

Rural Development: Quest For New Economic Horizon

— A Manpower Approach*

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Ill fares the land,
to hastening ills a prey,
Where wealth accumulates,
and men decay.

Oliver Goldsmith
The deserted village

1. Anatomy of the Nepalese Economy

Nepal is a landlocked and one of the least developed countries in the world, sandwiched and drowned between two neighbouring giants—India, and China. In fact, the geographical constraint, a fundamental impediment to development, drove Nepal many years back and which refrained her from achieving desired objectives and goals set by the consensus of the society. At present, Nepal is facing a survival problem, from economic point of view, not only because there is shortage of natural resource and capital but also because there has been underutilization of manpower—a paramount source

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for economic development. Sincerely speaking, the concept of manpower development is of recent origin in the planning history of Nepal.

“In spite of efforts to lay the foundation for a self-sustained economy, economic growth has remained sluggish. Over the past ten years GDP growth rate has hardly exceeded 2.2% growth rate of the population”*. Throughout Nepal, people have remained poor; 93% of the population live in rural areas mostly occupied with traditional sector i. e., agricultural; per capita GNP at current prices is just Rs. 3/- per day; the diet of many people has dropped below subsistence level and many are undernourished. “The increase in farm households has been faster than the increase in cultivated area. As a result, holdings have become increasingly fragmented and since yields have remained stagnant, marketable, surpluses have dropped”.

No doubt, Nepal's drive for economic development is a challenging proposition. Our problems are getting more complex. The present state of economy is such that it calls for a careful, continuous and sincere effort to utilise the available resources most wisely and effectively in order to ensure better standard of living to the people in not too distant future.

2. Economic Miracle : A Paradox

The “economic miracle” does come not by implementing exotic ideas and sophisticated models for development but by inducing indigenous resources through meaningful and sensible technical device suited to the economy: “This factor essentially raison d'être of the practice, if not the theory, of economic and social development, is painfully obvious. Bridges are not built for their beauty nor is labour training and end itself. The ultimate end of development or economic miracle, be it physical, capital, or human is to satisfy the needs of men, women and children—ensuring that they get enough to eat, maintain a decent standard of health and live in an environment that is reasonably pleasant, if not comfortable★. The “economic miracle”, functionally depends upon the skill, talents, capacities, and knowledge of all the people in society. Technically, it is human resource that could mobilise capital, exploit natural resource, and induct appropriate technology.

* Dietary Energy Supply (kilocalories per person per day) is 2.080. Source: from 1975 World Population Data Sheet. The Population Research Bureau, Washington.

o The World Bank Report Review of the Economic Situation of Nepal, (July 22, 1976), P. 1.

★ Leon, Weintraub, International Manpower Development, P. 6.

The slogan of world wide revolution is one of economic development. Almost all countries of the world are development minded. But their aspirations for development are constantly threatened by continuous and strong domination of hunger, disease, and ignorance. Many poor countries have been concentrating their whole attempt to increase agricultural productivity, to check excessive growth rate of population, and to make the price stable. But the post-war development model which was indifferent, if not inimical, failed to develop a sense of nationalism and self-sufficiency in poor countries.* How can a pre-industrial economy teeming with unmotivated and uneducated rural people break through the vicious circle of poverty and backwardness? This question must be dealt with very serious consideration.

3. Economic development or Rural development?

A Time Lag Concept

To talk of economic development in poverty-ridden areas is to talk of rural development. Rural development is sine qua non to economic development. Every society, today, needs minimum economic guarantee in terms of balanced diet, better health, education and housing facilities. With this fact, Nepal's development task is unusually difficult. Is it possible for a country like Nepal to overcome such difficulties in existing socio-economic structure? I think this is the crux of the problem and I believe neither capital nor natural resource, nor technology could be a pragmatic medium to accelerate the pace of rural development. The old classical dogma has been outpaced. There is no doubt that the manpower is the only outstanding force to convert rural poverty into prosperity.

4. Matrix of Rural Development

Rural development is a race between manpower development and the development of rural community in conformity with multi-dimensional objectives identified by the government corresponding to the need of the villagers. Rural development does not mean simply a rise in agricultural productivity, it must encompass numerous factors like extension of health services, building infrastructures, expansion of small trades, establishment of handi-craft industries etc. In this context, Green revolution a very popular strategy in many poor countries is, therefore, only an introduction of a superior type of technology. It can outpace many workers from their job if not injected properly. The dilemma of the Green Revolution is well summarized by Robert Shaw in his monograph:

* Haque, W. Mehta and etal, Towards a Theory of Rural Development, UN, Asian Development Institute (Dec. 1975).

