

# **Review of plans and budgets in Agriculture**

**(Agriculture and planned development in Nepal)**

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# 1. Introduction

## 1.1 Background

Agriculture is the backbone of our economy. Despite the major contribution on GDP, Government of Nepal has neglected the role and its importance. If agricultural policy has been successful in realizing the needs of the country and people, the scenario of Nepal may have been different. But either our plan and policies have been insufficient or there is serious lacking in implementation. The policies and plan also may not reflect the peoples' aspiration and demands. So, the review of plans and policies along with the budget allocation in agriculture sector play a vital role both in agricultural movement and planning process. This is proving true today in China, Ghana, India, Latin America and Vietnam, all of which have witnessed steep declines in rural poverty with rapid agricultural growth. Overall, countries with the greatest success in reducing hunger are those with higher net investment rates in agriculture per agricultural worker. Nearly 75 per cent of the poor in developing countries live in rural areas, strengthening the agricultural sector.

Evidence is that level of investment of most developing countries in their own agricultural sectors is quite inadequate. The share of budget of the government of Nepal to agriculture has dropped significantly. Agricultural development has been somewhat overlooked by the government despite its immense contribution in the gross domestic products. Such investments could go a long way toward helping Nepalese farmers withstand future shocks and begin to turn the picture around from a reliance on food aid to long-term food security. Yet, the low levels of investment have had a negative effect on productivity of Agriculture. Although various acts have been formulated and policies have been drafted regarding the land and food issues of Nepal. These acts and policies have not come in the real practice. It is one of the factors contributing to soaring food prices and a sharp increase in global hunger.

Agriculture is related with food and food is related to survival. The plan and the budget allocation play the important role to the people's survival.

## 1.2 Specific objective(s) Objectives

The general objective of the research project comprises of exploring the plan, policy and budget allocation of Nepal. The specific objectives are as follows:

1. To review the national plan of Government of Nepal since First Five year Plan with respect to agriculture.
2. To find out the prioritization of agriculture sector in national plan.
3. To review the budget allocation in agriculture sector since 20 years.
4. To recommend suggestions for success of agricultural development of Nepal on the basis of above analysis.

### **1.3 Research Methodology**

As this is a policy review research most of the work are based on analysis and literature review. Only one method is not sufficient and effective enough to obtain all kinds of relevant quantitative and qualitative information. So combination of different tools and techniques of data collection are used in this study.

### **1.4 Research Design**

The study is exploratory and analytical in nature because it intends to explore the focus of government in agriculture. The study starts with review study of various plans and program along with implementation and their present status. The study uses secondary data for this purpose. It explores the current situation regarding finance and capital as well as find out the communities' position regarding pricing, marketing and production system including indigenous knowledge and biodiversity resources.

### **1.5 Types and Sources of Data**

Data are collected from secondary sources. These data are from the Central Bureau of Statistics (CBS), Central Bank of Nepal, Agricultural Development Bank. Secondary sources covered all published and unpublished reports, and statistical records and government relevant acts/laws available. The main sources are concerned Ministries and line agencies and peasant's organizations.

### **1.6 Data Collection and analysis**

The required data and information are collected from concerned agencies and authorities. Library, organizational offices are also relevant for this purpose. Some charts, footnotes, photographs are properly enclosed as per need of report. Most of the data are qualitatively analysed in simple tables and charts with percentage basis.

### **1.7 Limitation of the Study**

Each and every work has some kinds of limitations and obstacles. This study is based on secondary information. It is only try to find out the plan and policies to know how they are guided and what how much priority has been given to agriculture. It may not be able to find out the impacts and constraints of the implementation of the plan and also the division of budget in various issues of agriculture.

## **2. Country Situation**

### **2.1 Nepal in figures**

Nepal's population is primarily rural. Agriculture provides livelihood to 66.6% of the population (Census, 2001), and accounts for 32.57% of the country's GDP in 2009/10 (MoAC, 2010). Nearly 91% of the nation's electricity comes from hydropower. Nepal has a population of 26 million with an annual growth rate of 2.25 per cent (MoAC, 2010). However, the population is overwhelmingly concentrated in rural areas, with only 16.2 per cent living in urban areas (CBS, 2007).

The agriculture sector employs most of the labor force which was about 82 per cent in 2000. 24 per cent of the population is below the absolute poverty line (2010, MoF). Nepal's economic growth has not improved substantially over time to overtake population growth. Nepal is major tourist destination; a significant fraction of foreign earned income is dependent on the country's natural resources. The country's 2008 GDP was US \$12.6 billion, with services accounting for 50%, agriculture 34%, and industry 16%. Nepal has an estimated 2.5 million hectares of cultivable land and 18 million head of livestock (2001). Cereal crops dominate production: 40% of cropped area is devoted to rice (irrigated and rain-fed), followed by maize (20% of cropped area), and wheat (17% of cropped area). Maize and wheat are primarily grown on rain-fed land. The balance of Nepal's production includes vegetables, pulses, oil seeds, sugar cane, and fruits (World Bank 2009a; Sharma 2001; Silpakar 2008; ADB 2004). Agricultural productivity is low, constrained by lack of irrigation, inconsistent access to inputs, and limited infrastructure. Twenty per cent of cultivated land is irrigated, and the efficiency of existing irrigation systems is low. Only about 10% of rural areas are electrified, and most electricity is used for lights rather than to operate pumps. Twenty per cent of rural residents live more than two hours from a dirt road; 40% live more than two hours from a paved road. Agricultural extension and advanced technology suited to local conditions have not reached to most rural farmers, particularly in remote areas. Market linkages are underdeveloped, and migration to urban areas is high.

The land use map of Nepal revealed that cultivable land covers about 20% of the total land, forest 29%, grassland covers 12 %, shrub lands 11%, and other categories like rocks, snow lands and settlements make up the rest. Of the total forestland, 35% is in the hills and one-third in the mountain region (UNEP, 2001). About 80 per cent of the population of Nepal depends on the forests for daily fuel wood supply and 42 per cent on the fodder for livestock as these are extracted from the forest (WECS, 1997). Therefore, forest stands as one of the most important natural resources to meet the basic needs of firewood, fodder and timber. Nepal is rich in fascinating biological diversity. Nepal occupies only 0.03 per cent of the total surface of the earth (MoPE, 2001) and covers 0.1 per cent of the world's land area but has high representation of biotic diversity. The immense bio-climatic diversity in Nepal supports more than 35 forest types (Stainton, 1972). They are home to 5,833 species of flowering plants, including about 248 species of endemic plant and 700 species of medicinal plants. Nepal's landmass is also home to 185 species of mammals, 847 species of birds, 645 species of butterflies, 170 species of fish and other animals (MoPE, 2001).

The land statistics shows that 10% of the rural population are absolutely landless, 5% rich people holds 37% arable land, over half (58%) of the rural population are functionally landless, with holdings too small even for subsistence requirements (<0.5 ha), 30% of rural households are unregistered tenants (estimated 1.5 million households), 48% of Dalit\* households are landless; only 6% Chhetri/Thakuri/Brahman\*\* are landless. About one-quarter of Nepal is classified as forestland, and nationally protected areas make up 16% of the total land.

The Land Resources Mapping Project (LRMP) has divided the country into five physiographic regions, namely, High Himal, High Mountains, Middle Mountains, Siwaliks, and Terai, and this does not correspond with the conventional division into three regions,

namely, mountains, hills and Terai. Accordingly, the proportion of agricultural land over the total land area is the lowest (0.26%) in the high Himal region, obviously due to much of the area being covered with snow and rangelands. Nearly a quarter (26.0%) of the area in this region is grazing land and two-thirds of the area falls under the “other” category. The high mountain region has 13 per cent of the total land under agriculture. The Siwalik region has a slightly higher proportion (16.6%). The Terai is the most important region in terms of its high proportion (64.0%) of the land area under agriculture, followed by the middle mountains (42.5%). The distribution of the country’s total agricultural land in the three main geographic regions is shown in Annex Table 6. Accordingly, the mountains account for less than seven per cent of the total agricultural land, with much of the region being covered under snow and rangeland. The Terai serves as the food basket of the country and this region has the largest share (about 53%) of the total agricultural land. The hill region has about 40 per cent of the total agricultural land.

