

## Challenges and Opportunities of Nepalese Agriculture Under WTO Regime

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### Abstract

*This paper has made an attempt to highlight the emerging challenges and the opportunities of the Nepalese agriculture from the different WTO's agreement such as Agreement on Agriculture (AOA), Trade, Related Intellectual Property Rights (TRIPs), Sanitary and Photo-Sanitary measures (SPS). It is crystal clear that WTO's accession is not an end rather it is opening of new vistas for global integration of the Nepalese agriculture. It is observed that interests of Nepalese agriculture is neither totally protected nor totally destructed under WTO regime. Thus, on the one hand there is necessity of rapid internal reforms for the minimization of challenges and for the maximization of benefits from rising opportunities in agriculture sector on the other hand there is an urgent need to raise competitive edge in global export of qualitative and branded farm products and also to modify rules and regulations at par with present global economic environment.*

### Introduction

Nepal is predominantly an agrarian economy. Agriculture sector contributes nearly 40 percent of the GDP and provides employment to more than 65 percent of the total population. Agriculture is the mainstay of the Nepalese economy around which all-developmental issues clusters. Certainly any serious impact on its structure will have very significant impact on every aspect of Nepalese economy. Global economic environment is changing very rapidly. It is observed that mostly developed countries have distorted free and fair global agricultural trade from the very beginning by providing excessive subsidies and support to the agriculture sector. In this concern, developing was raising strong voices and LDCs nations since long back for the inclusion of agriculture trade under the purview of GATT the predecessors of WTO. In 1947, though GATT had included trade in agriculture but at the same time allowed several subsidies and non-tariff measures, which had distorted global agriculture, trade until 1994. As global trade in agriculture was being managed mostly in protected environment, urgent need was felt to start negotiations for liberalizing trade in agriculture and rule based multilateral trade. After several years of deliberations Agreement on Agriculture (AOA) as

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it stands today was signed as a part of Uruguay Round of Agreement by the member countries in April 1994 at Marrakesh in Morocco and came into practice with the birth of WTO on Jan 1, 1995. It came into existence after years of continuous negotiations among more than 120 countries for harmonizing international trade environment. It binds member countries in a global cooperative endeavor and acts to strengthen the resources to the best (Das 2003:135). With the establishment of the WTO, the wheel has come full circle in the sense that the establishment of the troika envisaged in the aftermath of the Second World War namely the IMF, the World Bank and the ITO is complete (Pandey, 1999:3).

In terms of accession the major achievement of the year 2003 was the conclusion of the accession process of Cambodia and Nepal. These were the first two LDCs to complete their accession negotiations under the procedures established in 1995 and their accession packages were adopted by Ministers at Cancun (WTO 2004). In 2004 Nepal has successfully ratified its accession negotiations and thus becomes 147<sup>th</sup> full WTO member on April 23, 2004 AD. Nepal is first LDCs to join WTO by virtue of accession. Although WTO has currently 30 members from LDCs, the other joined WTO when it was established as the member of GATT.

#### **SAFTA complements WTO Agenda**

SAARC after two decades of its inception has achieved very remarkable success in 12<sup>th</sup> SAARC summit held at Islamabad of Pakistan from 4-6 Jan 2004 by endorsing a long awaited SAFTA (South Asia Free Trade Area) agreement which is regarded as a milestone in the path of SAARC. In the present world economic environment the process of globalization is irreversible thus it becomes need of the time for regional unity as well as to promote free and fair regional trade in order to strengthen the process of globalization under the Bretton Woods troika. SAFTA will come into practice after 2006 AD. There is consensus among the members to slash down the tariff barriers to 0 to 5 percent within 10 years from 2006 AD to promote free and fair regional trade. It has also given special and differential treatment to LDCs just like WTO. Certainly SAFTA is being regarded as one step forward towards the dream of South Asian Economic Union. It will pave the way for creating the basis for free and fair trade area for the prosperity of this region. It will eventually with further discussions and agreement lead to the promotion of mutual trade and economic cooperation in the region with the removal of trade barriers on the cross border movement of goods (Kakkar, 2004:4).

