

BOOK REVIEW

Bishwambher Pyakuryal (2013) **Nepal's Development Tragedy: Threats and Possibilities**. Fine print, Bishalnagar Bastika, Bishalnagar, pp.339. ISBN: 978-9937-8789-3-7

Economic development, a long period concept, means higher output with changes in the structure of output and inputs, changes in techniques of production, changes in the social attitudes of people, cultural set up of the society as well as the institutional framework. Nepal, a small and landlocked country wedged between two neighboring economic powers, India and China, has experienced upward and downward swing in economic activities. Nepalese economy has tremendous potential for sustainable high level growth based on prime foundation such as water resources, tourism, biodiversity, and human capital. It is often argued that these resources could be instrumental for the long run, broad based and sustainable development. However, inherent structural bottlenecks, poverty and stagnation, prolonged political conflict, rampant corruption, lack of commercialization and modernization of agricultural sector absence of good governance have been a matter of serious concern of Nepalese economic development. But this does not imply that Nepalese economy is only becoming fragile and vulnerable engulfed by various structural constraints. To some extent Nepalese economic development process has reduced the acute poverty and improved social indicator regarding human development. In another words, Nepal has tremendous possibilities for economic development with abandoned resources as well as inherent development constraints as challenges.

The book under review is a collection of various issues of Nepal's development process and it gives in-depth comprehensive spectrum of Nepalese economy from historical perspective to the contemporary issue and ranging from possibilities to challenges, from resources to industrial development, from foreign assistance, unemployment and infrastructures to inclusive growth. The book is well organized and comprises seven chapters including table, figures and charts.

The first chapter dubbed "Nepal's Political Economy Reviewing Development, Experiments" incorporates Nepal's experience in the economic performance since the Rana regime during 1846-1950 through 2013. The author argues that experiments have largely been unsatisfactory in reducing income inequality and macroeconomic stability also remained poor. He discusses major political changes in Nepal including 1990's people's revolution, Maoist insurgency began in 1996, comprehensive peace process in 2006; and the post 2008 era featured by coalition governments and reviews the economic policies in different political ideology. He concludes that all parties have

more or less similar vision on multiparty political system and market- led economic policy. Besides, he observes that the economic- political transformation in Nepal could not change social, political and cultural norms by improving economic performance. In addition, economic indicators like economic growth, HDI, labor productivity are compared during period 1980 and 2010.

In the second chapter entitled “Nepal’s Agriculture: Constraints, Opportunities and Alternatives” the writer raises the challenges and perspective of agriculture sector in a comprehensive way. The major three ecological cultivable lands, policies affecting agriculture, structural change in agriculture’s contribution, commercialization and policy uncertainties, current state of cereal and cash crops, and constraints in Nepal’s agriculture are discussed in detail. He emphasizes that agricultural sector as the backbone of the Nepalese economy occupying a major position in GDP, livelihood, employment, industrial development and international trade. However, the yield (productivity) of this sector is low. It is attributed to inconsistent policy interventions, capital inadequacy, weak institutions and fragile governance. Other constraints include climate change and unpredictable weather conditions and average annual growth of population that exceed demand. The various figures and data are presented to analyze the issues.

The third chapter “Food security in Nepal: Why, to whom, and How?” highlights that natural disaster including droughts and high price has impaired development process in Nepal, resulting in food insecurity, hunger and under- nutrition. Frequent hike in food price has been a serious concern for developing measures to safeguard vulnerable households of south Asian nations. He raises question that why Nepal, a rice exporting country until a recent past , is vulnerable to food security and diagnoses constraints and strategies and recommends appropriate policy to ensure food security in Nepal . He claims that the high food prices , limited supply of food , increased consumption demand, supply uncertainty, low agricultural investment to the challenging issues facing food security. Lastly, he recommends the strategies to be adopted for security which is environmentally, socially and economically sustainable.

In the fourth chapter titled “Unemployment: Determinants, Constraints and Policy Choices”, author attempts to examine the challenges and policy to mitigate the rising unemployment problem. He argues labor market situation has worsened- unemployment as the country has undergone considerable turbulence in streamlining ongoing developmental tasks. This chapter presents the unemployment situation in South Asia and analyzes the situation on the basis of estimates of Global Employment Trend (ILO, 2011) and unemployment situation in Nepal from gender, ecological divisions and development regions and sectoral perspective. Vicious cycle of high

remittance is presented which shows that migrants seek jobs abroad due to limited opportunities within their own country, and send remittance home to recipients, who then become less eager to hold the government accountable for good economic policy if there had been no remittance income. As a result, the government does not feel pressed by public opinion to improve economic policy; growth and job creation suffer and more migrants need to leave the country for lack of domestic opportunities. This chapter also elaborates that poor sectoral growth, low labor productivity, old labor law, limited social security coverage, and unscientific education are the major unemployment constraints. Raising labor productivity, matching the quality education to market demand, emphasizing agricultural commercialization and budgetary allocation for increasing productivity, increasing expenditure in building physical infrastructure, and increasing investment in manufacturing sector are major issues for policy considerations which can address Nepal's current Unemployment problem.

In chapter five with the title "Infrastructures" author talks on two issues whether the infrastructure is a major constraints to growth in Nepal or not and role of infrastructure for growth. He presents infrastructure situation including road and transportation, power, communication and concludes that obstructions in the efficient supply of electricity and poor road networks are binding constraint to growth. Overall, infrastructure score for Nepal is very low suggesting that creating infrastructure stocks can accelerate growth.

The sixth chapter entitled "State Restructuring and Fiscal Federalism in Nepal: Issues on Economic Viability" examines the economic viability in the context of political restructuring. This chapter focuses on the situation and analysis of the expenditures needs and revenue generation capacity of the local bodies with regards to priority social sector spending (spending in health and education is included). The future policy recommendations are made with the expectation that the current function of the central government on social sector spending would be assigned to the lower tiers of the government. The expenditure and revenue trend is analyzed and observed that government expenditure have been spent more in unproductive areas, resource mobilization is not momentum, however, it is increasing slightly and the ratio of total revenue to GDP and tax revenue to GDP are increasing gradually. In examining the economic viability, he discusses whether the states in federal Nepal will be able to raise sufficient revenue to cover their social expenditure needs or not and how long does the centre need to support the weaker states to finance their priority public sector needs? The underlying theme is a high degree of horizontal imbalances among the states have been found necessitating a disproportionately huge amount of the central grant to be accessed to the weaker states to make them financially viable. In conclusion, inequalities across constituent units of the proposed federation in Nepal are the key

challenge to devising appropriate mechanisms for center to state transfers and the objective of transfer is to redistribute revenues from richer to poorer states mostly through central government.

The last chapter entitled “Inclusive growth: Nepali perspective” shows the concern on the concept of inclusive of growth, which is recent phenomenon raised as the issue high, sustainable and broad-based growth. This chapter is focused on defining and analyzing the various issues of inclusive growth with wider spectrum of socio-economic variables.

Finally, the book provides a comprehensive knowledge to the various spectrum of Nepalese economy and its challenge and a key underlying theme is that the challenges of Nepalese economy lie in economic inefficiencies and imbalances in the structure of the economy and the reform is possible through economic, social and political policies by building a national consensus on major priority sectors of the economy. So, the book is very useful for all students and academicians and academic institutions of Nepalese across Nepal’s emerging development challenges, especially on political economy, agriculture, food security, infrastructure, unemployment, state restructuring and inclusive growth.

Pujan Adhikari

Lecturer of Economics