In 2009, 43 of 75 districts were reported to be food deficit. 23 districts in Nepal are now chronically food insecure. Almost 50% of Nepal’s population is undernourished and half of all children under five are chronically malnourished. 39% of children below five years are underweight (more than Ethiopia), 49% are stunted (higher than Sudan), and 13% are wasted. Nepal can make substantial progress towards reducing malnutrition. Better nutrition will result in stronger immune systems, reduced illnesses and better overall health. In 2010, Nepal was named as one of twenty focus countries for the Feed the Future Presidential Initiative. With a population of 27 million, Nepal is a severely food deficit country struggling to recover from an 11-year civil war. Each year, two out of every three Nepalese suffer from food insecurity. With a GDP per capita of US \$470, Nepal remains the poorest country in South Asia and the 13th poorest country in the world. Approximately 55% of Nepalese live below the international poverty line of \$1.25/day (USAID, 2010).

## ***2.2 Agriculture in Planned Development of Nepal***

Nepal being one of the poorest countries in the world, poverty remains one of the crucial development agenda for the nation. It started its developmental effort in 1956. The first five year plan was first step and then various efforts are being made in relation to agriculture. Policies and programs to address land, productivity, forests and other natural resources are launched time to time.

Despite being an agriculture country with more than 67% people primarily engaged in farming for their livelihood and about one third contribution of agriculture in national GDP, the agriculture of Nepal is constantly degrading day by day. In this circumstances it is significant to check whether the report which shows that in sharp contrast to the conventionally practiced policy at the national level as well as to the general public’s belief, Nepal’s agriculture sector has witnessed a decrease in prioritization and investment over the years. The trend is of great concern for any of the stakeholder of agriculture as this is not only the key to Nepal’s economic development, but also indispensable for averting a food crisis.

The importance of the agriculture sector to the Nepalese economy is beyond any doubt, as Nepal is predominantly an agrarian country in terms of both socio-culture and economic



structure. It contributes about three-fourths of the total export earnings while it accounts for four-fifths of the industrial raw materials if the Tenth Plan review data are to be believed. Therefore, in underdeveloped countries like Nepal, with its contribution to the national income, employment, livelihood and food security, industrial development and international trade, agriculture continues to remain the backbone of the Nepalese economy, social justice and development.

Although each plan had different development priorities, the allocation of resources did not always reflect these priorities. The first four plans concentrated on infrastructure—to make it possible to facilitate the movement of goods and services—and to increase the size of the market. Each of the five-year plans depended heavily on foreign assistance in the forms of grants and loans. The next three five years plan also focused on rural development through transportation, communication and other infrastructure. Similarly, the 8th, 9th and 10th plan were focused on poverty alleviation, decentralization, governance and sustainable development. So, since the first five year plan agriculture sector of Nepal has never been at the top most priority nor the industrialization, sustainable development, transportation and technology development and poverty alleviation has addressed the agrarian problems and issues.

These facts are not in consonance with the current investment trend, however. There has been a steady decrease in the total national budget allocated to the agricultural sector. In the national budget of 2009/10, only 2.75 per cent of the total national outlay was earmarked for agriculture. According to the data of the Ministries of Finance, and Agriculture and Cooperatives, Rs. 7.876 billion was allocated for the sector as against the total national budget of Rs. 285.93 billion. The pie received by agriculture has, thus, dwindled considerably, as it was 3.67 per cent in FY 2000/01 and 3.94 per cent in 2001/02. The agricultural budget for the last 10 fiscal years just accounted for 2.79 per cent, one of the lowest among agro-based developing nations.

Bangladesh and India have allocated 6.2 and 6 per cent of their total budget to this sector respectively. Even in conflict-hit African nations, the figure exceeds 4 per cent on average. Our northern neighbour China has also not slackened its national priority on agriculture, despite its big leap in industrialization and global business in recent years. There is no denying that Nepal's agriculture sector needs to be commercialised and modernised, but until there is adequate investment and vision, this will remain only a slogan.

## ***2.3 Objectives and achievements of Five Year plans in agriculture***

### **2.3.1 First Five Year Plan**

'95 per cent of the population of Nepal was engaged in agriculture before 50 years. Family farm was a precarious living from crop and livestock productions, often of inferior quality, on smallholdings. Nepal's first Five-Year Plan for Agriculture had emphasized both immediate action and the laying of solid foundations for future progress. Among the activities most likely to produce early results were the production and distribution of better seeds -of cereals, vegetables, grasses and forage crops: the introduction of more efficient farm equipment and tools: the introduction of better breeding stock: and the up-buildings and fuller use of the

agricultural extension service'. It had planned that 18 of these was to be functioning at the end of the first five years, including 4 divisional farms (beginning at Parwanipur and Pokhara) 6 sub divisional farms. The work at these farms was centered upon the important existing or potential crops of the districts in which they are located, and will include research or demonstration on: (1) New varieties with special reference to disease and insect resistance. (2) Improved cultivating practices, (3) better crop rotation and use of fertilizers (4) mixed cropping or inter-cropping and (5) moisture requirements. The demonstration farms had loosely integrated with the agricultural extension service. In many districts could be substantially bettered in both quality and quantity by improvements in the breeding and care of livestock; the production of blankets and clothing could also be greatly augmented. For at the present time the quality of livestock and, therefore, breeding. The First Five-Year Plan (1956–61) allocated about Rs576 million for development expenditures. Transportation and communications received top priority with over 36 per cent of the budget allocations. Agriculture, including village development and irrigation, took second priority with about 20 per cent of budget expenditures. The plan which also focused on collecting statistics was not well conceived. In most cases, targets were missed by a wide margin. For example, although approximately 1,450 kilometers of highways were targeted for construction, only about 565 kilometers were built. Thus, overall budget and plans were average in the first plan.

### **2.3.2 Second Five Year Plan**

The progress made was significant from the point of view of rapid economic development in the three Years Plan (Second plan). In the public sector, the largest amount was spent on power development. Substantial sums were also allotted to industry, roads and irrigation. These allocations are commensurate to with the priorities established in the original plan. In addition to administrative reform, land reforms were started during the Second Plan. Their purpose was to modernize agriculture and provide incentives for increasing production. Significant progress was been achieved in industry, transport and power.

It was estimated, however, that agricultural output increased over the plan period as a whole as a result of programs undertaken by HMG. The expansion of existing units and the establishment of new factories have encouraged cash crop production with a resultant increase in output. Although still far from adequate, the agricultural extension services have had positive effects. These include improved seed, implements, fertilizers and plant protection facilities. Irrigation has also been provided on an additional 100,000 areas. Institutional improvements have also been made. The Agricultural Reorganization and the Cooperative Bank Acts of 1962 were steps in this direction. The Agricultural Reorganization Act was implemented in selected gram Panchyats of Jhapa, Palpa and Chitwan districts. The program surveyed the land holdings, identified the tiller, fixed rents, gave security of tenure to tenants and modernized administrative procedures. Under the Land Reform Act of 1964, efforts are being made to extend the program to the whole country. The results to date are encouraging. The program involving cadastral survey, identifications of the tillers and collection of savings has been virtually completed in seven districts. All phases except the cadastral survey have also been undertaken in another nine districts. This program is designed to give greater

incentive of the cultivator to expand output. Table 2; give production estimates of selected crops for the years 1961-62 and 1964-65. The data are secured from the Agricultural Census and the Department of Agriculture Agricultural Production, 1961-62 and 1964-65, Compared Crop Annual Production Per Cent Increase 1961-62 1964-65, (1,000 Metric tons). Transportation and communication again received top priority with about 39 per cent of budget expenditures. Industry, tourism, and social services were the second priority. Although targets again were missed, there were improvements in industrial production, road construction, telephone installations, irrigation, and education. However, only the organizational improvement area of the target was met. The first two plans were developed with very little research and a minimal data base. The administrative machinery with which to execute these plans was inadequate. The National Planning Commission, which formulated the second plan, noted the difficulty of preparing plans in the absence of statistical data. Further, as was the case with the first plan, the bulk of the development budget depended on foreign aid—mostly in the form of grants. The failure of these plans was indicated by the government's inability to spend the budgeted amounts. Because of primitive cultivation Techniques, yields per acre were very low. The industrial sector was just getting started and contributed a small fraction of total output. Its activities were confined mostly to processing agricultural products. Transport, communication and power facilities were inadequate to meet Nepal's needs. The literacy rate was among the lowest in world and life expectancy at birth was 32 years.

