

Strategy of Planning for the Alleviation of Rural Poverty in Nepal

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INTRODUCTION

A sovereign independent kingdom, lying along the southern slopes of the Himalayan mountain ranges, Nepal is an ancient country with a long and varied history. Although the political frontier-lines of Nepal shifted quite often (Kirpatrick, 1811; Regmi, 1950 and 1969; Muni, 1977, for detailed information), this beautiful country has had the distinction of retaining her independence through the centuries despite adverse and tangled circumstances (Wright, 1958; Chauhan, 1971; Hamilton, 1971; Rose, 1973; Baral, 1977; Ali, 1989).

Although independent, the people of Nepal live in a poor state. In 1971 Nepal was identified by the United Nations as one of the "least developed" and poorest states in the world (Pant & Jain, 1980 & 1980b; Jain, 1981; Seddon, 1987) and one whose overall economic and social conditions gave great cause for concern (Hamilton, 1971; Rose, 1973; Amatya, 1987; Seddon, 1987; Ali, 1989; Khadka, 1991). 94 percent of the labour force is in agriculture, but the annual rate of growth in food production per capita between 1961 and 1969 was zero (Seddon, 1987). It was clear by the mid-1970s that the capacity of the predominantly agrarian economy to feed the population was not increasing. With an average per capita GDP of around 80 U.S. dollars, a growth rate of 2.8 per cent per annum in GDP, and a population growth rate of 2.67 percent, during 1970s; independent economists (Ali, 1983; Seddon, 1987) feared that the prospects for the future were not good. Indeed, as one major report stated bleakly, "Nepal is poor and is daily becoming poorer" (ARTEP, 1974: 1).

So far Nepal has already gone through seven periodic plans (i. e. 1956-1991) and her Eighth Plan has already been announced now. During this period, there has been considerable expansion in basic infrastructure and social services despite persistent gap between planned target and actual achievement (Amatya, 1987; Prasad, 1989). Population has nearly doubled while production centres such as agriculture and industry continued to languish (Thapa, 1978 and 1980; Pant, 1983; Pradhan, 1984; Amatya, 1987; HMG Planning Commission, 1992). Thus giving abundant indications that these plans have suffered from two major drawbacks: (1) they have had too high a degree of dependency on foreign aid and hence foreign influence (Ali, 1983 and 1989; Khadka, 1991), and (2) an overt sectoral bias (Amatya, 1987; Khadka, 1991; HMG Planning Commission, 1992). Critical areas of the economy demanding an inter-sectoral approach have not received the attention they deserve. Regional planning and development still remains the least understood concepts (Amatya, 1987; Seddon, 1987; Khadka, 1991; HMG Planning Commission, 1992). Quite naturally, over the years

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these developments have resulted in decreasing productivity, and increasing unemployment and poverty (Paudel, 1986; Amatya, 1987; Seddon, 1987; Khadka, 1991; HMG Planning Commission, 1992).

The Eighth Plan of Nepal has already asserted the national resolve to alleviate poverty and create various types of employment opportunities (HMG Planning Commission, 1992, for more information). The present paper examines the roots of poverty and inequality in Nepal, and provides a framework within which population dynamics can be understood as an important but ultimately socially determined factor in the complex evolution of the Nepalese political economy. Presently, in Nepal the struggle of the deprived and disadvantaged to survive and to fulfil their most basic needs takes place not only within a dramatically deteriorating physical environment and declining resource base but also within an essentially hostile social environment in which exploitation, oppression and discrimination are pervasive and almost inescapable (Gaige, 1975; Ali, 1983 and 1989; Amatya, 1987; Seddon, 1987; Khadka, 1991; HMG Planning Commission, 1992). In the face of such deepening crises, the paper suggests a framework for action, urging our policy-makers and planners why development goals in Nepal have to be redefined in terms of alleviation of poverty, removal of unemployment, and reduction of inequalities with a view to ensuring certain minimum needs for the common Nepalese.