It is golden coincidence in the year 2004 AD that in this year on the one hand SAFTA is endorsed on the other Nepal becomes full member of WTO so long awaited dreams at regional and global level are fulfilled simultaneously after crossing a lots of haggling's and haggling's. The proper implementation of SAFTA for free and fair regional trade will certainly strengthen and compliments WTO's agenda. Both supplementing each other will ultimately bring substantial change in the living standards of the people of South Asia which is home of the largest absolute poor of the world. Success as regional or global level will be possible only when we can raise our competitive edge by reducing the cost and enhancing the quality and brand image of our products. Thus, it can be said that SAFTA and WTO both provide huge potentialities of benefits at the same time several challenges also on the

path of regional and global aspirations. Thus, Nepal with the cooperation of other countries should act to consolidate the WTO's agenda and proper implementation of SAFTA.

### **WTO's Agreement on Agriculture (AOA)**

The focus of the AOA is to encourage global trade by removing quantitative restrictions and all other types of non-tariff barriers hampering global agriculture trade with suitable ratification. The Agreement on Agriculture (AOA) was signed, as part of the Uruguay Round Agreement in April 1994 at Marrakesh in Morocco by the member countries. It came into force from 1<sup>st</sup> Jan 1995. AOA covers three major area of trade in agriculture.

- (a) **Market access:** The agreement clearly pointed out that there can be no restrictions on form trade except through tariffs. It means all non-tariff barriers such as quantitative restrictions on imports (i.e. quotas, import restrictions through permits, import licensing etc) as were in existence before the WTO were to be replaced by tariffs on imports to provide the same level of protection and ultimately tariff levels should also be reduced sharply. This agreement shows that the base period tariffs should be decreased by a simple average of 36 percent subject to a minimum of 15 percent for each tariff line over 6 years in the case of developed countries and developing countries should reduce the base period tariff by 24 percent subject a minimum of 10 percent for each tariff line. LDCs are exempted from any reduction. The countries who had tariffed their QRs has to provide minimum market access to the extent of 3 percent of its average domestic consumption during the 3 years base period (1986-88) up to 5 percent at the end of the implementation period in the year 2004 AD. However, the developing countries suffering from the severe BoP problems need not follow this minimum market access provisions. Nepal being LDCs should not follow this minimum market access provisions.
- (b) **Export Subsidy:** AoA did not allow the member countries to grant export subsidies unless it is mentioned in the country's list of commitment. Not only this listed subsidies should be lowered down both in terms of amount of money spent on export subsidies and the quantity of exports that receives subsidies. It is crystal clear that due to export subsidies the prices of farm products in international market decreases artificially which leads to brakes and blocs in free and fair global trade. Thus in case of developed countries direct export subsidies are to be lowered down by 36 percent below the 1986-88 level and the quantity of subsidized export is to be reduced by 21 percent. Developing countries should decrease the volume of subsidized export by 14 percent in volume terms and direct export subsidies by 24 percent over a period of 10 years. (Gurugharana, 2001:34). However, LDCs are not subject to any such reductions. Thus it will not harm the interest of Nepal; rather it expands fair competition and export opportunities of farm products in global market.
- (c) **Domestic Support:** It is found that aggregate measure of domestic support as consisting of all products specific and non-product specific support have been distorting free and fair global agricultural trade. Domestic support level to the agriculture in developed

countries has been found extremely high. Domestic support is divided into two categories (a) Support with no or minimal distortive effect on trade commonly known as "Green Box and " Blue Box Measures (b) trade distorting support commonly known as "Amber Box measures. The trade distorting domestic support is calculated in terms of "Total Aggregate Measurement of Support" (Total AMS). In the case of developed and developing countries AMS should be lessened only when it is above the 5 percent and 10 percent of the total value of agriculture output respectively. It is necessary to slash the total AMS for developed countries by 20 percent in six years and developing countries by 13 percent in ten years. The LDCs are exempted from AMS requirement (Shakya 2002). It will not harm Nepal in any way rather export opportunities will raise in global market as the price of farm products will raise tremendously in developed countries because of rapid fall in domestic support in such countries. Thus domestic support given by developed countries has become serious threat to the export opportunities of developing countries.

