the industrial labor or other type of labor under the international capitalist class. This way, foreign employment became one of the reasons to change the class structure of Nepali society.

In this way, neoliberal economic policy especially "laissez faire economic policy" became the milestone to flow the money to the urbanizing cities and villages. Now, remittance has become the major source of foreign currency and it is contributing 26.24 percent to the GDP in 2018/19 (CBS, 2019). Migrant workers did not bring only the remittance but brought foreign culture as well. So, foreign employment became the dominant component to flourish neoliberal modernity in Nepal.

Foreign Employment and Its Consequences

There have been various social classes in Nepali society, but people who work as industrial laborers are few in number, whereas people who work outside the country in the global capitalist market and in the tertiary sector are a huge number. During the period before the 1980s and the first 10 years of implementation of neo-liberal policy social structure of Nepali society experienced changes in some indicators. CBS (2014) shows, the proportion of the employed population in the primary sector, mainly in agriculture, is gradually declining. But the proportion in the tertiary sector has increased from 6% in 1981 to 24% in 2011. Sixty percent of the employed population reported agriculture as their main occupation. Among the employed population 27% were employees, 2% were employer and 66% were own account workers, while 4% of the employed population reported that they had only worked for less than 3 months.

Households engaged in own account activities in the non-agricultural sector have declined 6% during 10 years, from 20% in 2001 to 14% in 2011. The trend is similar in both rural and urban areas. Of households engaged in own account activities other than agriculture 39.65 % engaged in service activities, 42.31% in trade 10.18% in cottage-type industries, 3.56% in transportation, and 4.30% in other sectors (CBS, 2014, p. 50).

The above data shows, on the one side that the population, engaged in the agriculture sector has decreased by 31 percent (91.39 in 1981 to 60.43 in 2011) in 30 years; and the production sector has also declined 6 percent in the last 10 years, and on the other side employed population in the tertiary sector is increased to 18 percent during the 30 years period. Those data clearly show that the population is isolated from their means of production. Active working population: 31 percent from the agriculture sector and about 18 percent from the non-agriculture sector (that means those were artisans, tailoring masters, meson and carpenters, small businessmen, and others) are missing their jobs in 30 years. Among them, 18 percent are engaged in tertiary jobs in Nepal and those are engaged in different sectors and the remaining 31 percent of the active population have gone for foreign employment.

Nepali workforce flew abroad to sell their labor power; the Nepali peasantry which was dependent upon traditional tools and technology experienced a scarcity of workforce. When young men fled abroad, there felt scarcity of workforce in agriculture, cultivation, and especially for plowing the land.

Relation to Land

Due to foreign employment, there became a scarcity of labor in the villages. Day by day, people sold their oxen and depended upon modern agro-machinery. Banks and financial institutions provided loans for buying tractors. Rich peasants brought tractor for tilling the land or plow which became the tool for cultivation to the medium class peasants and small-holders, as well. Neighbors who plowed by tractor were happier than they who had oxen to plow. Some of the villagers started to get remittance from their young men,

they paid tractor fare and labor and bought something that they needed, they seemed happier than the farmer whose son had not gone abroad. Then the other villagers also sent their young men abroad.

In 1994-95, the rate of tractor plowing was approximately Rs. 240/hour. During that time, it was not so big amount as they used to get more or less Rs. 1000.00 for 100 kg paddy. That is, during that time, per hour rate was equal to 24 kg paddy, but in 2017 it has differed; per hour tractor rate was about Rs. 1,500. and the rate per 100kg paddy was Rs. 2,000.00 to 2,200.00 during the harvesting. Thus, during 2017-18, per hour rate of tractors was 70-75 kg paddy. In June 2022 rate of tractor plowing became Rs. 2,000.00 and the rate of paddy (produced in the same season or *Chaite Dhan*) is not more than Rs. 2000.00. This shows that the per hour tractor plowing rate is equal to 100 kg paddy. The rate of tractor plowing is increased but the production is constant, even decreased due to the scarcity of fertilizer.

