

A Note on Land Reform in Nepal

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INTRODUCTION

There is an enormous amount of literature on land tenancy and much of them have treated the questions; how are resources allocated when farm land is used by owner cultivator or alternatively is rented to tenants who pay for it by crop sharing between landlord and tenant ? Is land reform aimed at the rent reduction or in transferring land to the tiller ? According to one school of thought the stipulation of the crop share lease creates circumstances in which landlord and tenant view their interest separately. Under a crop share lease, if the landlords' share of the crops is half the tenant will apply his resources in the production of crops until marginal cost of output is equal to the half of the value of the marginal output. In the second school of thought, landlords are assumed to maximize their rent income subject to constraint of the market wage rate of tenant labour and the agricultural production function. The third school of thought assumed that the removal of dual ownership is desirable in order to increase the land productivity.

NEPAL'S EXPERIENCES

The role of the peasantry in the political economy of Nepal since the unification of Nepal until at least the first half of this century, has been to provide the bulk of the surplus on which a ruling aristocracy relied. Over the past four decades, or after the political change in 1951, the then governments one after another were paid attention to implement the land reform programme but none of the efforts were successful. During the infant stage of panchayat autocratic system the land reform act 1964 was enforced, which was an effort to widen the political base of the panchayat regime. As the consequences, the upper class became the beneficiaries from the programme rather than the actual tenants. M.C. Regmi (1976) has rightly remarked that, "Available evidence indicates that the upper rural classes have been the main beneficiaries of the land reform and the new technology that has been introduced in its wake." Whatever are its outcomes, the land reform programme had the three fold primary objectives as follows :

- To uplift and improve general standard of living who actually till the land through equitable distribution of holdings.

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- To direct and channelize the idle as well hidden capital and surplus labour from agricultural sector to non-agricultural sector, and
- To increase the economic growth and development in agricultural production.

In order to achieve these goals the land reform act of 1964, had specified a land ceiling of 17 hectare, 4 hectare and 2.5 hectare in the terai, hills and Kathmandu valley respectively. Under this provision the government acquired only meager land of 1.2 percent of total cultivated land. Under the tenancy rights, the tenants were made legally eligible to claim one fourth share of the product of the land they were tilling. The enforcement of land ceiling was hardly a successful. The agricultural census of 1961 and 1971 showed that the percentage of families holding more than 2.68 hectare and owning more than 45 percent of the land dropped slightly from 7.9 to 6.4 and families holding less than 0.4 hectare rose from 49 percent to 55 percent. However, the tenancy right of the tiller guaranteed by the act is in operation actively.

The main reasons, among other things, of the unsuccessful implementation of land reform programmes were:

- domination of the upper rulings class;
- lack of cadastral survey and data base;
- vague definition of individual or family;
- lack of honest and efficient administration;
- lack of the bold commitment of the government; and
- lack of people consciousness etc.

RESTORATION OF MULTIPARTY DEMOCRATIC SYSTEM AND LAND REFORM

Many thinkers, politicians and economists find themselves that the productivity of land will increase if the removal of dual ownership is implemented. Much of the land in Nepal is owned by non-tiller and the actual tiller are not the master of land. The Agricultural Sample Census of 1991 shows that more than 50 percent farming families possess less than a hectare of land and their economic condition is considerably poor. Therefore, in order to increase the agricultural production a system of equitable distribution of productive resources and the production is required. After the restoration of multiparty democratic system in 1990, the first elected government formulated the Eighth Five Year Plan 1992-97, which explicitly mentions the land reform programme to be made effective. The Eighth Five Year Plan has set the following objectives with regard to the land reform and management :

- To discourage the tendency of holding excessive land in agriculture and direct the investment to non-agricultural sector;

- To achieve an increase in production and productivity through the equitable distribution of land; and
- To update map and land ownership data regularly by determining actual land areas.

