

Assessment of Government Policies, Farm Subsidies, and Agriculture Growth

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ABSTRACT

Political ideology serves as the nexus that intertwines various aspects of farming policy formulation, subsidy distribution, foreign grants, and the growth rate of the agricultural sector. This article takes a comprehensive look at the intricate relationship between People's Multiparty Democracy (PMPD) and the development of farmer-centric policy formulation, the different types of farm subsidies, and their allocation. This examination is conducted by evaluating the various categories of agricultural funding projects and their outcomes, as well as analyzing the performance of the agricultural gross domestic product (AGDP). The descriptive findings of this study illuminate the direct influence of PMPD in shaping pro-farmer policy formulations. Farmers have been benefiting from moderate-level input subsidies designed to facilitate the acquisition of capital assets for the promotion of agricultural technology. These subsidies are sourced from both regular government funds and donor-supported initiatives that have been executed over varying periods. The average subsidy rate remains below 50%, contingent upon its intended purpose. Despite the positive political support, the AGDP has consistently hovered around the 3% mark throughout different development plans. It's worth noting that not only PMPD but also other political paradigms such as the Panchayat system or multi-party democracy have significantly propelled economic growth. This underscores the need for renewed endeavors to leverage farmer's equity funds, the government's routine budget, loans, and grant funds. This study recommends the establishment of a collaborative platform involving farmers, the government, financial institutions, and donors, to successfully execute a growth-oriented business plan. Additionally, the study strongly advocates for three major investments: the establishment of fertilizer manufacturing facilities, hybrid seed production projects, and the creation of a resource center. These investments are crucial for the enhancement of key agricultural value chains.

Introduction

General Secretary Madan Bhandari's political program of People's Multiparty Democracy (PMPD) was endorsed in the Fifth National General Convection of the Unified Marxist Leninist (CPN[UML]) party in 1993. The key

features of the PMPD forming a government based on the citizens' principle of political pluralism, freedom of speech, free and fair election, protection of individual rights, and updating ideology as per situation (CPN-UML, 1995). PMPD evolved from an amalgam of

ditching multiple scenarios, such as Nepali internal political condition, the failure of the communist parties in the then USSR and Eastern Europe, radical communist ideologies, capitalist multiparty democracy, and other international and regional geopolitics (CPN[UML],1995; Oli, 2012).

Studies show a strong connection between the ideological stance of PMPD and a quest to bring change in the lives of Nepali peasants. Numerous issues such as land reform and land tenure system, poverty, remoteness, income diversification, and feudal society were unsolved by the earlier governments.

Nepal was declared an “Agricultural Country” in 1972 and institutionalized research, education, and extension (REE) in the agriculture sector (Joshi, 2018). Further, the agricultural extension

model followed a trickle-down development approach because of which a limited number of elite farmers got demonstration-led farm subsidies whilst poor and disadvantaged farmers were kept outside of it. The post-Panchayat governments led by the Nepali Congress took a liberal economic approach (Chaulagain, 2021).

Subsidies in the agriculture sector were observed common in many countries, such as China, the US, and the EU countries. Neighboring country India spent \$ 11 billion in 2019. Nepal has allocated NPR 55.97 billion for the fiscal year 2022/23 and it is planned to NPR 58.98 billion for the fiscal year 2023/24 (MoF, 2022, 2023b). In comparison to the Indian subsidy value for 2019, Nepali allocation was just 4% for the current fiscal year. The microeconomic tenet behind the farming subsidy has been explained in Figure 1.