In the course of time, the rate of the tractor was increasing, the rate of labor power became higher, the rate of fertilizer became expensive, and everything became more expensive than before but the rate of produced items did not increase rather decreased sometimes. Farmers are bearing a deficit in their farming. My informants tell:

The rate of tractor plowing is very high; fertilizers are so expensive; insecticides are much expensive; similarly, labor power is expensive and even difficult to find. Hence, everything is expensive to cultivate but the selling price of our crop is not raised. So, farming is un-profitable, now. In this way, the peasants were poorer and poorer. Agro-technology like tractor has become means of production but it became, eventually, the tools for exploitation as well.

I calculated the income and expenditure of paddy cultivation. It takes 4 months except the nursery (breeding) period, if it is included, it takes 5 months to harvest 1500 kg rice from a plot of 10 kattha (0.33 hectare) of land. They spend more or less 28 thousand and generate about 40 thousand hence they save just 12 thousand rupees.

Table 1

Income and Expense on Paddy Cultivation in 2017 in Chitwan

Particular	Income	Expense
Seed purchase 25 kg @ 45.		1,125.00
Nursery preparation		500.00
Tractor fare for three times plough 3 Hours @ 1,500.		4,500.00
Labor for implantation (3+ 1+ 8+1) 13@ 500.		6,500.00
Fertilizer (DAP-30 kg@ 50. = 1,500., Urea 40kg @24 = 960., Potas 10kg @ 30= 300.)		2,760.00
Insecticides, vitamin		1,000.00
Fertilizer spread and insecticides and vitamin spray Labor		1,200.00
Labor to remove weeds 5 @ 500.		2,500.00
In-crop by machine- 45 minute @ 5000.		3,750.00
Transportation into house- Rs. 1000. + labor 2 @ 600.		2,200.00

Particular	Income	Expense
Snacks for labor 20 @ 50.		1,000.00
Canal cleaning		500.00
Miscellaneous Expenditure		500.00
Selling of paddy 1500 Kg @ 22.00	33,000.00	
Selling of Straw	7,000.00	
Total	40,000.00	28,035.00
Surplus (43,000.00 - 28,035.00) = 11,965.00		

(Source: Household survey 2017)

In Chitwan, land is fragmented into small parcels. In this district, average household has 1.9 parcels (CBS, 2015, p. 102) or approximately 2 plots of land; and the 85 percent people have less than 0.5 hectare of land. If there is a small plot of land, then it takes comparatively more time to plow. Due to the high payment, income becomes less.

Farmers could not earn from traditional farming; they were being compelled to bear huge losses in traditional farming. Neither could they shift modern farming replacing traditional one nor could they return back to hold oxen. It was natural that modern technology and techniques replace traditional ones. On the one hand, peasants have been facing losses in their farming; so, they find it easy to go abroad to sell their labor power instead of loss-making farming. In this situation, people from different classes even from the former *Jimidar*⁵ and rich peasants also have gone abroad for selling their labor power.

My informant who was coming from a landlord background said, "If my son sends money, only then we can manage our farming". It means remittance is the source for managing their overhead expenditure. The life of remittance earners and others find differences in villages. Farmers cannot cultivate crops without remittance which raises a big issue "how our socio-economical life is impinged by neoliberal globalization". People have their land but it is not used for the means of production which was the major means of production in Nepali society, now it has become a commodity (Pokhrel, 2018, p. 36). Thus, being fruitless in farming, people indifferent to their land while it was the major means of production for some years. In this situation, there appear some land brokers in the villages, also in the villages, they buy and sell land and some others are making connection to the landowner and buyer. Both types of brokers negotiate land property. In this way, land becomes a commodity. The commodification of land can be taken as a sign of capitalism. So, people were isolated from their land and tightened with being a labor of the world capitalist class.