In order to achieve these objectives the policies of the plan envisaged to abolish dual ownership to treat Guthi land and tenancy rights at par. But the NC government in its three and half years of tenure could not play an effective role to formulate a land reform programme and implementation. Although, the government of UML came into office after the mid term election at the end of 1994 and in campaign, pledged to enforce the land reform in order to abolish the dual ownership of land by fixing reasonable land ceiling based on the topographical structure of the country, but it could not bring any concrete programmes and policies in its annual budget. Similarly, the present coalition government has also committed to implement the land reform programme without any specific policy action .

PRESENT STATE OF THE AFFAIR OF LAND HOLDING

According to the Agricultural Census 1991, there are an estimated 2,74 million agricultural holdings in Nepal. The number of agricultural holding has grown steadily over the last 30 years. In the first agricultural census 1961 there were 1,54 million agricultural holdings in the country 1,20 million less than in 1991 (Table 1).

Table 1
Number and Area of Land Holdings by Size of Holding 1991
(In Percent)

Size of the holding	Holding Number	Area of holding
< 1 hectare	69.5	30.5
1-2 hectare	19.6	27.6
2-3 hectare	6.2	15.4
3-4 hectare	2.2	7.8
4-5 hectare	1.1	4.8
5-10 hectare	1.2	8.1
>10 hectare	0.3	5.8

Source: *National Sample Census of Agriculture, Nepal 1991/92*, NPC/CBS/HMG,1994.

The above figures reveal that 69.5 percent of land holders holds only 30.5 percent of the total land cultivated. The size of the holding of land of the majority of people is only less than one hectare. But 19.6 percent of the population holds 27.6 percent of total cultivated land with the size of land holding 1-2 hectare and 0.3 percent of the land holders has occupied the 5.8 percent of total cultivated land.

Inequality in the Distribution of Land

The inequality in the distribution of land is analysed with the help of Gini coefficient. Higher the value of G i. e. nearer to 1 less equitable in the distribution of land because the value of G lies between 0 and 1.

Table 2
The Value of Gini Coefficient in Different Agricultural Census of Nepal

Year	Value of G
1961	0.64
1971	0.63
1981	0.65
1991	0.52

Source: Compiled by the Author on the Basis of *National Sample Census of Agriculture, Nepal 1991/92*, NPC/CBS/HMG, 1994.

From the above figures, it is found that the Gini coefficient for Nepal as a whole declined between 1961 and 1971 from 0.64 to 0.63. The inequality in land distribution has been reduced by 0.01 in 1971 compared to 1961. But the inequality in the distribution of land has increased in 1981 showing that there is a greater inequality compared to 1961 and 1971. The Gini coefficient of 1991 comes to 0.52 which signifies that the land distribution is more equitable compared to 1961, 1971 and 1981. This value is enough to draw the inferences that the land distribution in Nepal is extremely unequal. Similarly, in the Agricultural Census of 1991 the Gini coefficients are 0.54, 0.43 and 0.45 in terai, hill and mountain respectively, showing there is higher inequality in the distribution of land in terai region compared with that of hill and the mountain regions. Likewise the Gini coefficient are 0.52, 0.51, 0.49, 0.51 and 0.54 in eastern, central, western, mid-western and far-western development region respectively.

CONCLUSION

Virtually, Nepal is a poor country with agrarian based economy. During the past decades the percapita income of Nepal ranges from US\$160 to US\$180. Majority of its people are poor having less than 0.40 hectare of land. Under such perspective, excessive concentration of land in a few hands results to growing landless class. So, equitable land distribution and occupancy rights should be given to the tenants who actually till the land. The experiences show that the reasonable land ceiling will allow a real margin in redistributing the land. The reform

programme must be introduced immediately so that vicious circle of poverty is not widen. Many empirical studies show that the increase of poverty in Nepal lies in the rural area, yet within the duration of four and half decades, no effective land reform programme is commenced, whether there is a political change or not.

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BOOK REVIEW

Silwal, Uma Kant (1995) *Population Growth and Agricultural Change in Nepal*, Vikas Publishing House Pvt. Ltd., New Delhi, pp. XXI+279, Price IRs. 350.