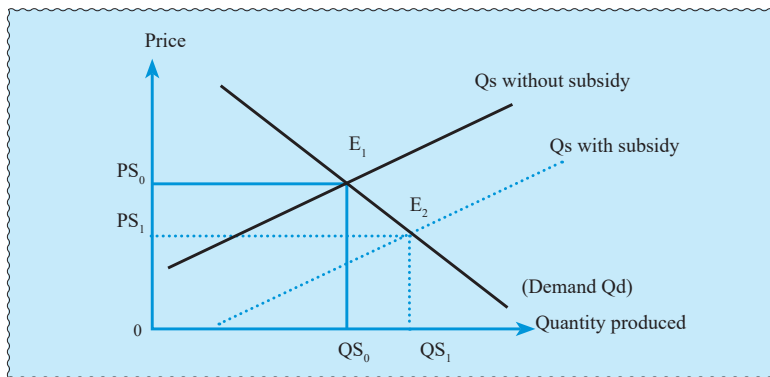


Figure 1: Microeconomic effect of agricultural subsidy

Source: Adaptation from Dwivedi (2014)

The figure portrays food produced quantity equals OQS0 at point QS0 and price (PS0) at equilibrium condition (E1) under the free market concept. Dwivedi (2014) demonstrates that the government’s intervention such as regular agricultural subsidies enforces the supply curve at a rightward shift at point E2 where the equilibrium price is OPS1 and equilibrium agricultural production is OQS1. As the food consumption level is unchanged, it causes a reduction in market price from OPS0 to OPS1, and output expands from OQS0 to OQS. Although illustration seems

simple, it works for any kind of production or export subsidies (Tomek and Robinson, 1972).

In line with this principle, the Ministry of Agriculture and Livestock Development of the Government of Nepal, through its provincial and local government outlets, provides production incentives every year in the form of technology-related production inputs and market infrastructures (MoALD, 2023; PMAMP, 2022). Most of the subsidies are input-based to date, however, production-based initiatives have been

started in some aspects to encourage sales. These subsidies plus development funds are provided based on policies and directives such as the National Agriculture Policy (2004), Agribusiness Promotion Policy (2006), Agriculture Perspective Plan (APP, 1995-2015), and Agriculture Development Strategy (ADS, 2015-2035) and Subsidy Management Procedure (MoALD, 2023). Agriculture is the mainstay of the Nepali economy which employs 60.40 percent of the population and contributes about 24.1 percent to the GDP (MoF, 2023b). This sector is still characterized by the dominance of small and marginal farmers who are following traditional and indigenous farming technology (G.C. & Hall, 2020), with an average land holding of 0.33 ha. (Bharati, 2021).

Methodology

This study addresses three main objectives. Firstly, it examines pro-public politics, policies, and the interconnection between PMPD and farming. Secondly, it reviews policies on agricultural subsidies, and investment situation and evaluates their impact. Thirdly, it assesses project-based funding, coverage, and performance levels. Lastly, the study aims to analyze the contribution of People's multi-party democracy to supporting farmers'-friendly policy formulation, farm subsidies, and donations to the overall economic growth of the agricultural sector. By focussing on these objectives, the rationale of this article is to provide a comprehensive understanding of the effectiveness of farm subsidies and donations in the context of Nepali agricultural development. Furthermore, it accumulates policies, funding, and investment and impacts different political regimes, i.e., democratic socialism, PMPD, or the socialist concept of major political parties.

Results and Discussion

People's multiparty democracy and agriculture

Land distribution system, land rights and land reform are the foremost important policies not only for living but also for farming (Joshi, 2018;

MoLRM, 2015). The Nepali land distribution system is feudal and unproductive (Bista, 1999). One of the major thrusts of PMPD is establishing fair land reform and tenure systems in the country. As theme policy "People's Multiparty Democracy" has highlighted that arable 40% land of the country has landholding rights of 9.4% of elite families and 55% of peasants in the country have only 12% land ownership. Further, the majority of the farmers are poor because of the vicious circle of poverty (CPN[UML], 1995). Many commissions have been formulated, reports have been submitted, and policies have been endorsed (MoLRM, 2015). The land consolidation strategy has been discussed and brought a land banking model and some subsidy package to break through the feudal land-splitting system. These policies, however, have not been gaining fruits but raising concerns about the realization of political consensus as well as citizens' verdicts.