The Green revolution brings opportunities for raising productivity among farmers, for intensifying and diversifying agriculture, for giving governments more flexibility in their pursuit of development, and hence creating more jobs. It brings hope to the majority of the world's poor. But the opportunities are mixed with danger - the threats of growing inequalities between rich and poor farmers, of men being replaced by machines before other jobs are available to them, and of some regions outpacing others in development. It should be stressed that the essence of the Green Revolution is simply the creation of a superior agricultural technology. But the effects of this technology on society will depend upon the policies and institutions that implement it. ¶

Basically rural development is a medium to transform the traditional economy into more dynamic and productive economy. However, the development of IR-8 is much more meaningful accomplishment for hungry billions of Asia than the landing on Moon or Mars. It was man who did a fanciful attempt to give a sudden surprise to the entire globe and mankind. It is neither psychic drill nor gold mine—but human resources are the wealth of nations. It is their skills, talents, energies and intelligensia that could make quests for new economic horizons. In the present context, no economy would be able to enhance its rural activities without the massive support of its affluent fervour—the manpower. The basic task of development is to provide employment and income opportunities in order to provide higher standard of living to rural masses. This attempt is, in fact, a herculian one and perhaps would be the best instance by which to understand the human dignity.

By far, the largest number of people live in the rural areas of our country. The objective of rural development should not be confined with parochial approach for development. Rural poverty is reflected in poor nutrition, inadequate shelter and low health standards. These, in turn, affect the productivity of the rural poor and their quality of life. Since rural development is designed to reduce rural poverty, it is mainly concerned with the modernization and monetization of rural society, and with its transition from traditional isolation to integration with the national economy.*

¶ Robert Shaw, Rethinking Economic Development (Newyork, 1971), A much more thorough and comprehensive discussion is presented in his article "An Employment Generation Strategy for Agriculture.

* World Bank, Assult on World Poverty (UN, 1975).

5. Strategy for Rural Development

Rural development depends on the development of human resource. In fact, human capital determines the volume of goods and services in an economy. With the increase in the percent of qualitative manpower in the labour market there will be a rise in GDP or GNP. Nevertheless, it is necessary, from manpower point of view, to facilitate numerous opportunities if traditional sectors are to transfer into modern sectors within the rural economy. It includes four important factors (a) provision for qualitative, vocational and basic type of universal education; (b) provision for free and minimum regular health services; (c) suitable population structure; and (d) adoption of appropriate technology.

As indicated by McNamara in his Nairobi speech, the developing countries must reshape their strategy for rural development in order to reduce the magnitude of rural poverty. Of course, there is no correct way of measuring the extent of rural poverty, absolute poverty can be illustrated by adopting an arbitrary standard—that a person is in a state of absolute poverty when he or she has annual income equivalent to \$ 50 or less.●

There are various types of rural development—the policy options. What should be the extent of rural development depends on how society chooses a policy option for “rural-dynamism”. D. Criffin has prescribed three styles of rural development. They are: (a) technocratic, (b) reformist, and (c) radical. But his prescription for rural development lacks essentially the manpower approach—a coramaine for rural prosperity. Three styles of rural development is given in Table 1.

● World Bank Sector Policy Paper, Rural Development, Washington, Feb. 1975, p. 19.

Table 1
STYLES OF RURAL DEVELOPMENT*

1	2	3	4	5	6
Development Strategy	Objectives	Major beneficiaries	Dominant form of tenure	Ideology	Representative countries
Technocratic	Increase in output	land owning elites	large private and corporate farms, plantation, latifundia, and various tenancy system	Capitalist	Philippines, Brazil, and Ivory coast
Reformist	increase in output and redistribution of income and wealth	middle peasants and progressive farmers	family farms and co-operatives	Nationalist	Mexico and Egypt
Radical	Social changes, Redistribution of political power, wealth and output, higher production, greater mass participation, and economic equality	Small peasants and landless labourers	Collectives, communes, and state farms	Socialist	Soviet, Union China, Cuba and Algeria

* Edward, E. O. (ed), Employment in Developing Nations, (New York, 1975) p. 3, 91.

Criffin's styles of rural development are backhanded and awkward, for they avoid other equally forceful factors which determine rural development known as indicators for measuring development and modernization. There are: (a) an index of educational output, (b) an index of nutrition and (c) an indicator of health.