### **2.3.3 Third Plan**

In the First and Second Plan periods, special attention was given the establishment of experimental farms and livestock centre and the training of middle-grade technicians. At the end of second Plan there were eleven agronomy farms, four crop protection centers, an agricultural implement research and production unit, 16 horticulture centre, four livestock breeding units, two sheep breeding centre, three pig farms two poultry farms, one hatchery, one research station, 33 veterinary hospitals and dispensaries, three cheese centre, one central dairy, seven fishery units, a resettlement centre and a tractor station. During the Second Plan period 680 middle-grade technicians were trained. One or more middle-grade technician was sent to 53 of the 75 development districts to participate in the extension program.

There were only limited irrigation facilities in Nepal. At that time the total cultivated area was 1,831,000 hectares. Not more than 50,000 kilograms of improved seed were used on, not more than 1,000 hectares annually during the Second Plan period. Annual utilization of chemical fertilizer was only 2,000 metric tons; some 71,000 hectares were under irrigation, which was only four per cent of total cultivated land. Similarly, little use of improved implements was made.

The basic target of the Third Plan was to increase production of food grains by 15 per cent remain unfulfilled. This shortfall in production of food grains and other crops is mainly due to the absence of adequately organizational effort and necessary inputs. According to progress made during the last four years, the area and the use of chemical fertilizer is about 17 per cent of the target of the Third Plan. Similarly, progress in the field of irrigation is much below the target.

Keeping in view the needs of agricultural development, several departments were established in different fields of agriculture in order to conduct adaptive research which is suitable in different climate conditions of the country, on improved seeds of various crops, on livestock, and on fisheries, etc. and also to produce these inputs and make them available to a large number of farmers on a easy terms. Under these departments there are at present 4 Agricultural Research Stations, 4 Agronomy Farms, 23 Horticulture Development Centres, 4 Livestock Development Farms, 3 Poultry Hatcheries, 34 Veterinary Hospitals and Dispensaries, 3 cheese Factories, 1 Dairy Centre and 10 Fishery Centres located in different parts of the country. With an aim of establishing a close link between agricultural research and farmers, an agriculture extension programmes is being implemented under the supervision of graduate level Agriculture Development Officers posted in 43 out of 75 districts. In the field of training during the last four years, more than 800 J.T.As have been trained and 1870 farmers have received practical training. An Agriculture College has been established to train higher level agricultural technicians inside the country. In addition, the Agricultural Development Bank, Land Reform Savings Corporation and Agricultural Supply Corporation have been established in order to provide credit, fertilizers, seeds, implements and other inputs to the farms. A Dairy Development Corporation has also been established to turn the dairy enterprise along business lines. A Minor Irrigation Department with the objective of developing irrigation facilities according to the needs of the agricultural development programmes has been established in the Ministry of Agriculture. A perusal of the progress made so far in the development of agriculture and its present status shows that the use of such high yielding inputs as improved seeds and fertilizer and the provision of irrigation facilities are at a very low level. Out of 1,845,000 hectares of cultivated land, improved seeds have been used in only 102,630 hectares, and the annual use of chemical fertilizer has amounted to gross 24,000 metric ton. Similarly, irrigation facilities have been provided to 117,500 hectares which is only 6 per cent of the total cultivated land. Furthermore, this includes minor irrigation from which it is naturally doubtful that permanent irrigation facilities will evolve. Although in the last four years institutional reforms have been introduced and at the same time several institutions have been established in the agricultural sector, much remains to be done to make them more effective. Present Obstacles and constraints. The Third Five-Year Plan (1965–70) increased the involvement of local panchayat. It also focused on transport, communications, and industrial and agricultural development. Total planned expenditures were more than Rs1.6 billion.

#### **2.3.4 Fourth Plan**

The Fourth Five-Year Plan (1970–75) increased proposed expenditures to more than Rs3.3 billion. Transportation and communications again were the top priority, receiving 41.2 per cent of expenditures, followed by agriculture, which was allocated 26 per cent of the budget. Although the third and fourth plans increased the involvement of the Panchayat in the development process, the central government continued to carry most of the responsibilities. Underlying objectives of the Fourth Plan were to maximize output by concentrating available resources and creating basic conditions necessary for acceleration of economic development in the country. With the existing structure of our economy, it is true that this requires a heavy emphasis on agriculture. As a matter of fact, in an economy which is still in the initial stage of

development, economic progress depends to a large extent on the development of agriculture has become even more essential in order to lay down a sound base for further expansion of the non-agricultural sector during the long-run process of development. Although a number of development works have been undertaken in different sectors of the economy, there has been virtually no noteworthy change in the basic condition of agriculture. According to an estimate for 1967/68, agriculture accounts for 66 per cent of the Gross Domestic Product. It is estimated that more than 93 per cent of the total labour force of the country is engaged in agriculture. Besides, agricultural products are the major items in the export trade of the country. Of total exports, food grains alone constitute about 70 per cent. In spite of being predominantly an agricultural country, the level of land productivity is low.

Agricultural development was accorded topmost priority in the Third Plan. It was envisaged in this Plan to increase production of food grains by 15 per cent and production of cash crops by 73 per cent. Accordingly production of food grains was to be increased from the estimated production of 3.27 million metric ton in 1964/65 to 3.77 million metric ton in 1969/70 and that of cash crops from 0.25 million metric ton in 0.39 million metric ton. In order to accomplish these targets, the need for improving farm practices has been stressed; and accordingly, program for increasing the use of inputs like improved seeds, chemical fertilizer, pesticides and irrigation were incorporated into the Plan. A review of progress made in the four years of the Plan period shows that the production of food grains has increased by only 10 per cent. Looking at individual crops, the food grain production of wheat is far behind the target and all cash crops (except oil-seeds production) are far short of the targets.

The agricultural development program in the Fourth Plan was geared to attain the following objectives through the maximization of output. This calls for increasing production of each crops, yields per land area & per capita yields:

- a) To ensure rising levels of consumption
- b) To provide greater exports
- c) To supply an adequate amount of industrial raw-materials
- d) To develop greater purchasing power for a larger segment off the population and
- e) To generate a capital base for savings and a broader tax base.

It was necessary to increase the output of cereal and cash crops, as much as possible, to attain the objectives of agricultural development under the Fourth Plan. In addition, the production of fruits, vegetables, meat, milk and eggs had to be increased in order to augment the supply of nutritious food. The necessary arrangements for increasing the supply of improved seeds were made from the beginning of the Fourth Plan period. The major responsibility for this will lie with the Agriculture Education and Research Department, the Agra-extension Department, and the Agriculture Supply Corporation. Foundation seeds which are discovered to be suitable for food grain production from research work undertaken by the agriculture stations of the Agriculture Education and Research Department and located in different parts of the country will be multiplied at government farms and made available to registered seed growers. The seed growers will grow the improved seeds under the direction and technical assistance of the Agriculture Education and Research Department. The Agriculture Supply

Corporation will purchase and sell these certified seeds inside the country and import the necessary amount of seeds to meet the requirements fixed under the agriculture extension program. Only a portion of the total amount of improved seeds required to meet the target will be supplied by the Agriculture Supply Corporation. A major portion of the required improved seeds is expected to be provided by the farmers themselves. To accomplish this, it is necessary to make the agriculture extension program more effective.