INDICATIONS OF POVERTY

With some justification, it may be said that the prime object of development is to eliminate poverty. If this is so, it becomes important to discover firstly who are the poor and, secondly, what are the particular characteristics which make them poor. Only when this has been done can remedial policies be instigated which will adequately deal with the problem of poverty. Although a good deal of research is still needed to ascertain matters, the Planning Commission of Nepal (1992) estimates that, out of a total of 18 million population of the country, 12 million are poor and, amongst these poor, four million are absolutely poor (Timilsina, 1992, for more information). This is indeed a grim picture that needs to be tackled with well-thought-out programmes of poverty alleviation.

It is clear that the reasons for poverty may differ in different parts of the country, but the following all appear to have an important connection:

- High rate of growth of population is related with poverty - through larger number of dependents, and by creating a labour surplus (Adelman and Morris, 1973; Thapa, 1978 and 1980; Khadka, 1991);
- A large agricultural sector, and small manufacturing sector, are associated with low income levels (Jain, 1981; Paudel, 1986; Amatya, 1987);
- Low levels of productivity are similarly associated with low incomes (Paudel, 1986; Amatya, 1987; Seddon, 1987; Khadka, 1991);
- High proportion of expenditure on food and other necessities is associated with low incomes (Pant, 1983; Seddon, 1987; Khadka, 1991);
- There is a relationship between primary school enrollments and the proportion of income received by the lowest 40 percent of the population, and a relationship between secondary school enrollments and the middle 40

percent (Bachrach and Bartz, 1970; Squire, 1981). Our primary and secondary school enrollments reveal the extent of poverty we have in Nepal (Seddon, 1987; Amatya, 1987);

- Poverty is found in both urban and rural areas, but so are found the affluents - this has important implications for remedial policies to reduce 'leakage' to the affluents (Seddon, 1987; Dhungel, 1989; Khadka, 1991);
- There is undoubtedly a strong relationship between distribution of income and ownership of wealth - particularly land. Besides, there exist differences in access to capital, and savings rates - these factors also cause poverty (Seddon, 1987; Amatya, 1987; Dhungel, 1989; Khadka, 1991);
- Inequality can be lessened by concentrating in particular on improvement in human resources, and increase in government economic activity; so long as this is not done, poverty is bound to remain (Seddon, 1987; Khadka, 1991);
- There is a relationship between large proportions of income received by the top 5 percent and the extent of endowment of natural resources, the existence of traditional modalities and/or an expatriate middle class, and the existence of a dualistic economy - these factors are also responsible for poverty (Seddon, 1987; Timilsina, 1992);
- The 60 percent poorest receive least income in our country with traditional or strong elites, moderate development potential, low level of literacy and education, economic development concentrated in a narrow industrial sector - ousting traditional crafts (Rawal, 1987; Seddon, 1987; Timilsina, 1992); and
- In addition, the ethnic, religious and tribal minorities of the country experience inequalities (Gaige, 1975; Seddon, 1987).

STRATEGY FOR REDUCING POVERTY : THE ROLE OF THE STATE

Generally, the 'crisis' of Nepal has been seen essentially in terms of population growth outpacing economic growth (Pant, 1983; Ali, 1983; Paudel, 1986; Amatya, 1987; Khadka, 1991). According to Ali (1983: 30) "Given the population growth rate, independent economists calculate that even if the average 2 percent annual growth in gross domestic product doubles, half of Nepal's population will still be living below subsistence levels at the turn of the century". But such a conclusion - that it is population growth that is largely responsible for the growing poverty of the mass of the Nepalese people - is a gross over-simplification and ignores the crucial fact that demographic change, like material deprivation or poverty, is a social product, conditioned and determined in the last analysis by the economic and social structures of the state.