Not only land but also farming-related inputs have a political interest. All Nepal Peasant's Federation (ANPF), a wing of the CPN (UML), describes the fundamentals of establishing crop or livestock-based committees and coordination committees by including progressive farming and their federation as an umbrella organization (CPN [UML], 2022b). The party has also mobilized the farmers via the farmers' committee in villages, districts, zones, and provinces, which are mobilized under the Central Agriculture and Livestock Department (CALD) of the party wing. PMPD further brought the regular elections of these farming institutions which eventually built awareness and turned them into leader farmers. That department advises the party to lead contemporary as well as overall support policy laid on national aspiration (CPN[UML], 2022a). The department is the active form of the farmer's federation which collects issues from the members of its sub-ordinate committees, mobilizes these at the grassroots to the provincial level, and consults like-minded organizations for the solution. It insists on making farmer's friendly policies,

establishing farmers' rights, and enforcing formulate Acts, Laws, Bylaws, and Planning (CPN-UML,2022a; NFC, 2022). The formation of the National Farmers Commission(NFC) in 2017 under the Agriculture Development Strategy is a great outcome of the CALD and other political wings (MoAD, 2015). The NFC is leading for contemporary issues of the farmers, policy studies and lobbying to solve gaps among service providers and clients, and trade-related dispute settlements (NFC, 2022). Although these party institutions have a long history and well connections from farm-level campaigning to policy-level reform, their outreaches are hardly documented.

With the guidelines, of PMPD, and the consensus of other political parties, the Nepali Constitution has included two most important fundamental rights related to farming: Article 36(2) ensures the right to be protected against food scarcity and Article 36(3) has mandated right to food sovereignty as of every citizen's right (MoAD, 2015). To the radical change of the peasant families, distributional policy through the government's efforts is particularly important. The PMPD primarily focuses egalitarian approach to getting socialism through the capitalist route. Although these policies have no defect, this review demands proper implementation guidelines, specifying this policy is important to make it understandable to the concerned stakeholders. The party's ideology believes in socialism but the recent paradigm of the country's economic indicators speaks of the possibility of shifting the country into a banana republic (Rising Nepal, 2017). Beforehand of socialism, capitalism was the economic route for which the neoclassical trade under pen economy policy was supportive. However, capitalism-building policies via the agriculture sector, duration, and coverage were not clarified. FLP (2019) documented Chinese characteristics of socialism and paradigms. Likewise, or differently, each step has to be put together in front of the people

and take their verdicts. The PMMD's mandate has not been showcasing positively as per the mandate of Nepali citizens because of the low leading tenure of the party in the government (CPN [UML], 2022b). With reviews of many authors and newspaper articles, portfolios of the leading ministers ultimately responsible for implementing the ideology rightly, and some sectors became successful.

Assessment of agricultural subsidy policies and investment

The second political issue is the distributional policy via farm subsidies. Before and with PMPD, this review found a rapid change in policy making and grounded policies in the farmers' field. Table 1 portrays the major paradigm of agricultural development, policy, and sub-policy focus and development model. Nepal has crossed 67-year planned development experience in agricultural development pre-APP period (1956-1990), the APP period (1995-2015) with a neoclassical open economy model with a multi-party democracy system, and from 2015 onwards with ADS with People's Multiparty Democracy or liberal democracy political theme (NPC, 2023). The first plan (1956-61) was the foundation period in which agriculture was placed as a second priority with nearly one-third of the total budget allocation. In the second, third, or up to 7th plans, the agriculture sector got high priority but farming could not rise above the subsistence level (Joshi,2018). The fourteenth plan (2016/17–2018/19) was completed in July 2019, and Nepal is now at the mid-point of implementing the 15th five-year plan, however, farmers about 60% of are engaged in agriculture, and around 60% of them are still doing substance farming (MoALD, 2022). The utmost policy focuses were food self- sufficiency, self-reliance, and food import substitution (Bhandari, 2011), however, the food availability growth rate before and with APP was not improved significantly (MOAD, 2015).