### **Sanitary and PhytoSanitary Measures (SPS) and Nepalese Agriculture**

Sanitary and PhytoSanitary measures are non-tariff barriers and very significant features of WTO's agenda. Sanitary measure is related with the safety of human and animal health whereas PhytoSanitary is associated to plant health. SPS are non-tariff measures which can be used to check imports from other countries on the ground to protect human, animal health and plant life. Certainly, it is not an easy task to follow the SPS measures in letter and spirit by developing and least developed countries because of their low technical know how, poor packaging, environmental hazards, and poor legal administrative standards. In this concern, it is found that developed countries are exercising SPS measures against the export of many developing countries of the world. SPS measures carry very adverse effects on the prospects of the exports of agricultural products particularly from the least developed and developing countries (Singh, 2000). Thus in order to face SPS barriers we should improve quality of our farm products, as well as processing and packaging systems to the international standard. On the one hand for this agricultural and agricultural export agriculture should be made more capital intensive, research- knowledge and skill based activities on other hand organic farming, environment friendly cropping practices should be encouraged. Not only this our farmers, exporters, bureaucrats and technocrats should be made full aware of SPS barriers.

### **TRIPs and Nepalese Agriculture**

TRIPs is highly sensitive and critical agreement of WTO which has long-term pros and cons particularly for developing and least developed economies of the world. Intellectual property may be defined as a product of the human mind. The rights granted to the innovators are defined as intellectual property rights. TRIPs aims to check any unauthorized use of intellectual property. It does not allow any one to exercise any imitation of an original invention. TRIPs covers patent, copy right, trademark, trade secret, geographical indicators, industrial design and layout design of integrated circuits. It encourage innovation by providing



economic gain to the innovator, by protecting the rights of innovator and by punishing infringement i.e. piracy, imitation (Das, 2003:139) It provides the sole rights to the innovators over the use of innovation for twenty years. TRIPs has greater impact on the agro-prone economy of Nepal. It encourages all member countries for the protection of plant varieties either by patents or by an effective sui generis system or a combination of both (Jha 2003) Nepal should opt sui generis system which allows the farmers to replant seeds saved from a previous crop and it also allows the breeders to use seeds freely as they research new plant varieties. Thus Nepal by adopting Sui generis system can protect the rights of both farmers and breeders. It permits the farmers to exchange their seeds with the other and can also replant seeds saved previously. But it strictly restricts the commercial sale of seeds either in national or international market. Thus certainly it harms to the farmers who want to adopt seed production as an occupation.

Use of patented seeds, fertilizer, pesticides etc. will raise the cost of production, which will harm the export opportunities of our farm products. WTO makes an environment in which MNCs will have substantial control over patented high breed seeds, fertilizer and pesticides. Through this MNCs will ultimately command agro-farming, Agro trade, agro-services and agro-industries. Research in the field of biotechnology agro-chemicals seeds, fertilizer, and tissue culture by MNCs may wipe out our traditional agriculture and agro-based industries. Thus there is no option- either to improve the quality of farm products, to carry out intensive research in different sectors other wise be ready to be ousted from global trade and benefits.

In this direction, there is necessity to pay more attention on innovation, research and development in both public and private sectors. Not only this Nepal should frame internal rules and regulations on the par of TRIPs to safeguard intellectual property rights which will promote innovation in the country. We should quickly move forward to grab the opportunity to patent our traditional knowledge and skill which we inherited from generations to generations, if not that will be patented by MNCs and developed countries and the developing and LDCs will be crushed badly as, the different traditional use of Haldi (Besar), Karela, Neem etc. are being patented by MNCs.