Looking at the present socio-economic structure of Nepal, neither style could be suggested except choosing a middle path. In strict sense of the term, rural development programme must concentrate effectively to expand employment opportunities, Rural employment generation is one of the fundamental elements to solve the problems of hunger and malnutrition. In order to improve the disgusting condition of villagers, the following criteria would be worth implementing:

- 1) The use of productive but labour-intensive technology;
- 2) encouragement of small-holders of forms;
- 3) Land reform with technical and financial assistance to new comers;
- 4) Encouragement of rural based industries and commercial enterprises;
- 5) Investment in rural public works and services;
- 6) Assistance to farmers in the subsistence sector; and
- 7) Development of the institutions and administrative capacity for implementation of rural development programmes.*

Ours in an incentiveless society Paradoxically, employment opportunity would break the rural dullness by means of increase in income and standard of living. Unfortunately, our population structure is not suitable to mobilise the manpower resource. According to the census of 1971, of the total population the economically active population is only 53.7% which will remain almost static for another two plan periods (53.8%, 54.8% and 54% in 1976, 1981 and 1986 respectively) †. Taking 1953 as base year, the average annual growth rate of labour force will be only 2.2% in 1986 whereas the number of female labour force will decline by 2.7% in the same period as projected in the fifth plan document. One of the most bitter fact is that the Nepalese rural sector is interwoven with the problem of disguised unemployment – a scious hurdle to the road of development. Under the circumstance, the unemployment may be only metaphorical, since there may be hard work even at the margin, when unemployment must

* F. H. Harbison, Human Resources as the Wealth of Nations, (New York, 1973) p. 38.

† Central Bureau of Statistics, Population Projections for Nepal (Aug., 1974).

mean unproductively employed*. Ragnar Nurkse has suggested that where the disguised unemployment prevails in agriculture, it would be desirable to transfer the surplus labour of the farms to produce capital goods, while keeping the consumption of food by the population as a whole constant through taxation or direct controls. Technically defining rural development depends on manpower, capital and technology. However, the role of natural resources and other subsidiary factors is not ruled out. Mathematically expressing: $Rd=f(m, k, t)$ where: m =manpower, k =capital and t =technology. In the initial stage of rural development, the role of government will be significant one. During this period the variable (m) becomes more effective than other variables such as (k) and (t). It is certain that rural development needs other resources too. But these are subsidiary factors to affect the course of rural development. Thus rural development is possible through manpower development not only in raising the volume of production but also in creating desirable effect to avoid undesirable effect upon society.

If our planners are not susceptible to manpower approach for rural development, sensitive implication of family planning would not be a meaningful device to improve the plight of rural masses. Whether rising population is a curse or boon to the society will remain a debatable point for longer time amidst academicians, theoreticians and demographers, the planned population growth is inevitable in course of rural development. Unless dull, illiterate, unmotivated lethargic and unhealthy rural masses are nourished properly "rural-dynamism" is very far from vision. The question of 'balanced-diet' is equally perplexing and euphoric paradox. In our country, the population which is below the subsistence level is consuming 2,080 kilo-kalories per person per day which affects significantly the level of productivity. Increase in labour productivity is possible only when calorie consumption per person increases rapidly. We must look over the standard of health and sanitation available to our villagers. No doubt, campaign like 'Drink-More-Milk' could be launched for our people who worship cows.

In our country, according to 1975 report, doctor / population ratio is 1:36,000 and hospital bed / population is 1:5,800[↑]. If a doctor works continuously for 12 hours a day, spending 10 minutes per person the last man in the queue who suffers from severe cholera would be examined only after 6000 hours. i. e., roughly 250 days which

* Gernld M. Meier (ed), Leading Issues in Economic Development (Oxford University Press, 1975), p. 152.

● Ragnar Nurkse., Problems of Capital Formation in Underdeveloped Countries, (Oxford, 1965) p. 36.

↑ World Bank Report data of the Year 1975.

equals roughly 36 weeks or 9 months. Definitely, we need, more doctors, nurses, auxiliary health workers and social volunteers in order to protect rural life and to save the subsistence population from their untimely demise. A case of no medicine and doctor is responsible, in many places and time, for sudden demise of our rural population. The average life expectancy at birth is 45 year in 1976 and will be 47.5 and 50.0. Over the periods, 1981 and 1986 respectively. If doctor/population ratio is to bring into the normal level of 1:10,000 over a period of ten years, supply of doctors must be increased at the rate of 26 annually, provided the present population growth rate remains constant. But there will be deficit in the supply of technical manpower corresponding to the demand for manpower during the fifth plan period (1975-80)*. The estimated demand and supply of selected technical manpower is shown in Table 2.

