

A note on

Our Economy: efforts and results

-Sharad Sharma★

After more than two decades of planned efforts for development in this country since 1956, it is imperative that we question ourselves where our economy and society stand, and where do we find ourselves in relation to our past achievements ?

Trends

Let us take some government prepared indicators to help us in answering this question.

Our regular budget expenditure has gone up from Rs. 325 million in 1971-2 to Rs. 823.4 million in 1976-7. Our development expenditure also rose from Rs. 565 million to Rs. 1783 million and deficit financing from Rs. 91 million to 643 million during the same period.

Our agricultural credit to peasants has gone up from Rs. 356 million in 1972-3 to Rs. 1153 million in 1975-6. Industrial lending increased from Rs. 7.7 million in 1972-3 to Rs. 53.8 million in 1974-5. Area covered by improved seeds was expanded from 4.26 ha. to 58.5 ha. between 1972-3 and 1974-5, and irrigation facilities also expanded from 147 thousand ha. to 172 thousand ha. during the same period. Production of agricultural tools went up from 150 metric tonnes in 1972-3 to 12141 metric tonnes in 1976-7. Our import of machinery,

★ Mr. Sharma is a member, of the Economics Instruction Committee, Kirtipur Multiple Campus, Tribhuvan University. This article is mainly based on his article published in the Rising Nepal: Jan 19-1978.

technical expertise, for the development of agriculture and industry has also increased tremendously, adding continuously to the deficit in our foreign trade balance. We are having an increasingly growing number of research sections inside ministries, and semiautonomous research centres outside ministries.

Let us examine our achievements—whereas land area used for rice and wheat cultivation increased by 0.4 per cent and 5.9 per cent this year compared to last year, total production of both crops declined by 8.4 per cent and 6.5 per cent respectively, production of almost all foodgrains has declined compared to last year figures (barely 16 per cent, millet 3.2 per cent) except maize production which increased by 5.3 per cent.

Among cash crops, sugarcane production rose by 23 per cent (area under cultivation increased by 19 per cent and productivity by 3 per cent), but there has been a sharp fall in the production of potato (productivity declined by 12.5 per cent and total production by 4.2 per cent). Jute production was almost stagnant and showing a declining trend.

On the industrial front, production of sugar has declined from 11.5 to 10.6 thousand metric tonnes, shoe production from 83 to 57 thousand pairs, and matches production almost stagnant between 1972-3 and 1975-6. Cotton textile production has gone down from 3896 to 2938 thousand yards in 1976-7 compared to the previous year. Stainless steel utensil production also declined from 245 metric tonnes in 1972-3 to 175 metric tonnes in 1975-6. However, cement production, a new start, has shown increasing trend (total output increased from 26933 to 31255 metric tonnes between 1975-6 and 1976-7.)

Planning and all that

There is planning which covers almost all aspects of our developments. The Planning Commission has established a timely evaluation system for plan performance. It has also been realised that there are bottlenecks, there are operational problems. We have also not ignored the regional disparity and, already, have laid down policies for balanced regional development. The sphere of activities are mentioned in the plans, the aims and policies are already there. There has been continuous effort to improve efficiency in our bureaucracy and, still, there is a measure of disappointment. It should suffice to say in this context that the production in agriculture which accounts for more than 65 per cent of the total GDP is declining. The Fourth Plan aimed at increasing foodgrain production by 16 per cent and cash crop production by 40 per cent but the realised production was only 8 and 16 per cent respectively during the whole period.

Compared to last year figures, consumer price index in urban areas went up by 11 per cent and foodgrain price index alone has gone up by 18 per cent. The hill areas were hit hard by this growing inflationary situation (price index for most essential food components increased dramatically: edible oil 44.3 per cent, potato 23 per cent). In the terai, price index for rahar only went up by 65 per cent. All these happened despite the Government's continuous effort to check inflation in this economy.

Increasing deforestation in the productive forests in the terai has reduced the hope for further export of timber. Only 6.5 million ha. of remaining forest can afford to keep not more than 3 million families in a viable small size holding, and the future is becoming more difficult considering our rapidly growing population (at least 2.2 per cent p.a.) which is expected to double in less than three decades. Further decline in forest area will mean even less rainfall, land erosion and no wildlife preservation.

Now the Planning Commission is running its Fifth Plan, but there is also growing unemployment problem, and the generated growth is not even sufficient to keep the economy at the same place.

On the social front, still 80 per cent of us are illiterate and there is one hospital bed for 6000 people. We still have one of the lowest life expectancy period (43 years) and one of the highest infant mortality rates (169 per thousand) within the underdeveloped regions of the world. Despite heavy emphasis given to vocational education, only a small number of students (2456) attended technical line education of a total of 23504 students during 1975-6.

Level of Uncertainty

The above review of our performance in the economic field clearly indicates that the cherished goal of attaining quick economic development is likely to remain a goal for the next several years. Indeed, we are in a race between rising levels of uncertainty and the urgent need for a reasonably accurate and sound projection of economic performance for our future based on our reality, our own production structure and our own reasoned guesses. For, the objective is not just of increasing the growth rate of our economy, but also an infusion of the entire society aware of its responsibility to the younger generation.

But what is of considerable importance is whether our present style of doing things can result in what we are aiming at. This pertains to the extent to which our plans, strategies, guidelines and approaches are based upon the present reality. In this context, it will not be much to say that a thorough reappraisal of our planning techniques and methods of implemen-