### **Challenges of Nepalese Agriculture**

The weaknesses of Nepalese agriculture and the critical issues emerged after the accession of WTO Nepal enters into new era of globalization of agriculture which creates following challenges.

- Nepalese agriculture is still traditional having low yield and high cost of production as well as low qualitative output due to primitive mode of cultivation, dependency on monsoon, lack of proper credit, facilities, mass illiteracy among the farmers and lack of modern transport, Communications etc. In such poor scenario globalization of agriculture and welcoming of MNCs in farm sector will certainly create server threat to the indigenous Nepalese farmers as MNCs have comparatively strong financial base, modern technical know how, easier market information's and global administrative net work. So in present context, to raise agricultural product, to

enhance agricultural export and to promote living standard of the farmers are easier said than done. But it is best to examine the pitfalls and to be ready to cope up with the present global environment under WTO regime rather than run away from it.

- TRIPS may raise adverse impacts on agriculture for at least some times as the price of patented seeds, fertilizer, pesticides etc will rise **tremendously** after the full execution of this agreement. Certainly it will raise cost of the **farm products** which will ultimately raise price of farm products and will thus reduce export **competitiveness** in global market. It will also raise internal price level which, will **open door** for the MNCs. They will easily drive out indigenous Nepalese farmers from agriculture and other agro based activities and will capture the whole domestic market. In such circumstances, it is argued that globalization of agriculture may raise level of imports than export. Thus to face this challenge we should set up our own research projects and we should be ready to patent our own products.
- Political turmoil becomes one of the major threat to our economy as well as to our commitment which we have done in international forum. There is lack of sufficient rules and regulations to protect intellectual property rights. Nepal should have to frame several rules and regulations and also have to amend some of the existing rules on the basis of WTO's agenda and our international commitment. In the present political instability certainly it is harder task. Nepal had failed to frame **competitions** law till 31 July 2004 according to its commitment. It will harm our **international** prestige and value in days to come.
- It is known fact that majority of the farmers in Nepal are uneducated, illiterate and they do not have sufficient technical and scientific knowledge regarding agronomy, and agriculture marketing. So for them to follow SPS measures in letter and spirit is not easier task. Thus by exercising SPS measures, developed countries can very easily reduce our export potentialities.
- At present many countries are exercising non-tariff measures such as SPS, anti-Dumping measures to reduce their imports. Certainly such measures will lesson down our export opportunities in global market. It is observed that generally developing countries are far ahead in removing non-tariff barriers to smoothen out the international trade environment but the developed countries have been consistently expanding the network of their non-tariff measures and imposing various trade restrictive impediments including the latest outcry of environmental concerns, labour standards, child labour and so on. For example going by the 1999 UNCTAD estimates as many as 22 non-tariff barriers were operative in Japan as many as 16 in the EU, 9 in Australia, 4 in USA (Panhamukhi, 2000).
- It is also found that developed countries are forcefully raising pressures for the inclusion of the issues of labour standard and environment in the WTO agenda. Certainly it is barrier on the path of free and fair global trade and it will harm developing and LDCs countries at large.
- It is also found that developed countries are not ready to reduce their farm subsidies. They continued to subsidies export of farm product in the interest of food security,

maintaining farm incomes and preserving the farmers (Gulati, 2000). Such behavior of developed nation will hamper the dream of free and fair global trade in agriculture.

### **Opportunities of Nepalese Agriculture**

The opportunities to have benefits from WTO among the member countries need not to be equal. It can also not be claimed that each member country will be benefited under the WTO regime. Thus opportunities to reap benefits lies on the respective efficiency, competitiveness of the member country in the global trade. Nepal being a least developed country can enjoy following opportunities under WTO regime if our actions proceed towards right direction.