Certainly, there are important connections between 'population growth' and 'the growth of poverty', but the precise nature of these connections must be explored and identified, not simply assumed in advance of such investigation and analysis, to be straightforward, direct and unilinear. Seddon (1987) examines and reveals the economic and social context, both of population growth and poverty in Nepal. He rightly argues that poverty is one dimension of social deprivation, which has economic (material), cultural and political dimensions. In his opinion (Seddon, 1987: xi), "a profoundly unequal distribution of economic and political power, and a fundamentally inegalitarian

socio-religious ideology and social practice provide the main parameters" of social deprivation in Nepal. The structure of inequality in Nepalese society, in all its complexity, ensures that the combined effect of exploitation, oppression and discrimination in the context of a general crisis is poverty for the majority.

Any policy that ignores to identify and recognise these roots of social deprivation in Nepal would only marginally be effective in reducing poverty. In other words, as long as economic and social differences and inequality at the regional and local levels cannot be formally recognised and legitimately expressed, than it is doubtful whether 'the people' will be able to participate effectively in their own economic and social development. The 'achievements' of the past seven periodic plans in connection with poverty alleviation give ample evidence of the above fact. No wonder why, as Seddon (1987; xxii) remarks, "all too often the state is seen and experienced by the disadvantaged and deprived as an instrument of repression and control".

Independent economists have pointed out in clear and unequivocal terms (Gaige, 1975; Blaikie, Cameron and Seddon, 1980; Seddon, 1987; Ali, 1989) that in the past three decades - i.e. from 1960 to March 1990 - what became official policy was strongly conditioned by the views emanating from the palace, for the king remained the head of the state in practice as well as in theory and had very considerable influence on the direction and character of government policy. During the 1970s and the 1980s the palace secretariat had become, what Seddon (1987: 223) calls, "the nerve centre of administration and political structure in Nepal", even though its dominant policy and decision-making role was not defined via the law or within the then constitution of this country. During these three decades both the planning process and the level of implementation are reported (Ali, 1983 and 1989; Blaikie, 1983; Seddon, 1987; Amatya, 1987) to have been not only influenced but even decided and monitored by 'the traditional interest groups' in the palace secretariat.

But things have changed now. In April 1990 the 30-year old partyless Panchayati rule in Nepal came to an end, and the country adopted parliamentary democracy - i. e. a multiparty system of representative government. The winds of change - of democracy, openness and reconstruction - are more favourable today than ever before to help our policy-decision makers and planners to fulfil the hopes and aspirations of our people. The present government of Nepal has included in its priority list the policy statement of poverty elimination (HMG Planning Commission, 1992: 242). However, the translation of official policy statements into detailed programmes and projects, and then into effective forms of intervention at all levels down to the grass roots of village committees, depends very largely on the commitment and capacity of the state bureaucracy, from the highest echelons down to the local agents.

The Eighth Plan has made a distinct departure from the earlier plans in respect of a programmatic approach towards poverty alleviation (HMG Planning Commission, 1992: 241-258). The Plan admits that the developmental process so far had failed to make a major dent on the problem, because of inadequate rate of growth, uneven distribution of income, and high rate of growth of population. The Plan therefore declares (ibid.) in its list of objectives that the reduction in poverty would receive the highest priority in our developmental strategy. We should like to suggest that this Plan

must provide a target, a time frame, a package of programmes and projects, and a separate allocation of resources which none of its predecessors did. The planners and decision-makers are urged to include the following three broad approaches for poverty alleviation:

- Individual household and poverty group oriented programmes of income generation through asset and skill endowment and direct wage employment through public works;
- Programmes for special areas to counter endemic poverty caused by hostile agro-climate condition and degeneration of the economic system; and
- Giving backup support to the poverty groups by providing for social consumption and social service through minimum needs programme, which aims at improving the 'quality of life' and giving infrastructural support to programmes of poverty alleviation.