### **2.3.5 The Review of the Fifth Plan**

The Fifth Five-Year Plan (1975–80) proposed expenditures of more than Rs8.8 billion. For the first time, the problem of poverty was addressed in a five-year plan, although no specific goals were mentioned. Top priority was given to agricultural development, and emphasis was placed on increasing food production and cash crops such as sugar cane and tobacco. Increased industrial production and social services also were targeted. Controlling population growth was considered a priority.

Nepal at that time had so far completed five periodic plans. The Fifth Plan came to an end in the fiscal year 1970/80 and the Sixth Plan became operative in 1980/81. In this context, it might be quite appropriate to evaluate the fifth plans had been done in connection with the earlier plans so that the coming Plan can be made more effective both in formulation and execution. The Fifth Plan was drafted with a view to increasing production of mass-consumption goods, maximizing the use of manpower and promoting regional a balance and the integration. To achieve these targets, a policy frame was developed within which emphasis was placed on mobilization of domestic resources, modification in the investment and production patterns, industrial management, development and diversification of trade etc. Against this background, a review was presented here about the economy, population, employment materials and development activities.(a) Economic Situation, National Income, Production investment and saving : by the end of the fourth Plan, Nepal's gross domestic product stood at Rs. 16,571 million, yielding a per capita income of Rs. 1,302 whereas the GDP in the final year of the Fifth Plan (1970/80) rose to Rs. 15-8,510 million at the constant prices of 1974/75, lowering the per capita income to Rs. 1,298. During the Fifth Plan period, GDP registered an increase of 2.2 per cent, not 4 to 5 per cent per annum as targeted. Combined with population growth of 2.3 per cent, it had, in effect, reduced the per capita income to some extent. The gross domestic savings which was 4.8 per cent was 4.8 per cent of the GDP at the end of the Fourth Plan (1974/75), rose to 8.2 per cent by the end of the Fifth Plan period. Similarly, the total domestic investment, which constituted 9.3 per cent of GDP in 1974/75 increased to 13.5 per cent in the final year of the Fifth plan period. As proportions to gross domestic products, the public and private sector investments, which stood at 4.1 and 5.2 per cent respectively in 1974/75, also went up to 5.9 and 7.6 per cent respectively in 1979/80. Public Finance: During the Fifth Plan period, the total development expenditure amounted to Rs. 7,823.7 million at the constant prices of 1974/ 75.As it exceeded both the minimum and maximum outlay targets of Rs. 6,170 million respectively, it showed an increase in the absorptive capacity of the economy. During the fifth plan period, development expenditure went up 13.5 per cent annually at the constant prices if the 1674/75. According to the Fifth target, power production was to go up 58,945 kilo watt or 31.8 per cent of the minimum target. Such a serious shortfall was accounted for by the major projects falling

behind schedule, shortage of construction materials and inadequacy of manpower among other things.

### **2.3.6 Sixth and Seventh Plan period 1980/85 (at 1979/82 constant price)**

The Sixth Five-Year Plan (1980–85) proposed an outlay of more than Rs22 billion. Agriculture remained the top priority; increased social services were second. The budget share allocated to transportation and communication was less than that allocated in the previous plan; it was felt that the transportation network had reached a point where it was more beneficial to increase spending on agriculture and industry.

The Seventh Five-Year Plan (1985–90) proposed expenditures of Rs29 billion. It encouraged private sector participation in the economy (less than Rs22 billion) and local government participation (Rs2 billion). The plan targeted increasing productivity of all sectors, expanding opportunity for productive employment, and fulfilling the minimum basic needs of the people. For the first time since the plans were devised, specific goals were set for meeting basic needs. The availability of food, clothing, fuel, wood, drinking water, primary health care, sanitation, primary and skill based education, and a minimum rural transport facility was emphasized.

Six development plans have been completed in the process of all-round development of the country. Implementation of Sixth Plan began with the fiscal year 1980/81 ending by the close of FY 1984/85, The Seventh Plan started from FY 1985/86. The main objectives of the Sixth Plan were:

1. To attain higher growth rate in production,
2. To increase productive employment opportunity,
3. To fulfil minimum basic needs of the people: the followings included for minimum basic needs,
4. To make available more food grains by increasing its production
5. To make available mom fuel wood for domestic use by planned development of forests,
6. To increase the supply of drinking water,
7. To extend basic health facilities and sanitation services,
8. To extend primary, vocational and adult education,
9. To extend minimum transport facilities by constructing mule trails, suspension bridges and wooden bridges

Sixth and seventh plans, though different in regards of total outlays and priorities, almost followed the same pattern used in fifth plan. Rather, these plans were used to strengthen the fundamentals of Panchayat regime by giving more authorities to different Panchayat units in the name of 'back to village campaign'. However, the new turn in the history of Nepal's planned development taken in fifth plan onward to seventh plan could also not win the peoples' confidence because of their poor achievements and becoming the basis of lop sided development in Nepal.

### **2.3.7 Eighth Five Year Plan**

Eighth Plan was to be started at a new pattern with changed vision and strategies so that it could meet the desires of people who had fought for the democracy and multiparty system. Viewed in the total perspective, in spite of massive investments made in the past, Nepal was one of the poorest nations of the world. Although some progress was made in social and physical infrastructural sectors, the progress appeared remarkable only The Journal of Nepalese Business Studies in comparison to the negligible figures of the base year.

The broad objective of the eighth plan was to give definite direction to the social and economic uplift of the citizens of the country by tackling the challenges of economic stagnation, increasing poverty, structural anomalies, environmental degradation and rapid population growth. A single five year plan could not find a remedy to all these problems, but it was imperative to take concrete steps in that direction. The plan would make all possible efforts in this regard. The principal objectives that the plan aspired to achieve were as following.

- **Sustainable Economic Growth**

One of the principal objectives of the plan was to achieve a high and sustainable The Journal of Nepalese Business Studies rate of economic growth without which there was no possibility of achieving economic prosperity and its continuity. The economy would not be able to fulfil the developmental aspirations of the common people without a sustainable and high economic growth rate. The eighth plan was determined to achieve a high and sustainable growth rate in the development efforts of the country. Sustainable economic growth also implies the management of the available bio-physical resources in the most productive manner without damaging or depleting these resources. The demand for such biophysical resources should not exceed their sustainable supply capacity. However, the present population of the country is already placing excessive demands on existing resources. If the present trend of population growth is allowed to continue, it will not be possible to meet the demands of the people without causing permanent damage to the bio-physical resources.

- **Poverty alleviation**

Despite the development efforts of the past, the population living below the poverty line has been steadily increasing and the majority of such poverty ridden people live in the rural areas. The biggest challenge for the then government was to alleviate poverty from the rural sector. It was the root cause of many of the existing problems of Nepal such as population growth, environmental degradation and social anomalies. Therefore, another principal objective of this plan was to alleviate poverty. Although poverty is the result of diverse factors, the basic causes of poverty in Nepal are the dependence of the increasing population on limited economic resources and low rate of economic growth. The visible impediments to economic growth such as natural constraints, preliminary stage of development efforts, low productivity, subsistence agricultural system Major Turns in Planned Development of Nepal and slackness in the expansion of non-agricultural sector were found the major factors for a weak economic base. In this perspective, emphasis was given on formulating integrated and interregional programs that primarily focus on the creation of productive assets base and additional employment opportunities to alleviate poverty. Extension of social services like health education, vocational training, drinking water, effective management and protection of natural resources were to be taken as the additional measures of poverty alleviation. Most of the programs would be implemented with the objective of benefiting the population living



below the poverty line.

- **Reduction of Regional Imbalances**

In Nepal, poverty has acquired spatial variations. Despite policy-pronouncements and efforts in the previous plans, disparities between rural and urban areas and among development regions have increased. Over the recent years, there has been an increased trend of migration from rural to urban areas. Hills to Terai migration continue. If the disparity in urban and rural income is not reduced, this trend may gain greater momentum. Similarly, in comparison with other development regions, far western region and mid-western region lag far behind in respect of infrastructural and social service facilities and other development works.