- AOA agreement leads towards quicker globalization of world trade in agriculture. It can open up new vistas of agriculture growth and export when we will be able to manage and utilize our inherent strength of agriculture sector. Nepal being a LDCs can freely provide farm subsidies, export subsidies and domestic support to our farmers even by obeying AOA agreement. WTO's provisions allow the government to pledge subsidies up to 10 percent of the GDP in agriculture. It can also pledge subsidies on research and development, developing market linkage, and strengthening the distribution system among others. These provisions must be used to protect farmers interest and development of agro-based industries (Sharma, 2004).
- Nepal has comparative advantage in the production of many agricultural product such as jute, tea, ginger, large cardamom, pepper, herbs etc. Thus their export can be easily raised under WTO's umbrella by aligning products with markets, by establishing linkage, by using modern hitech-information technology and developing basic infrastructures for agro-development in the country. Nepalese trader can enjoy market opportunities and fetch good prices under the changed situation provided they can add more value to its products by processing agricultural products here by grinding, blending and good packaging. It would however, require more scientific post harvest and processing technology and practices to take advantage of the increased access opportunities (Shakya, 2002)
- Under WTO's regime as there is sufficient scope to raise export of farm products in global market thus Nepal has an opportunity to develop "Agricultural Export Zone" to provide a package of services to farmers at a single point to meet the challenge emerged from Sanitary and Phyto Sanitary measures and TBT.
- Prices of farm products will sharply rise in the develop countries due to sharp decrease in subsidies and domestic support to the farmers by them under AOA and also due to the success of Geneva Ministerial Conference in July 2004 AD. In such changing global era Nepal has sufficient opportunities to raise the export of farm products and can also earn sufficient foreign currencies by raising competitive edge at global level. Certainly it is not an easier task.
- Under WTO's regime, the process of liberalization, privatization and globalization

become faster. There are sufficient chances to increase private sector investment and FDI in agriculture sector as well as in agro and food-processing industries. It is an accepted fact that entry of private sectors and FDI raise efficiency productivity, innovations and reforms. Thus it will raise competition among the entrepreneurs. Which directs resources to more efficient use by closing inefficient uses.

- Nepal is one of the most suitable countries to take an advantage from organic farming. It is estimated that global market for organic food is about 36.89 billion (Sharma, 2004). Organic farming of tea, medicinal plant, fruits, cardamom, herbs etc will raise their export in dollar term. Nepalese farmer can certainly look ahead to earn foreign currencies and to reap very substantial gains by promoting the "Brand Image" of their output and exporting them to abroad.
- Nepal can also exercise SPS measures to restrict the imports of agricultural products by raising the issues relating to human, animal and plant health and other quality concerns. But for this, we should be technically very sound.
- Nepal being a LDC can be highly benefited from the technical assistance programme of WTO. The WTO took on a high level of commitment in providing technical assistance and capacity-building to developing countries. This is in recognition of the considerable expertise all countries need in order to exercise their WTO rights and obligations, to reap the benefits of membership in the multilateral trading system, and to participate fully in the negotiations defining their interests and understanding the implications of proposals by other players (WTO, 2004).

### Conclusion

It is crystal clear that all the agreements of WTO cannot be beneficial either for the super power USA or any LDCs. No member country can claim that its interests are 100 percent protected under WTO's regime. It is, thus need of the hour to safeguard our interest by cooperating with other developing and LDCs for the common goal. Globalization of agriculture under WTO's regime is the reality which, cannot be denied or avoided thus it is better to adjust with the ground realities or be ready to perish. For this our agriculture sector has to be modernized and diversified with modern means of irrigations, hybrid seeds, proper power, cheap credit, pesticides, modern biotechnology, high-tech information technology and scientific agricultural marketing system. It is an urgent need to expedite our internal reforms and calibrate them with WTO agenda to minimize the challenges and to reap maximum benefits. Nepal can reap the emerging opportunities by raising the farm export to abroad by increasing farm productivity, organic farming competitiveness, efficiency and improving the quality of the product by transferring present subsistence farming to modern farming. It is matter of grave concern that there is mismatch between the global economic environment and the existing rules and regulations production process and marketing management of Nepal. Thus the quicker the speed of internal reforms in rules, production process and marketing management, the better chance we will have to reap benefit by integrating with global economy. Such changes are very crucial for the long-