Table - 2

Category	Demand	Supply	+Surplus -Deficit
1. <u>Highly skilled</u>			
a) Engineers	1,975	1,084	-891
b) Scientists	346	319	- 27
c) Agronomists	1,063	779	-284
d) Health Specialist	789	535	-254
2. <u>Midium skilled</u>			
a) Overseers and Others	4,171	4,146	- 25
b) Assistant Scientists	234	189	- 36
c) Junior Technicians	1,292	1,292	-
d) Health Assistants	1,735	1,406	-329
3. <u>Basic manpower</u>			
a) Sub-Overseers and Others	1,958	1,737	-221
b) Sub-Assistant Scientists	354	116	238
c) J. T. A.	1,775	1,775	-
d) Auxiliary Health Workers	5,021	3,136	-1885

Another potential medium to broaden the horizon of rural masses is the provision of qualitative vocational and basic type of education. The knowledge of simple arithmetic and technical know-how is the fundamental tool to the

* Fifth Five Year Plan (1975-80), National Planning Commission, HMG.

rural farmers to be familiar with the price of input and output, the rate of land tax, market price. In this context, the contribution of UNICEF programme in Nepal and activities under National Development Service programme could be lauded. The National Education Plan System also has given due place for adult and vocational education and has emphasized on the technification of education+ a green signal to the prosperity in the years to come. Of course, "it has to be recognised that the wrong kind of education accompanied by the required complementary actions can check or reverse the process of development."* In our case, it is necessary to increase the composite index● of human resource in relation to the student enrollment in medium and higher level education.

There will be no ambiguity in opinion that the resulting increase in the level of education unlocks the door for employment. According to ILO survey in Nepal, if full employment is given to our population, it is not necessary to work more than 247.5 days which, in turn, our population remains idle for 117.5 days over a year. This is a disappointing fact from manpower point of view. Nevertheless, the question of expanding rural employment is very critical in under developed countries. It needs huge expenditure on education health and other rural work programmes which yield, over short run, very negligible return. The massive expenditure programme requires, undoubtedly, mobilization of indigenous resources and effective use of external assistance with appropriate technological application. In this context, the investment programme must shift its priority from urban to rural development. Unfortunately, there has been no attempt to co-ordinate the rural planning in conformity with the central planning. However, H.M.G. has given sufficient emphasis on rural development with the active participation of local Panchayats. But if Panchayat is the only sector for financing rural work programmes, the task of rural development will be more hazardous.

Over the last few years, there has been a shift in the investment pattern especially with the implementation of Panchayat Development and land taxation system. In order to make the villages, the town Panchayats and the District Panchayats more effective participants in the development process, allocation of various activities to be

+ The National Education Planning System (2028-32).

* Thomas Balough, "Education Must Come Down to Earth" FAO Review, Vol. 1, No. 2, (March-April, 1968), p. 15.

● Composite index is arithmetic total of (1) enrollment at the second level of education as percentage of the age group 15 to 19, and (2) enrollment at the third level of education as a percentage of the age group 20-24 multiplied by a weight 5.

carried at the local level has to be increased considerably." The allocation of village roads, canals, water supply, roofing of primary schools and integrated rural development projects has been increased by more than 75% the current years according to an original estimate".* It is clearly mentioned in the budget speech of the fiscal year 1977/78 that "a country where 68% of national income is generated from the agricultural sector, the contribution of this sector to development finance has been less than proportionate. Therefore, with a view to raise the contribution of this sector in meeting the needs at the national as well as local levels Panchayat Development and Land tax will be levied in some districts of the Kingdom" and within the next five years this tax shall cover the whole country.

The continuous success of most of the rural development programmes depend on the application of appropriate type of technology. No doubt, labour intensive technology is most preferable to increase the labour productivity and to influence the pattern of employment. Several writers here suggested that the labour employment problems of a poor country are due the existence of "technological dualism", that is, to the use of different production functions in the advanced sector and the traditional sector, + "The traditional sector has variable technical coefficient of production; and the factor endowment is such that labour is the relatively abundant factor, so that techniques of production are labour-intensive".x In fact, whether indigenous or exogenous technology is put into practice, there is but definitely human resource and technological constraint in both rural and modern sectors.

6. Dimension of the Problem:

It may not be surprising that the economic destiny of our rural masses in terms of quality of diet, housing, transportation, health and education will remain unattainable until and unless the problems associated with rural development are identified and tackled sincerely. A biased theoretical approach for meeting the teeming millions inertia for existence would lead us to illusion and obscurity. The difficulties are several;

(i) Rural development is much more than increase in production and simple acquisition of industries; it may be defined as nothing less than the upward movement of the entire social system.● In other words, it may be interpreted as the attainment

* HMG, Budget Speech of the Fiscal Year 1977/78.