The living standard of the people of these regions have adversely affected by the growing disparity of income distribution caused by these factors. This has further complicated the creation of equal opportunities for sharing development benefits. In this context, maintenance of regional balance was set as another objective of Eighth plan. While allocating resources in order to achieve regional balance, due attention had been paid to the necessity of creating physical infrastructure in these less developed regions. With this objective, while special emphasis had been given on the extension of rural roads, due importance had been attached to the provision of facilities like primary health care, education and drinking water in rural sector. The regional complementary interrelationships between Hills and Terai arising out of the existing agro-ecological condition could be beneficially utilized for agricultural and industrial specialization.

### **2.3.8 Agriculture Sector Objectives, Strategies and Policies of the Ninth Plan**

The Ninth Plan recognizes poverty as the main obstacle to achieving desired progress of the country through planned developmental activities. Therefore, the plan has adopted poverty alleviation as its main objective. The plan document has also set out to formulate a clear and concrete implementation strategy for meeting poverty alleviation targets and thereby improve the living standard of the poor. To effectively reduce poverty in the long run, poverty-focused sectoral and targeted programmes will be launched in a coordinated, integrated and effective way.

- **Agriculture sector objectives**

The Ninth Plan has adopted the recommendations of APP for achieving long-term development of agricultural sector in the country. Accordingly, its objectives are guided by the APP's overall framework for poverty alleviation. To achieve the long-term targets of APP in the areas of production, food security, employment and income growth, the objectives of the Ninth Plan in agriculture sector are set as follows:

1. To alleviate poverty by increasing productivity of resources and inputs and by generating opportunities of employment by speeding up economic growth in the agriculture sector;
2. To prevent environmental degradation via a balanced use of external inputs and natural resources in agricultural production systems;
3. To strengthen the foundation of agro-based industry and industrialization through diversification and commercialization of agriculture;
4. To develop leadership of women by increasing their participation in agricultural development

5. To promote food security and improve the nutritional status of the people by increasing the production of food grains and other nutritious food items.
6. Land reform programmes will be implemented to eradicate dual ownership, squatting and bonded labour problems.
7. Special attention will be given to increased food grain production, livestock raising, vegetable production and fruit cultivation to improve nutritional status and food security of common people and to engender equitable distribution of income between the urban and rural areas.
8. Appropriate policy, services and support programmes will be instituted to promote cash crop production for the development of agro-based industries. Emphasis will be placed on developing these industries as major consumers of agricultural products.
9. Adequate support will be provided to public, private and non-government sector institutions to ensure regular and reliable supply of inputs such as chemical fertilizers, improved seeds, improved animal breeds and credit, mainly by making the marketing mechanism effective.
10. Local farmers and entrepreneurs will be encouraged to develop resource centres for the production and supply of inputs. By identifying appropriate services and support programmes, these centres will be used to render technology transfer and training services currently being provided by agri-extension service centres. At the same time, service centres will also be made more effective and active towards appropriate technology transfer.
11. Agriculture extension and information services will be directed towards catering to the comparatively beneficial production systems as well as to promoting agrobusiness and strengthening market information systems.
12. Agricultural farms will be made more productive through optimum utilization of available resources and privatization of feasible farms.
13. Agriculture research will be carried out to address location-specific technological needs of the farmers. The quality of the manpower engaged in research will be upgraded by providing them with opportunity to acquire higher academic qualifications such as postgraduate and doctorate degrees.

- **Agriculture sector strategy**

The strategy adopted by this plan involves harnessing a green revolution through improved technology, adequate utilization of available infrastructure, exploitation of comparative advantage and implementation of development programmes with large-scale public participation and women's involvement and which are selected according to avowed priorities.

- **Agriculture sector policies**

The policies of the Ninth Plan are guided by the need to effectively implement the APP programmes and ensure long-term sustainability of the chosen path of development while improving fragile interrelationships among agriculture, forests and the environment. Hence, the basic policy of the plan is to treat agriculture as the lead sector for economic development and poverty alleviation through increased employment opportunities and income levels of the common people.

### **2.3.9 Three Year Interim Plan**

Actually, the eighth plan was a five year short term plan as a part of 20 year long term plan that was to cover four five year plans, i.e. eighth, ninth, tenth and eleventh. Hence, ninth and tenth plans were generally formulated at the pattern of eighth plan, though having only single objective of poverty alleviation and some other minor differences.

The eleventh plan could not be started due to change in socio political situation of the country with the downfall of kingship in 2006. During this period, development efforts focused on different aspects like the development of physical infrastructure, regional development, fulfilment of basic needs and poverty alleviation. As a result, there has been the construction of huge physical and social development infrastructure and a substantial change in the mutual relationship among the government, civil society and the general people. But the targets of economic growth rates set in the development plans could not be achieved and Nepal lagged behind in economic progress even in relation with the least developed countries. Policies, followed in the past, failed to address the structural problems of the economy like inequitable access to Major Turns in Planned Development of Nepal productive resources and means, distributional conflict and shortfalls in good governance. Expected improvements could not be realized in the economic and social conditions of women, Dalits, Adibasi Janajati, Madhesis, Muslim community, and the residents of Karnali zone. Such a situation urged conflicts and provided additional energy to it.

The main objective of this plan is to generate an experience of direct feeling of change in the lives of the general public by supporting in the establishment of peace and reducing the existing unemployment, poverty and inequality prevailing in the country. Strategies In order to meet the objectives, the plan has brought forward the following strategies. To give special emphasis on relief, reconstruction and reintegration, to achieve employment-oriented, pro-poor and broad-based economic growth The government will play the lead role as well as a facilitator in creating opportunities for employment according to competence and skill of the new entrants to the labour market, while making the education system employment oriented. Policy reforms will be done to provide a working environment suitable for humans (workers) in both formal and informal sectors. Institutional arrangement will be made for providing skills and training in order to support the labourers and increase their productivity. While promoting the transfer of technology, a special consideration will be made that it is absorbable and matching to the condition of country and labourers.

### **2.4 Short review of first to tenth five years plans**

Nepal has been trying to develop the country with the help of various development plans. So far, ten such plans have been completed. A huge infrastructure has been created. Nepal has a wider prospect of fostering development if it can minimize its challenges in the path of development on the one hand and intensify the people's participation on the other. However, its challenges are not always the same. For example, the major challenges at present are the presence of various types of conflicts, lack of economic confidence among domestic and foreign investors and lack of rule of law that has been causing the vandalism at all parts of the country. The country has opportunities also along with challenges. The opportunities like challenges also change time to time. Because of changing nature of opportunities and Major

Turns in Planned Development of Nepal challenges, the development plans in Nepal have been found taking new turns in the course of time. So far, there has been found three major turns in the history of planned development of Nepal. First turn is associated with the fifth plan which had been made basically to focus the regional development and strengthen the involvement of government control in economic activities through the policy of party less Panchayat system. The second turn is found with the launch of eighth plan which was the first in itself after the restoration of democracy in Nepal It had focused the concept of privatization and economic liberalization. The third turn is in the form of three year interim plan that has been started after the downfall of kingship because of the historic people's movement in 2006. The turns have been analysed basically on the basis of visions/ objectives and strategies of the plan on the one hand and the change in socio political situation in the country on the other. As far as the turns are concerned, these are good until and unless these produce positive economic results. The effects of turns are positive. Nevertheless, these are not that much effective as expected. Various factors are responsible for this. However, lack of accountability at various levels, absence of good governance and lack of people's participation to the desired extent are some of the major impediments on to the path of development plans.

### **3. Land and agriculture policies in Nepal**

As a result of continuous peasants struggle for the genuine agrarian reform some acts and programs related to land reforms has also been brought. But the programs were focused on dispersing the peoples' movement rather than establish social justice. The land reform act 1964 is treated as the crucial act that has a good land reform programs and policies. However this act also prompted the unequal distribution of land to elite farmers i.e. 19 hectors of land per family. On the other hand, a bit progressive land reform decision of Deuba Govt. in 2001 and recommendation of Badal Commission were not enforced.