Table 1: Determinants affecting access to farm subsidies

Subsidy class	Coeff.		S.E.
Low- Less than 15000	(Base outcome)		
Medium- 15000 to 30000			
Monthly income (NRs)	0.000021*	0.0001	0.0690
Training received	-0.3402	0.6073	0.5750
Farm registration	2.6194*	1.4370	0.0680
Household Size	0.1514	0.1867	0.4170
Farming experience (yrs.)	0.0006	0.0452	0.9890
Distance to market (km)	0.5652	0.2442	0.8170
Distance to road (km)	-0.6886	0.7826	0.3790
Age (yrs.)	0.0107	0.3188	0.7380
Land in ha	0.9120	1.3621	0.5030
Subsidy class	Coeff.		S.E.
Education			
Primary	-0.7764	0.8526	0.3630
Secondary	-0.3559	0.8682	0.6850
Higher	-0.9724	1.1619	0.4150
Ethnicity	-0.3968	0.7538	0.6010
Janajati	-13.3702	870.1029	0.9880
Others			
Cooperative membership	1.9061	1.4143	0.1630
Gender	-0.9959	0.6105	0.0900
Constant	-5.5303**	2.2169	0.0120
High (greater than 30000)			
Monthly income (NRs)	0.000263***	0.000008	0.0030
Training received	0.2867	0.4656	0.5380
Farm registration	2.4759**	1.0144	0.0150
Household size	0.0635	0.1520	0.6760
Farming experience (yrs.)	-0.0089	0.0384	0.8150
Distance to market (km)	0.0593	0.2184	0.7860
Distance to road (km)	-1.2607*	0.7324	0.0850
Age (yrs.)	0.0021	0.0252	0.9320
Land in ha	-0.2056	1.1522	0.8580
Education			
Primary	1.1003	0.9360	0.2400
Secondary	0.7351	0.9563	0.4420
Higher	1.5956	1.0428	0.1260
Subsidy class	Coeff.		S.E.
Cooperative membership	0.8742	0.9920	0.3780
Gender	-0.1103	0.5543	0.8420
Constant	-5.3926***	1.7547	0.002
Log Likelihood	-126.46		
Likelihood ratio (Chi-square)	84.47		
Prob > chi-square	0.0000		
Pseudo R squared	0.2504		
Number of observations	219		

Note: *, **, *** denotes significance at 10 %, 5 %, and 1% level respectively. Source: Bharati (2021)

Analysis of sources of input subsidy showed that high-cost items like agricultural machinery, GI tunnels vegetable production, and solar irrigation were subsidized by federal and provincial governments whilst the local government granted incentives for lab-tests, small tools, and mulching-related small items, with mean NRs 3178. The farmers received NRs 35633 for machinery from the province or other sources. The mean estimated subsidy for plastic tunnels was NRs 6195 with the source of provincial and local governments whilst the figure on electricity and fertilizer was NRs 4061.54, and NRs 7143, respectively. The mean cash subsidy provided by the federal government and provincial government on the GI tunnel was NRs 472000. Based on the dominant cropping system, the paddy-potato cropping system received NRs 16824.56 on variable cost subsidy per year on average while it was NRs 5570.92 for the tomato-vegetable cropping system. Multinomial regression results in types of input subsidies received by the three categorized farmers: High (>30,000), low (\leq 15000), and medium in between. By keeping low income as the reference, subsidy value > NRs 30000 showed that income, farm registration, and distance to the road were statistically significant. The monthly income was positive and statistically significant at a 1% level. It means that households with more income were more likely to get a high range of subsidies. The registered farms in the form of firms companies or cooperatives than unregistered ones were more likely to receive a high range of subsidies. Thirdly, the farther the beneficiaries are from the road, the less likely farmers receive subsidies. The other determinants like land, age, gender, education, ethnicity, household size, and farming experience did not have a significant effect on the amount of subsidy received.