+ B. Higgins, Economic Development (New York, 1968) p. 17,

x Mier, op cit., foot note 11.

● Gunnar Myrdal, Asian Drama (1968), p. 53.

of a number of "ideals of modernization", such as increase in productivity, social and economic equalization, modern knowledge, improved institution and attitudes, and a rationally coordinated system of policy measures that can remove the host of undesirable conditions that are responsible for perpetuating the state of rural poverty.+

(ii) Our poor farmers are reluctant to or unaware of enlarging their economic horizons for they are suppressed economically and socially. They do not even know how to use seed-fertilizer technology for wheat, rice and maize to increase yield. They are incompetent to raise the output and income because they have no capacity to assess the suitable technology and the capital required to utilize the technology.

(iii) Human productivity is concealed in rural areas for they have limited ability to recognise to respond to problems and challenges and often are hostile toward outside sources of change. Rural areas are discriminated against the provision of educational (especially basic education) and health services.

(iv) Since rural areas are predominately under the purview of non-monetised sector, exorbitant interest rate, high prices for inputs and low prices for output, existence of intermediate money lender, lack of credit facilities etc. give rise to a brake to the rural development's momentum.

(v) Lack of central and local institutions for mobilising rural masses, along with established supremacy of family elites and traditional and cultural barriers, is another forceful hurdle towards the rural development. Lack of honesty, efficiency and spirit among local officials is equally irritating factor which prevents the path of rural development from building the efficacy of faith on government.

7. Synthesis: Policy options

Rural development is a "boot-strap" operation; it is a therapy for chronic poverty. It is a magnificent dynamics for rural prosperity. Obviously, not economic growth but welfare has been the universally accepted criterion for both developed and under developed countries. Active government participation is required to remake our incentiveless society more productive and generous by inducing accepted standard of technology. Since manpower is the only productive instrument not subject to diminishing return, the economic horizons of hungry millions could be enlarged by introducing basic type of education - a pragmatic approach. If 'self-sufficiency' and 'enter-dependency' is the fundamental objective in conformity with the objectives of society a serious attention must be paid in due time.

+ C. E. Black, The Dynamics of Modernization (New York, 1966), p. 55.

A multiple cropping programme in short cycle (for example green revolution) may be offset due to the lack of proper education to use the desired technology. Similarly neither a tuberculosis patient may be able to plough the land productively; nor can it yield a higher production. In almost all the developing countries there is a shortage of professional manpower such as engineers, doctors and teachers. Such persons usually prefer to live in urban areas than in remote villages. Ironically, their shortage is magnified by their relative immobility, and their skills are seldom used effectively. This is one of the "master-bottleneck" in the process of economic development—rural or urban.

Corruption is part and parcel of the general condition in underdeveloped countries. Corrupt practices are highly detrimental to development. Corruption introduces an element of irrationality and impedes the processes of decision-making and execution at all levels. It increases the need for controls to check the dishonest official at the same time as it makes the honest officials do reluctant to make decisions on their own. In both ways it tends to make administration cumbersome and slow." ↑

Mass participation is another feed-back in the process of rural development. Unless rural population is mobilised effectively, potentially concealed resources will not be generated; contribution of poverty-ridden areas will not be significant, and distribution of growth will not reach them equitably. More number of schools, health centres, better roads, small industries might convert rural timidity into ideal villages but without proper co-ordination of planning the attempt would not be plausible. Rural development is not an end itself; it is rather a milestone to enrich the society's economic and social values permanently. Our central focus should be on poor and poverty. Rural planning should be with farmers; not for the farmers. = Plans handed from on high, no matter how technically sound, will never command the critical local or mass supports; major stimulus is needed for what economists call the "take-off" period to our every village. "Given sound preparatory planning, leadership and the involvement of local people, the small farmer can become an instrument of the advantage of change to the nation as well as of himself."

Along with suitable price policy, fiscal policy, and land policy greater decentralization with effective machinery at the local is required to enhance the rural activity more prudently. Of course, inadequacy of trained manpower may be one institutional constraint, because rural development has been assigned low priority. However, if our convention is towards

↑ Gunnar Myrdal, *The Challenge of World Poverty* (1970) p. 236.

= R. Weitz (ed.) *Rural Planning in Developing Countries* (1975).

"have-nots". inspite of gigantic problem, rural prosperity will not be siphoned-off from its natural course. ★ The questions is whether we really want rural development ? If we want; to what extent and magnitude and for whom ?