Fragmentation of holding is one of the major systemic problem rural livelihood faces. Defective land ownership and inheritance pattern has resulted in unnecessary fragmentation of holding. It's especially problematic with small and marginal farmers as the small size of their possessions are further divided among heirs turning them into landlessness at no time. The common law practice is that every child has right to paternal property, a social necessity overtime to facilitate means of livelihood for each. The negative effects on farm labour and productivity is so much that often it leads to working poor and perpetuation of poverty. At present, climate change has an important impact on Nepalese agriculture as the landscape, elevation and ecological variation includes difference (ICIMOD/ UNEP, 2007). Agriculture is based on land and insufficient rain, increasing temperature, drought; floods induce negative effects in the agriculture. This has put further pressure on land and natural resources.

#### **3.1 Agricultural Perspective Plan (APP)**

In 1997 HMG/N adopted a 20-year Agricultural Perspective Plan (APP) with the aim of accelerating agricultural growth from about 3 per cent in the first half of the 1990s to 5 per cent in the following 20 years. The APP emphasizes realigning investments in selected priority inputs, particularly: (i) shallow tube-well irrigation in the Tarai; (ii) agricultural roads; (iii) fertilizer; and (iv) technology development and delivery (research and extension).

It directs new investments to priority outputs, especially rice, citrus, apple, vegetables, livestock, and forestry products. Agribusiness is emphasised as part of a commercialisation strategy. The increased farm incomes arising out of realigned investments are expected not only to bring direct benefits to the farming community but also to generate strong multiplier effects on growth of output and employment in the rural non-farm sector, as the principal means of addressing unemployment, poverty and environmental degradation. The strategy requires packaging the component parts at the district, village and farm levels. The APP further envisages a decentralized and participatory implementation mechanism that operates at the district and national levels and is complemented by an analytical body at the national level to facilitate reinforcement and adjustment of the plan targets over time. Once implemented this innovative implementation mechanism is expected to constitute a major step towards improved participatory governance.

### **3.1.1 Objectives of APP**

The APP, which aims to increase per capita agricultural growth six fold from its current level of 0.5 per cent to 3 per cent per year, is conceived as a powerful engine of economic growth. This growth is envisioned to stimulate non-agricultural growth in employment-intensive goods and services throughout Nepal's dispersed villages and market towns. A major goal is to provide job opportunities to the poor, particularly poor women, and thereby help reduce the number of rural poor in the country. The increase in agricultural productivity can also help protect the environment by allowing the most fragile land resources to be withdrawn from arable agriculture and returned to a more optimal state. Against this backdrop, the main objectives of APP are stated as follows:

1. To accelerate the growth rate in agriculture through increased factor productivity;
2. To alleviate poverty and achieve significant improvement in the standard of living through accelerated growth and expanded employment opportunities;
3. To transform subsistence-based farming to commercial agriculture through diversification and widespread realization of comparative advantage;
4. To expand opportunities for overall economic transformation by fulfilling the precondition of agricultural development; and
5. To identify immediate, short-term and long-term strategies for implementation and provide clear guidelines for preparing periodic plans and future programmes.

### **3.1.2 Strategy of APP**

The strategy of APP is to accelerate agricultural growth rate sufficiently to obtain strong multiplier effects on growth and employment in both the agricultural and non-agricultural sectors. Growth is expected to occur through technological change achieved via investment in research and extension. The APP aims for broad-based participatory growth across regions and income classes and emphasizes subsectors that are particularly important to women.

The following six strategic moves are identified by APP as essential to its objectives:

1. A technology-based green revolution in agriculture as the initial engine of accelerated growth;

2. Accelerated agricultural growth that creates a demand-pull force for the production of high value commodities in agriculture as well as non-agricultural commodities with consequent large multiplier effects on other sectors of the economy;
3. Broad-based and high employment growth subsequently serving as the mechanism for achieving societal objectives;
4. Public policy and investment focus on a small number of priorities, building on past investments in human capital and physical and institutional infrastructure;
5. Introduction of a package approach towards development that, in Nepal's case, should be differentiated for the Terai, hill and mountain regions, while recognizing the powerful complementarities between public and private investment and priorities and ensuring their coordination; and
6. Achieving broad participation, particularly through a strategy that is regionally balanced and that explicitly ensures the participation of women.

### **3.1.3 Major programme of APP**

The programmes of APP are based on different sets of priorities regarding input and output investment, policies and institutions. The APP emphasizes allocation of scarce resources on a small number of priority areas with promising growth potentials rather than spreading them thinly over a spectrum of activities that have very little or no potentials. The priority input investment sectors of APP are irrigation, roads, power, technology, and fertilizers. The annual average investment earmarked for priority inputs in the first five years is Rs 4 201 million while that slated for the priority outputs during the same period is Rs 1 278 million. The four priority output investment sectors targeted by the APP are livestock (focused mainly on milk), high value crops, agribusiness and forestry.

The plan also recommends adoption of four policy priorities and five institutional priorities for its successful implementation. The policy priorities are: 1) commitment to encourage an efficient and competitive private sector; 2) support for concentration of public investment in the four input priority areas; 3) price policy reforms and 4) land consolidation, particularly in the Terai and reform in land tenure. Similarly, the five priority institutions are: 1) creation of APP implementing agencies at the national and district levels; 2) creation of the Department of Agricultural Roads; 3) strengthening of the Agricultural Development Bank of Nepal (ADB/N) to support shallow tube wells (STWs), private fertilizer trade and rapid growth of priority outputs; 4) transformation of the Agricultural Inputs Corporation (AIC) to function as a lead agency to meet fertilizer targets and provide assistance to the private sector and 5) redefinition of the functions of the Nepal Agricultural Research Council (NARC) and the Department of Agriculture(DOA) to redirect their efforts in line with APP priority inputs and outputs.

## 3.2 Agricultural Policies of Nepal

### 3.2.1 Introduction

Nepal is one of the poorest countries of the world ranking 157 out of 187 countries in Human Development Index<sup>1</sup>. The national picture of hunger and malnutrition is grim as nearly 40 per cent of children below the age of five suffer from malnourishment. Infant and under-five mortality rates are high, at 41 and 50 per 1000 live births respectively. Life expectancy at birth is 64.1 years. Recent estimate shows that nearly 7 million out of about 27 million people in Nepal go to bed hungry every day<sup>2</sup>. More than a quarter of the total population of Nepal lives below national poverty line<sup>3</sup> (NRs 7696/- per capita per annum). The proportion of working poor – people who are working but earn less than a dollar a day – is more than one in five<sup>4</sup>.

**Table 1: Key development indicators and their values for Nepal<sup>5</sup>**

Indicator	Value	Remarks
Population size (millions)	27.5	
Population growth rate (average)	1.94	
Life expectancy at birth (year)	64.1	
Population below national poverty line (per cent)	25.4	
Underweight children aged <five years (per cent)	38.6	
Under-five mortality rate (per 1,000 live births)	50	
Infant mortality rate (per 1000 live births)	41	
Maternal mortality ratio (per 100,000 live births)	229	

Agriculture is the mainstay of national economy contributing more than 32% to the Gross Domestic Products (GDP) of the country. The sector employs nearly two third of the population. So the performance of this sector is decisive for the betterment of not only the national economy but also the food and nutrition security of the people. Agricultural policies and programs in this respect play crucial role to shape the food and agriculture situation of the country.

This paper aims to briefly review the provisions of existing policies and legislations related to agriculture perspectives.

### 3.3 Constitutional Measures: Overarching policies

Constitution is a supreme law of the land. All the laws of a country should be consistent with constitutional provisions. Thus, it is important to know how the Constitution of Nepal addresses the issue of right to food. The Interim Constitution of Nepal (2007) recognizes food sovereignty as a fundamental right. Article 18 (3) provides “Every citizen shall have the right to food sovereignty as provided for in the law”. However there is no such law at place.

<sup>1</sup> UNDP (2011). Nepal Human Development Report.

<sup>2</sup> WFP (2009). A Sub-regional Hunger Index for Nepal.