term sound health of Nepalese economy. If the pace of internal reforms and development does not keep up with that of globalization and WTO agenda, it can ruin the kind of vibrancy the Nepalese economy has developed for itself. WTO membership is not an end. It is the beginning of Nepal's effort to integrate its economy into the multilateral trading system. Nepal needs to amend or design its national development policies in line with commitment that it has made with the WTO. (Adhikari 2004), Thus to conclude, there is necessity to revamp Nepalese agriculture, agro based industry and export trade by improving competitiveness, cost reduction through proper productivity gains and encouraging organic farming. To sum it all up, it is necessary to promote "Brand Image" of the Nepalese farm products by raising quality of the product, packaging, storage and marketing management through technological advancement to reap benefits from free and fair global environment under WTO regime in days to come.

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## Book Review

Meena Acharya, Yuba Raj Khatiwada and Shankar Aryal (2003). **Structural Adjustment Policies and Poverty Eradication**. First Edition. Institute for Integrated Development Studies (IIDS) Publication, Kathmandu. Pages xiv + 229. ISBN 99933-768-3-3. Price Rs. 350 Paperback.

In the case of structural adjustment program and poverty alleviation, there are those who stress the underlying continuity, while others claim there has been a profound disjuncture in the historical development of capitalism as a mode of production. Political implications always follow from theorization of the dimensions of a situation there may still be profound differences over what is to be done, and where individual and organizational efforts are best directed. The book under review has rightly reflected this idea in a lucid way.

The book is divided into six chapters. This introductory chapter explains internal and external liberalization scenario of Nepal including structural adjustment and poverty concepts. Chapter II is on the financial sector developments in a poverty perspective, which examines whether it has increased access of the poor to financial resources. Chapter III shows how the impact of manufacturing exports on employment and income has been very limited for Nepal, in the face of declining real wages. Chapter IV illustrates Nepal's options in terms monetary and exchange rate policies, which are very limited due to the open border with India. Chapter V describes the fiscal policy management as a policy instrument for poverty alleviation. This part includes budgetary performance, expenditure absorption, foreign aid absorption, fiscal governance and fiscal decentralization. Final chapter VI summarizes the findings and tries to present some insights as to why and where we have been making mistake in policy making, governance issues, international experience, globalization, macroeconomic policy, socio-political crisis and national choices.

Nepal's continuous transition in 1990s to a regime of structural adjustment is an event of great historical debate, which merits serious study but which is shrouded in a great deal of misconception, some of it nurtured for ideological reasons precisely because of the significance of event itself. The first such misconception is that structural adjustment became inevitable because the earlier regime had brought the economy to a point of "collapse."

Analytically, Meena Acharya, Yuba Raj Khatiwada and Shankar Aryal argue on the side of underlying continuity rather than radical discontinuity. Politically, they argue in favor of middle ground reform. They are critical of both aspects. They do not deny trends towards increased internationalism, that there are important constants on nationalist industrial policy; their claim is rather that there is still a major role for a nation-state level policy measures. Should people manage to shake off their torpor, mainstream economics, which authors define as a branch of ideology.

These writers suggest that the myths have changed from the claim, circa the 1950s and 1960s, that capitalism without victims was a clear prospect, to the contemporary and equally wrong-headed myth of the uncontrollable global judgement, which requires all individuals, companies, and countries to accommodate to competitive forces at any cost or else become losers. As they see it Structural Adjustment Program (SAP) and Poverty Alleviation (PA) are

myths suitable to a world without illusions.

The choice, according to these authors, is between rule by an economic liberal technocracy pushing its free market dogmas, which have been discredited by economic crisis, and the progressive governance of capital's reformers, as in the World Bank's push for better public administration and its advocacy of good governance measures for Third World economies. Their policy discussion thus remains within the terms of mainstream development discourse, focussing on developing better taxation system, the orchestration of social consensus, and the emergence of a political culture that balances collaboration and competition.