Increasing population demands more agricultural production for feeding. In Nepal, population is not only growing at unprecedented rate but also at large. Nearly 90 percent of the economically active population is engaged in agricultural sector for their livelihood. In an under developed country like Nepal, population growth directly influences the agriculture by increasing labour in this sector only due to lack of other employment opportunities, and Dr. Silwal has tried to show this impact of the population growth on the agricultural labour in the book, *Population Growth and Agricultural Change in Nepal*.

The book is an outcome of the author's Ph.D. research work and the author has tried to examine the pattern of population growth at spatial and temporal level. He has analysed the regional pattern of land use, output and productivity in agriculture, examined the internal relationship between population growth and area, output and productivity in agriculture in different regions, and established the nature and extent of inter-relationship between the changes in population and agricultural variables dividing the book into seven chapters.

Chapter I and II deal with the socio-economic and geographic settings with people, natural resources and economy of Nepal describing the geographic settings by the location, ecological and development distribution, climate and rainfall of the country. It seems that the author has done very hard work to review the literature on the population and development and dealt at length on the Malthusian Paradigm, the Boserup's model with a note on the carrying capacity of the earth and expressed concern about the agriculture production and said that it can be increased by three main sources: by increasing arable land area, intensity and yield rates.

Chapter III explains the methodology of analysis with preconceived concept of 15 sub-regions. These regions are taken as the units for spatial-temporal analysis. The whole analysis is based on his own conceptual framework, which is mainly based on Boserup's model. Dr. Silwal framed the behavioural relationship between population growth and agricultural development within the hypothetical framework that population change occurs by change in birth, death and migration and tends to changes in size, density and distribution. He has also analysed both population and agricultural changes by time-interval method. Similarly, cross-temporal and cross-regional analysis have been

used . To examine the inter-relationship between population growth and agricultural change, statistical tools like correlation and regression approaches are used, and for this he developed two models : Food Crop Area (FCA), which is a function of number of agricultural labour force (ALF). In second model, there are two sub-models; (i) Food Crop Production (FCP) which is a function of ALF, rainfall (R), chemical fertilizer (CF), and (ii) FCP which is a function of ALF and R. Yet, modern scientific equipments for more production have not been mentioned.

The population size and growth in different censuses in Nepal, 1911-1991, and changes in agricultural production at the regional level for 1971-1991 are analysed in chapter IV and V respectively. The trends and cropping pattern are presented in regional level. The most important part of the agricultural change is given in growth rates of cropped area, areas under individual crops, crop production, individual crop production, yield rates, individual crop yield, comparison of aggregate growth rates, shift in crop area and production. In addition, the status of irrigation, use of chemical fertilizer, use of improved seeds at the regional level are examined at length.

The key chapter VI has shown the inter-relationship between population growth and agricultural change with the help of correlation and regression. The area, output, and productivity of food and cash crops with respect to change in agricultural labour have been examined with the help of simple correlation analysis. The correlation between agricultural labour and gross crop area is very high in most of the regions. The correlation between labour and output is higher in the most of the hill sub-regions. And, the correlation coefficient of agricultural labour force with productivity per hectare of food crop output is found positive only in terai. Magnitude of changes in food crop area and output in response to the population pressure have been also examined. He has done the regression analysis with the two models ; (i) at simple two variables regression model, to see to what extent the increased agricultural labour force affects the variation in gross food crop area; and (ii) the multiple regression model, to see whether the food crop output is related to labour, assuming rainfall and fertilizer supply as independent variables while the irrigation facilities, which increase the food crop output, is not mentioned. However, the extension of area under food crop is strongly correlated to the expansion of labour force in agriculture in most of the regions. The correlation between food crop output and agricultural labour is also strong in many regions, and labour force found to be making a major contribution in increasing food crop output in most of the regions. The chapter VII is covered by summary and conclusion with some suggestions.

The book, written lucidly, is immensely useful for agriculturist, economist, demographers, teachers as well as students. The author has

been able to provide suggestions to alleviate poverty and to improve the quality of life with reducing fertility rate. Therefore, it is more useful for policy makers, planners and programmers to develop an agenda for future research in the field of population growth and agriculture production. The book provides a useful guide to integrate population and economic development programmes from policy formulation to implementation level.

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