<sup>3</sup> WFP (2009). A Sub-regional Hunger Index for Nepal.

<sup>4</sup> National Planning Commission (2010). Nepal Millennium Development Goals Progress Report

<sup>5</sup> National Planning Commission (2010). Nepal Millennium Development Goals Progress Report

Similarly, under the Responsibilities, Directive Principles and State Policies, Article 33(h) of the Interim Constitution has the provision to pursue a policy of establishing the rights of all citizens to education, health, housing, employment, and food sovereignty. Whereas Article 33 (c) has provision to adopt universally accepted fundamental human rights and article 33(m) with provision to effectively implement international treaties and agreements of which the State is a party. In regard to landless people and land reforms, Article 33(i) has a provision to adopt a policy of providing economic and social security to the class that are socioeconomically backward such as the landless, bonded labourers, tillers and shepherds and Article 33(f) with provision to pursue the policy of adopting scientific land reform programs by gradually ending feudalistic land ownership practices.

Above mentioned constitutional provisions are important to address the issue of food insecurity and ensure right to food. In this regard, parliament should enact a right to food sovereignty law as soon as possible to fulfil the constitutional mandate. Furthermore, state should implement a scientific land reform program to increase productivity of land and distribute land to poor and excluded people to increase their food security situation. In between, people may approach to the Supreme Court to claim their right to food as Article 32 provides right to constitutional remedy to enforce the rights guaranteed as fundamental rights.

### **3.4 Legal and Policy Measures**

There is no comprehensive legislation on right to food in Nepal. However, there are certain sectoral laws and policies, which address the different aspects of right to food. The most important ones are food and agriculture related, land, water and forest related policies and legislations.

#### **3.4.1 Food and Agriculture related policies and legislations**

Agriculture plays a vital role in maintaining the food security from local to national level. In addition to land, water and forest, other agricultural input such as fertilizer, seed, livestock, law relating to agricultural credit and pesticides etc. are also related to food production.

#### **3.4.2 Agricultural Perspective Plan (1997-2017)**

Since the 1990s, the government has tried to ensure food security through formulation and adoption different policies and plans. In 1995, the government adopted the Agriculture Perspective Plan (APP), a fifteen year design for agricultural development and food security in the country. This document is taken as major document to fulfil the commitments made by the government in eradicating hunger as committed in the World Food Summit, 1996. The APP is growth-focused, its basic objective being to boost the agricultural growth rate from 3% in the base year to 5% by 2005/6 and to maintain it at that level throughout the remainder of the Plan period. This was to be done on the basis of comparative advantage-based specialization, with the Terai specializing in food-grains and other bulky low value commodities, and the hills and mountains focusing on high value horticulture and livestock produce. In addition, special focus is given to food security in the on-going Three Year Interim Plan (TYIP). Policies for increasing the capacity for food storage were introduced.



The 2009/10 budget under 'sustainable agriculture' provided special grants and subsidies for agriculture and organic farming.

### **3.4.3 Food Act 1967**

This Act mainly aims to maintain proper standard of foodstuffs and to prevent any undesirable adulteration in foodstuffs or prevent from reducing in, or extracting, any natural quality or utility from foodstuffs in order to maintain health and convenience of the general public.

Section 3 of the Act strictly prohibits the production, sale or distribution of adulterated foodstuff or sub-standard foodstuff. Similarly, license is required to produce, sell, distribute, store or process the prescribed foodstuffs as provisioned by section 4(B) of the Act.

Similarly the Act has also provision of punishment upon the violation of the law. Section 5(1) of the Act has the provision of penalizing a person who produces, sells, distributes, exports or imports the sub-standard foodstuffs with a fine from Rs 1,000 to Rs 2,000 for the first time and with a fine from Rs 2000 to Rs 5000 or with an imprisonment for a term from Six months to One year or with both for each time from the second time onwards. Similarly section 5(3) of this Act has provision of penalizing person found guilty of producing, selling, distributing, exporting or importing the adulterated foodstuffs with a fine form Rs 5000 to 10,000 or with an imprisonment for a term from one year to two years or with both.

The Food Act mainly focuses on ensuring qualitative food rather than focusing on the accessibility and affordability of food. Though this Act has provision to ensure the monitoring of food safety and standard, but it lacks provision of regular and routine monitoring. There is no mandatory provision of food safety standard for all kinds of foodstuff in accordance with Food Act.

### **3.4.4 The Seed Act, 1988**

The Seed Act (1988) was enacted with the objective of maintaining the convenience and economic interest of the general public by providing the Seeds of quality-standards in a well-planned manner upon producing, processing and testing the Seeds of high quality-standards to have the increased production of different crops. So this Act contains various provisions for production, processing and testing of high quality seeds to increase production. The Act rightly prohibits the sell, possess, give, exchange or provide the scheduled seed of which the class or species cannot be identified, which does not comply with the minimum requirement prescribed under the Act, which has been kept in the container without label where the particulars as prescribed under the Act are to be spelled out, and which does not comply with other conditions as prescribed. Similarly, the Act provides restriction on sale and distribution of scheduled seed, minimum requirement of germination and purity of seed, prohibition against sale of seed treated by pesticides and provisions of permission to be obtained for export or import of scheduled seed.

The Act has encouraged only the private entrepreneurs but not the small and marginal farmers. Nepalese Farmers have been practicing farmer-to-farmer seed management system since long time probably with the start of the farming practice. But this Act has not

recognized such traditional system by the virtue of which these poor and marginal farmers are in existence in the society. Due to the lack of the legal protection, support and recognition by the Act such indigenous system of seed management is slowly disappearing. This is the major threat for the local seed management system and ultimately the food security situation.

### ***3.5 National Agriculture Policy, 2004***

The major objective of this policy is to increase productivity rate and also to protect and promote natural resources to utilize them in the interest of farmers. The policy has strongly quoted that agricultural systems and food security have been threatened by disasters and extreme events, which partly mentions the effect of climate change.

This Policy aims to increase the women's participation to 50% in operation of agricultural programs. Besides it also aims to identify and categorize the resource poor farmers (those having less than 4 ha. of land) and provide the prescribed facilities. The policy proclaims that access to land will be created by implementation and monitoring of current legal ceiling of land holding, progressive taxation and legal provision of contractual farm land in order to ensure that landless, marginal and small farmers have access to land.

The policy has also adopted community management of pasture land, degraded forest and unused public land by handing over such land to the targeted communities under lease agreement according to the feasibility of cultivation of cash crops, food, agro forest, medicinal herbs etc. The policy has also paid due concern on registration and promotion of traditional knowledge and technologies.

### ***3.6 National Food Corporation Regulation, 1997***

This Regulation contains provision concerning purchase, processing, sale, transportation of food and food related products. The Regulation concentrated its provision on price determination of food. Regulation provides that purchase, processing, sale, transportation may be done in accordance the price determined by Food Committee of central or local level, by tender process, or other process prescribed by the committee. The regulation provides that the export and import of food shall be done in accordance with the decision of the committee.

### ***3.7 Forest related policies and legislations***

#### ***3.7.1 Forest Act, 1993***

The Forest Act, 1993 is a comprehensive legislation for the conservation and proper management of forests. The general objective of the Act is to meet the basic needs of the public whereas the specific objectives are to attain socio-economic development, to promote a healthy environment, to ensure the development and conservation of forest and proper utilization of forest products and extend co-operation in the conservation and development of private forest by managing the national forest in the form of government managed forest, protected forest, community forest, leasehold forest and religious forest. So there is no explicit relation to securing food security or right to food. But some provisions of the act are implicitly related to right to food.

Chapter 6 of the Act deals with the provisions relating to the Leasehold forest. Section 31(d) mentions about operation of agro-forestry in a way compatible with the conservation and development of forest as the provision relating to leasehold forest as one of the main purposes for granting any part of the national forest in the form of Leasehold forest.