The first group activities should not only include but also vigorously pursue integrated rural development programme, training of rural youth for self employment, development of women and children in rural areas, national rural employment programme, and rural landless employment guarantee programme. The second group should also vigorously pursue programmes to counter hostile agro-climatic condition to ensure productivity and economic generation. Similarly, the third group should effectively carry out such minimum needs programme as: elementary education, rural health, rural water supply, rural roads, rural electrification, housing assistance to rural landless labourers, environmental improvement of rural slums and nutrition.

It is worth emphasizing that the strategy of direct attack on poverty through specific poverty alleviation programmes and projects should be at the core of our Eighth Plan. But it has to be remembered that this strategy of direct attack on poverty cannot be sustained and would not yield the desired results, if the overall growth of the economy is itself slow and the benefits of such growth are inadequately distributed. Hence, we suggest our Eighth Plan should envisage three pronged strategy to achieve the desired results.

First, poverty alleviation programmes should be formulated and implemented in a decentralised manner with the participation of people at the grassroots level through village committees, district committees, and so on. This would help to contribute to the selection of project suited to local conditions and the integration of poverty alleviation programmes with area development. Second, to increase the asset holding of the poor, redistributive land reform measures have to be accelerated. Third, keeping in view the limited absorptive capacity of the poorest households, the approach to the Eighth Plan should emphasize the need for taking up group-oriented activities for beneficiaries, to the extent possible, through the promotion of co-operatives, registered societies, agricultural development bank, informal groups, and so forth, so that the economics of scale are fully realised and the group initiative and effort of the poor are promoted. For instance, programmes for the development of women and children in rural areas could be funded and promoted more rigorously (Uma Devi, 1980; Sinha, 1980; Rao, 1980, for more details); rural housing, cottage industries and agro-industries

open up vast opportunities for generating employment in villages (see for more information, Uma Devi, 1980; Narayana and Lakshminarayan, 1980; Squire, 1981).

Besides this strategy, the Eighth Plan also emphasises (HMG Planning Commission, 1992) the need to involve voluntary organisation in the formulation and implementation of poverty alleviation programmes, especially for ensuring greater participation of the people. Timilsina (1992: 25) has discussed at some length how voluntary organisation could help by working as "professional organisation", and our youths possess tremendous potential to make such organisations successful.

CONCLUSION

To conclude, Nepal has been experiencing population and workforce explosion for the last four decades or so, resulting in unemployment and underemployment explosion, as well as widespread poverty. It has been argued in this paper that for the last three decades the evident failure of the state to intervene effectively to promote economic development and social change on the scale required was also explicable in terms of the particular characteristics of the Nepalese political economy, of which the state bureaucracy was an integral part.

But now things have changed: parliamentary democracy has dawned on in Nepal. In a multiparty system of representative government, the Nepali Congress Party won an absolute majority in the general elections held on 12 May 1991. In accordance with the commitment of the Nepali Congress Party to major social reforms, a number of measures have been suggested by the present Government for the removal of poverty and solving the problem of unemployment in Nepal. A permanent solution calls for a long term policy. The solutions have to be found on the realities of the situation considering the magnitude and seriousness of the problem. A comprehensive perspective plan will have to be drawn up in the light of the basis objectives of development, as reflected in the approach paper of the Eighth Plan (HMG Planning Commission, 1992: 241 - 258). The present government stressed (ibid.) that the programmes now being formulated will make a substantial dent into the problem of unemployment and poverty by the end of the Eighth Plan period. Rural reconstruction and employment programmes should be given greater importance, and for this the paper has made some humble suggestions. In the present situation, when the new government is trying hard to translate its commitment to major social reforms, the role of outsiders - whether academics or aid agencies - must be to provide sharper and more critical analysis of the complex and changing situation, and to provide effective support and encouragement for those most evidently committed to devise and implement measures - at all levels - that are both realistic and yet progressive in terms of their capacity to defend and promote the well-being of the rural and urban masses whose social and material deprivation remains so considerable.

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