Isolation from Means of Production

First and foremost, one of the characteristics of the capitalist mode of production is isolation of workers from their means of production and then making them proletariat. For the origin of the capitalist mode of production Mandel (1990) views,

5 *Jimidar* = landlord, who was the tax collection agent of government before 1964.

They lie first of all in the separation of the producers from their means of production. Subsequently, it is the establishment of these means of production as a monopoly in the hands of a single social class, the bourgeoisie. And finally, it is the appearance of another social class which has been separated from its means of production and therefore has no other resources for its subsistence than the sale of its labor-power to the class which has monopolized the means of production (pp. 19-20).

More or less the same way, peasants have been isolated from their means of production, as they have sold their oxen and plough, and gone for searching a job in the international capitalist market. Ultimately, the Nepali workforce has become the cheap labor to international capitalism. Not only the lower class but also the middle-class peasants have been isolated from their means of production. In this view, however, capitalism is deepening, at the same pace, village people are proletarianizing.

National data shows that the total population of working age is 20,744,000 among them 7,994,000 are recorded as working force to whom 7,086,000 are employed and 908,000 are unemployed. Among the working-age population, 15.4 percent are employed in the formal sector and 84.6 percent employed in the informal sector (NLFS, 2019).

As I investigated, my informant's family (formerly they were either rich or middle peasant) used to sell their produce to the market and get money which he utilized for household expenses, before 1990. It can be said that there was commodity- money-commodity (C-M-C) (Marx, 1990, p. 200) circulation. Later, young man of his family has gone abroad and sends remittance which his family utilizes for school fees, vegetables and meat, clothes, medicine and other that is household expenses. It can be said that there is Commodity (labor power)- money- commodity (C-M-C) circulation. Before 1990 farm produce was their commodity to sell, but now, labor power is the commodity to sell. This is the evidence of process of shifting the mode of production from feudalism to capitalism. And it inaugurates another truth that people isolating from their property and lose their means of production. However, a few of them became richer with the new tools and technology.

Thus, there are various reasons to depose the feudalism. Revolutionary movements like the Jhapa struggle-1971, the student movement and referendum of 1979/80, the people's movement in 1990, the armed struggle in 1996-2006, peaceful revolt in 2006 led by the political parties have arisen the different socio-political movements including women's movements, peasant movements, worker's movements have the principal role for political change which intervened the superstructure of the mode of production (Pokhrel, 2014). On the other side, the direct and indirect influence of globalization, and neo-liberal modernity, especially the direct influence of neo-liberalism has a key role in declining feudalism and rising capitalism.

Conclusion

Most of the components of the mode of production of Nepali society have shifted from feudalism into capitalism. Though the ideological superstructure has not changed, the juridical-political superstructure has changed due to the socio-political movements. This concludes that the base of the mode of production has changed due to the socio-economic practices of various components of neo-liberalism as well as globalized modernity brought by the "sophisticated technology of communications" (Lewellen, 2002, p. 7) which have been practiced at least for three decades in Nepal. Nepal's political economy has become a part of "global political economy that must be taken into account that deeply disjunctive relationship among human movement, technological flow, and financial transfers" (Appadurai, 1996, p. 35).

However, neoliberalism has many impinge in society; exclusively, it has produced a new class who depends to the wages from global capitalists though they have land in their homeland. That is a class which is proletarian in the view of global political economy but they can be seen as middle class in the view of domestic political economy. Formerly, they were either peasants or independent artisans but now they have become cheap labor of international capitalism.

Finally, it is remarkable that a new social class is producing rapidly in the society. And, it is no doubt that those are the proletarians who are working as wage labor in different formal or informal sectors whether they might have a parcel of land in their village. And, in a similar way, those large number of workers who are spoiling their sweat to the world capitalist community outside the country though they might have some property in any places of Nepal. So, the finding concludes that:

- i. As neo-liberalism is the socio-economic practice, it strengthens the mercantile capitalism in the society;
- ii. Due to the neoliberal economy, there emerged a new class, in a way they are proletarians and in other they are independent middle class.

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