Analyzing the determinants of access to agricultural subsidy showed that farm registration, household income, and distance

from the road were significant factors. Mostly, a higher number of subsidy receivers were richer farmers and registered farms. Farmers' involvement in cooperatives or groups did not affect the amount of subsidy received. Getting farm subsidies has both positive and negative impacts. Beginning levels of subsidies in credit, fertilizer, and irrigation helped smallholders to adopt new technologies (Fan, Thorat and Gulati, 2007). Similarly, Beaman, Karlan, Thuysbaert, & Udry (2013) found 31% additional paddy output with free fertilizer support in Southern Mali. Chirwa, Matita & Dorward (2011) also found that poor and vulnerable households are less likely to receive farm subsidies, but households with more arable land are more likely to receive higher amounts. Unlike these positive results, agricultural subsidy value was expensive when it mainly benefited the wrong people and distorted agricultural markets by encouraging farmers to overuse surplus production (Baltzer and Hansen, 2011). If these subsidies are abused, it hurts taxpayers on the one hand and develops a dependency on public support rather than improving productivity (Bonfiglio, et al, 2020). Another recent study concluded that subsidized credit has no significant impact on technical efficiency in both the cropping systems and farm productivity (Thapa, 2021).

Assessment of project-based funding, coverage, and performance level

Assessment of the source of subsidy is taken into account for how it is utilized in the project-based investment before and with the PMPD launch. Table 3 portrays the names of seventeen agricultural projects that have been funded in the last three decades, agencies, grant amount, and coverage in Nepal. The minimum funding period was four years and some seemed sequel projects with the fund of the same donor. An estimated expenditure of over \$ 552 million has been mobilized or committed from the key donors with the help of some technical assistance (TA) agencies. Most of the

agricultural projects in Nepal are donor driven and Nepal has been a recipient country of foreign aid since the first plan (MoF, 2013).

Almost all projects shown in Table 3 have a Project Implementation Manual (PIM) or Guideline for funding sub-projects, which have approximately 30-75% grant provision on capital assets related to technology adoption. For instance, of the actual investment of \$ 45.46 million for the implementation of RISMFP, the ADB financed \$ 18.50 million in assistance, beneficiaries \$ 21.79 million as a contribution, and SNV invested \$0.49 million as TA (ADB, 2021). Further, the nature of the funding of the projects was also different, with the composition of grant, loan, and beneficiaries' input in a ratio of 5:3:2, that is, 50% grant, 30% bank loan, and 20% beneficiaries' contribution (NLSIP, 2022). Thus, the table shows a scenario

of funding from the loan, grant, or matching fund support of the projects. Furthermore, the MoALD has been implementing the Prime Minister Agriculture Modernization Project (PMAMP) as a sole government funding project throughout the districts since FY 2017/18, with an investment plan of 1.3 trillion within ten years. The project has already implemented 16 super zones, 177 Zones, 1578 blocks, and 7657 pockets (PMAMP, 2022). The providential government and local government have regular budgets for agriculture or livestock extension support. Besides these, multilateral or bilateral agencies such as GIZ, DFID, JIACA, SNV, and SDC have an annual fund that has been mobilized in the agriculture sector through government or non-government organizations.

Table 2: Name of project, funding agencies, expenditure, and coverage

SN	Name of the agricultural project	Funding period	Funding Source		Expenditure (million)	Coverage districts
1.	First Livestock Development Project (FLDP)	1979-1988	ADB/M	MOAD-DoLS	12.82	14
2.	Second Livestock Development Project (SLDP)	1985-1994	ADB/M	MOAD-DoLS	17.5	14
3.	Third Livestock Development Project (TLDP)	1997-2004	ADB/M	MoAD-DoLS	12.55	14
4.	Crop Diversification Project (CDP)	2001-2007	ADB/M	MOAC	12.1	12
5	Agriculture Prospective Plan Support Project	2003-2008	DFID	MoALD	10*	20
6	Seed Sector Support Project (SSSP)	1999-2010	DFID	Funding	NA	12
7	Community Livestock Development Project	2004-2010	ADB/M	MoAD-DoLS	20	43
8	Commercial Agriculture Development Project	2007-12	ADB/M	MoAD	21.89	6
9	Project for Agriculture Trade and Commercialization	2009-18	WBG	MOAD	40	75
10	Raising Income of Small and Medium Farmers Project (RISM-FP)	2012-2019	ADB/M (SNV-TA)	MoAD	45.46	10
11	Improved Seed Support Program (KUBK-IFSP)	2012-2019	IFAD,	MOALD	45.105	6
12	High-Value Agriculture Project in Hills and Mountain Areas (HVAP)	2011-2018	IFAD (SNV-TA)	MOAC	17.87	Karnali
13	High Mountain Agribusiness and Livelihood Improvement (HIMALI) Project	2009-14	ADB/M (TA-SNV)	MOAC	15.1	Karnali
14	Agriculture Development Support Project	2018-2024	IFAD	MOALD	68	10
15	Agriculture and Food Security Project (AFSP)	2012-18	WBG	MOALD	46.5	19
16	Nepal Livestock Sector Innovation Project	2018-2023	WBG	MoALD	87	28
17	Rural Enterprises and Economic Development (REED) Project	2021-2026	WBG	MoALD	80	35