The nexus between the political elite and the international financial capital might be getting tighter. Nepal is slowly being drawn into what Mander and Goldsmith called the "casino economy" controlled by the international financial giants with no evident benefit to the people around the world. Nepal seems to be no exception in this case. Jeffrey Sachs also notes how today's short-term financial markets are estranged from the economic fundamentals and are primarily guided by a gambling mass psychology.

Privatization has been fastly implemented because it is in the interest of the rising upper middle class who is schooled thoroughly in supply-side economies and hooked to the comprador bourgeois class out to make huge profit at the cost of the national harmony as well as the national economy. We see no connection between the policy declarations we make and our own actions in contravention of that policy or even the law.

The FDI must be going to the selected manufacturing items, service, trade, banking and tourist sectors. While the financial sector is seemed to generate some employment for the Nepalese educated class, tourism sector should be generating some employment for the nationals. Investment in other sectors as such has not been estimated to generate much employment for the Nepalese nation.... Manufacturing units with the FDI also have lower intensity compared to the units with no such investment. Further the multiplier effect of investment of FDI in such sectors is not known either. Our liberalization, employment and FDI policies have failed to take account of this primary feature of the Nepalese economy.

The high integration of the Nepalese economy with that of India in terms of merchandise trade, tourism, labor, foreign exchange and financial markets makes the Nepalese macro-economic policies dependent on policy changes in India. Any move to liberalize the Indian economy gets transmitted to Nepal as well to prevent diversion and deflection in the economic activities across the border. Nepal being a small economy with a limited domestic market, there is a greater need for adopting more outward-oriented economic policies than India's and the former had been doing this in the form of financial, industrial, and trade policies during the last four-decade or so. But so far as foreign exchange liberalization is concerned, Nepal could not make a lead due to the threat on convertible currency reserves. Nepalese economy has been and is largely open to India. This puts severe limits to monetary, exchange rate, as also pricing and taxation policy options in Nepal.

In the book, Foreword is written by Mohan Man Sainju and in the third paragraph of that very page he has mentioned only two writers name Meena Acharya and Yuva (? Yuba) Raj Khatiwada excluding third writer Shankar Aryal. The Title of the *Structural Adjustment Policies and Poverty Eradication* seems inappropriate conceptually. The usually practiced word is structural adjustment program (not policy). Program is a tactics where as policy has different meaning. To explain in economic terms program (tactics) is used as means and

policy as ends. Program is changeable and temporary where as policy is perspective and as permanent. Therefore the appropriate word would be program and this is catching word too. The second Title poverty eradication is also not appropriate. Frequently and catching used word is either alleviation or reduction. This is not a physical disease but a social process of society. That's why in economic jargon reduction or alleviation would be appropriate. Writers have used these all words frequently in the text as synonyms.

The book is in standard form with quality material in paper and print but the editing performance is not so good. There are some typological mistakes, such as in abbreviations (e.g. NIDC, RRB), notation R square should be written  $R^2$  but somewhere written as R2, polices in place of policies that could have been avoided. Dozens of cited references are in citation but not included in references and those references, which are given not cited in the text. This is the paradox of methodological concept. And a few references are put in underline where as a few are in *italics*. This shows that there is inadequate coordination among the writers.

We can say the book written by three personalities, two known economists Dr. Meena Acharya and Dr. Yuba Raj Khatiwada and one political scientist cum data specialist Shankar Aryal have done a good job. Those people who are interested in economics, politics, international affairs, governance and policy making they must read the book. The book certainly deserves wide reading.

Penetration of development forces into the nation has been tantamount to defying the forces of gravity. Like water, conflict and development have tended to move down and gravitate in the people and places. If today Nepal finds itself confronted with many problems, it is also faced with many potentials.

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