Source: Various project completion reports of MoALD, World Bank, ADB/N, and IFAD.

*Currency was Pound Sterling

Analyzing the logical framework and completion report of the development projects, any donor claims that their set targets or revised ones were fulfilled in a planned period. A review of RISM-FP's completion report showed that the project was: relevant, and the grant modality was appropriate, effective, efficient, and sustainable. Impact evaluation results after one year reported that 82% of sub-projects were sustainable (ADB, 2021). What would be the sustainability of these projects after five or ten years? As with other projects, the agricultural project also completed the project cycle, and the sustainability of those projects after completion is a great issue (Khatua, 2012). It meant; a bigger study is needed for the utilization of project outputs to date. There are many moral hazards of subsidy abuse. Shrestha (2021) concluded that agricultural subsidies supported by different organizations have not been utilized properly and smallholders have not benefited from these supports. Even the distribution of the subsidies was heavily influenced by political power. The report also concluded the failure of anti-corruption mechanisms and dying morals and ethics within the bureaucratic and political system. The multi-door subsidy outlets also distorted the distribution system among inter-project beneficiaries. Agricultural journalists have reported much news of getting subsidies from multiple sources for the same location and same purpose in the same year. Farmers, who are mostly low subsidy recipients, have widespread dissatisfaction owing to the duplications, range, targeting, and monitoring

aspects (Bharati, 2021).

Irrespective of these subsidy abuses, Nepal needs mega projects for agricultural transformation and higher economic growth. The first need is a chemical fertilizer plant. The preliminary feasibility study showed that the investment needs about \$665 to \$1305 million to complete the natural gas system to water electrolysis method (GoN, 2021). The long-year cry for the untimely availability of fertilizer because of trade traffic will be solved. The straightforward decision of the government supports outsourcing required finance for the proposed project. The other mega project needs for hybrid seed production infrastructure to go from open-pollinated varieties to hybrid technology. The third important area is resource center development. The recent donor-funded programs are following a value chain approach (VCA) in line with the ADS, National Agriculture Policy, and commodity- specific policies (MoALD, 2023). Therefore, the primary beneficiaries of those programs were farmer's groups, cooperatives, firms, companies, associations or unions, or networks that were closely connected with the input supply, farming, processing, or trading functions, interlinked with their livelihood. If these big three projects are implemented, major farmers' troubles ought to be solved automatically.

Productivity issue of agricultural subsidies and capital investment

Is there any economic productivity improved before and with People's Multiparty Democracy? Table 4 portrays GDP, AGDP, and non-agricultural GDP (NAGDP) in a six-decade period.

Table 3: Comparison of GDP, AGDP, NAGDP, and contribution of agriculture

Name of plan	Period	GDP (%) basic growth	AGDP (%)	NAGDP (%)	Agricultural Contribution to GDP
1st -7th	1964/65-1989/90	3.4	3	3.8	NA
8th	1992/93-1996/97	4.9	3	6.3	NA
9th	1997/98-2001/02	3.6	3.3	3.9	37.78
10th	2002/03-2006/07	3.4	2.7	3.8	36.98
11th interim	2007/08-2009/10	4.3	2	5.4	35.42
12th interim	2010/2011-2012/13	4	3.4	4.2	34.98
13th interim	2013/14-2015/16	2.9	2.2	3.7	29.37
14th interim	2016/17-2018/19	4.97	4.27	5.67	25.77
15th	2019/2020-2022/23**	2.33	2.46	4.25	25.20

Source: NPC, MoF various issues and Joshi (2018)

** GDP estimation for FY 2022-23 is upto May 2023.

The gross domestic product (GDP) is the sum of the market value of all final goods and services generated yearly in the country (Dwivedi, 2013). An agricultural GDP (AGDP) has a one-quarter contribution to the overall Nepali economy (CBS, 2023). The latest GDP figure in basic price was NRs 23.12 trillion and agricultural contribution was estimated NRs 6.8 trillion (MoF, 2023a), while later figure amalgamated agriculture, forestry, and fishery sub-sectors. The GDP, AGDP, and NAGDP between 1964/65 to 1989/90 were 3.4%, 3%, and 3.8%, respectively per annum. Since Nepal launched an open economy policy during the 8th plan, its impact spiked GDP and NAGDP but not AGDP. The lowest AGDP growth rate was 2% from 2007/08 to 2009/10 but took a peak throughout the 14th plan (2016/17-2018/19). The average agriculture growth was just 3% across these plan periods over the target of over 4%.

The causes of low economic growth in the current FY were the COVID-19 impact and the soaring price of petroleum and food due to the Russian invasion of Ukraine (MoF, 2023a). The devastating earthquake in 2015 also slowed economic growth. Although GDP is measured as a major economic indicator, welfare-loving economists use the Genuine Progress Indicator (GPI) as the real health of a nation's

economy by aggregating economic, social, and environmental aspects (Fox and Erockson, 2020). If this technique is taken into account, the Nepali economic growth rate will be better representative than GDP. It's too early to measure the growth rate effect of a political ideology when that party leads the government in a shorter tenure. However, the stable government of FY 2018/19, and 2019/20 rose the GDP growth rate by close to 7% (MoF, 2022). From available works of literature, this article reveals that the agricultural growth rate was stagnant despite several plans and strategic approaches being followed in the past, often with donors' interest. The possible causes were a low capital investment, unsuccessful to address land rights, tenurial arrangements, and potential impacts on soil fertility. There were several reasons for the slow growth. The subsidy deregulation policy in fertilizer and tube-wells directly affected food productivity in the Terai district between 1997 to 2008 (MOAD, 2015). Downsizing the public agencies but slow uptake of the private sector in the same period also affected the agricultural growth rate (Pyakurel, Roy & Thapa, 2010).

Conclusion

The People's Multi-Party Democracy (PMPD) is congenial for the Nepali citizens and while

comparing the policies implemented over the last three decades it has clear guidelines to uphold peasant interests and overall agricultural development. The key effect of PMPD is; that the peasants are raising their voices, they are aware of their issues, supporting the formulation of agriculture's friendly policies, and the inflow of farm subsidies growing. Nevertheless, the short tenure of the government is reported as a major inability to cause unmet fundamental support for farming. The subsidies inflowed either from the government or from donors are utilized for farm input purchasing but abuse and incontinent availability are major weaknesses. The received grant from the bilateral and multilateral organizations have failed to meet sustainability issues because of wrong implementation models. Multi-door outlets other than the regular government system have encouraged largely abuse of grant, brought duplication, created dependency, and ultimately found low productivity. Thus, concerned organizations strongly suggested establishing a unilateral way among the government, donors, and banks to channel development funds. This ought to be the best feasible door because mediocre farms need continuous support from an established institution. None other than the local agricultural unit of the municipality or rural municipality at the ward office is suitable for distributing subsidies. Likewise, Nepal requires a mega fund from those agencies for the implementation of the big three projects: establishing a chemical fertilizer factory, hybrid seed technology, and resource center development. The impact of these big projects is yet to be analyzed but roughly expected multiplier effects on the national economy and correct value chain where major obstacles are adhering. The government should treat production, trading, and consumption in a tandem manner by rational investment. To revitalize agricultural mismanagement, this study strongly suggests allocating agricultural

investment with great care. Meeting the short-term target has limited meaning but in the long term, farm subsidization policy is suggested only after confirming the household's immediate and long-term commitment particularly in farm coverage, duration, employment, and performance.

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