By introducing community forestry scheme (Chapter 5), the Act has recognized access of local people or users who are the ultimate beneficiaries and managers of their forest. By adoption of community forestry and leasehold forestry scheme, the Act has linked forest management with the livelihood of the people. The internalization and effective implementation of such schemes can strengthen the control over the source of food and hence right to food can be enjoyed.

The Forest Act 1993 was amended in 1998 with a view to providing users additional opportunities for investing 25% of the income generated from the community forests for the management of such forests. It helps to promote not only the expansion of biodiversity conservation and contribute to uplift socio-economic conditions of the local people but also fulfilling the demand of forest products.

### **3.7.2 Forest Sector Policy, 2000**

Forestry Sector Policy 2000 has stated the provision of satisfaction of basic need which can be taken as other initiative toward respecting and fulfilling right to food. But, this policy is basically focused on forest conservation through people's involvement who are dependent on it. It has focused on the satisfaction of basic need for food, fuel, fodder and medicinal plant in a sustainable basis. In addition, this policy also focused on providing livelihood to poor and landless people in forestry related activities. Besides, its main focus is on the forest and forest users group of plains of Terai. It aims to make available the barren and isolated forestlands of the Terai, inner Terai and the Churia hills for handing over as community forests.

Forestry Sector Policy 2000, by adopting basic need approach has rightly linked the livelihood option with the forest conservation and hence increased the access of communities to fuel, fodder and food etc. by internalizing the community forestry scheme. It has made a provision on production and utilization of forest resources which prioritize the fuel wood, timber for housing, fodder for domestic animal and medicinal plants for health.

This Policy also has made some provision targeting to support the vulnerable groups in terms of right to food. The policy has adopted the basic need approach and linked forest sector with the livelihood of people focusing on providing livelihood to poor and landless people in forestry related activities. The Policy set the strategy to employ poor and landless in nursery, plantation and management work, construction, harvesting and forest based industries; training and financial support to establish private nursery and purchase their products; allocate lease hold forest to the people below poverty level and encourage them to engage in forestry; initiate programs and incentives to establish and manage tree farm in leasehold forest etc. It also has recommended improving the policy legal and institutional framework to help improve the life of poor who earn their livelihood from the forest.

### **3.7.3 Policies and Plans Influencing Forestry Outcome**

The nature of political regime and formulation of forest policies and plans are intimately related. The forest policy of Nepal can be categorized as Forest Policy before 1957, from 1957 until 1976, from 1977 to 1990, and from 1991 to the present. Before 1951, Rana aristocracy ruled Nepal. The sole objective of the regime was to extract revenue and to maintain law and order. The focus of the then government was on conversion of forestlands to farmlands, and extraction of timber for export to India and to generate revenue to the state.

Once the Rana regime was overthrown, next step was to reduce the political base of the Rana family and other landed gentry. So, the forests were nationalized in 1957 (Private Forests Nationalization Act, 1957). The multi-party system of governance lasted until 1961, after which the king ruled Nepal until 1990. From 1957 to 1976, policy-making efforts were oriented towards national control of forests through stringent laws (Forest Act 1961, Forest Protection Special Act 1967) and expansion of forest bureaucracy. This approach failed to contain widespread deforestation and forest degradation across the country.

Early efforts of the government and donor agencies to rectify accelerated deforestation and degradation and its associated effects of soil erosion/flooding and fuel wood crisis led to the massive launching of reforestation and afforestation programs in the hills of Nepal. Soil erosion and its effects on indo-Gangetic region (up to Bangladesh) and fuel wood shortage were perceived to be the main reason for undertaking extensive plantation programs. These programs were designed to resolve the perceived technocratic problem of deforestation and its associated impacts. They also failed measurably. Nevertheless, these programs and policies paved the way for subsequent initiation of the participatory approach to forest management in the late 1970s (National Forestry Plan 1976, Panchayat Forest and Panchayat Protected Forest Rules 1978, Master Plan for Forestry Sector 1988/Community Forest management) which reversed the trend of deforestation and forest degradation in the community managed forest areas under the aegis of supportive forest policies and legislations.

With the reestablishment of multiparty democracy in 1991, some new forest policy and legislations have been enacted (Forest Act 1993, Forest Regulation 1995, Forest Policy 2000). In spite of the new policy and legislation, deforestation and degradation is going on unabated especially in government managed forests of the Terai and Siwaliks because the age old concept of preventing these activities only through bureaucratic surveillance (patrolling with armed forest guards) is not enough. The Forest Policy 2000 has recognized the multi-stakeholder's and multi-actors' participation in the governance and management of the national forests. However, its effectiveness has been less than desired mainly due to the conflicts of proximate and distance users in the Terai and Siwaliks of Nepal.

The present debate in Nepal is on which modality to follow with regard to land reform. The radical land reform as proposed by progressive section of civil society with broadly 'left learning' is to fix the land ceiling, acquire the excessive land, and distribute it to the landless and marginal farmers by the state. Another school of thought argues that the use of 'existing land market' results in best land reform, increases the access of poor and landless to land, and at the same time, reduce social tension between landlord groups and landless groups. Moreover, by adopting 'market - based approach', various irregularities that we have seen in

"land distribution" approach like reselling of the land, not cultivating it properly and landlessness of productive class.

There has also been a debate as to what should be the appropriate land ceiling at present. The land ceiling have already fixed in the past. The Badal Commission (See annex table as well as table below) indicated that at the most they could get only 306,000 hectares land. By 2006, there is tremendous increase in population. New land ceiling is suggested (Mulyankan, 143, Saun/Bhadra, 2063). It was argued that land beyond ceiling should be nationalized and distributed to the poor and real tenants or cultivators through local agencies. If the maximum land ceiling is just 2 ha, it can be argued that it leads to the survival of mainly the subsistence farming in the country and make the country a country of many but small farmers. One of the most important aspects of land reform is to increase production also.

After 1990 revolution, various political parties including Nepali Congress and Communist Party of Nepal -United (CPN-UML) had shown some concerns for land reform. In 2001, the Deuba government decided to reduce land ceiling defined by the Land Act 1964. The reduction was 61 per cent in Terai, 22 per cent in hill and 48 per cent in Kathmandu. The then government under the Prime Minister Sher Bahadur Deuba had defined new ceiling and promised its rigorous implementation to diffuse the popularity gained by Maoist rebels. This entailed reduction of ceiling because under the existing ceiling, no land could be acquired for distribution to the landless and marginalized people (Source: Adhikari J. Land reform in Nepal: problems and prospects, 2006).

Small farmers do not used the land very efficiently because it does not give them full employment and income, it is also important to consider whether a minimum land holding that is required for a viable farm is required. As they are selling land more frequently and given the chance to go for non - farm employment, they have left their land. The lands of such families have been used intensively. The present or the proposed trend of land distribution in Nepal is more like a 'land for housing', popularly known as 'housing rights' in urban areas.

### ***3.9 Challenges of agriculture and land reform of Nepal***

- **Problems of Neo-liberalism and private ownership**

WTO began life on 1 January 1995, but its trading system was half a century older since 1948, the General Agreement on Tariffs and Trade (GATT) had provided the rules for the system. On 23 April 2004, Nepal became a member of the WTO through the negotiation process. During its accession, Nepal has made commitments in the agriculture, goods and services sector which are substantial compared to those made by original members at a comparable level of economic development.

Nepal is not allowed to provide export subsidies except as exempted by the provisions of special and differential treatment (S&DT). In the non-agricultural sector all tariff lines, barring few on cements, petroleum products, arms and ammunition have been bound. The average final bound rate is about 24 per cent. Most of the information technology products are bound at zero. In the services sector, Nepal has made commitments in 11 sectors and 70 sub sectors. Nepal has made horizontal commitment to keep the first three modes of service

supply generally unrestricted except for some conditions. The modes 1 and 2 horizontal commitments are limited only by the provision to provide a maximum of \$2,000 to Nepali people travelling abroad. It has kept the mode 3 horizontal market access unrestricted and has made a further commitment to make the conditions of ownership, operation and juridical form and scope of activity for foreign suppliers no more restrictive than those prevailing on the date of accession.



- **State and donor interventions and interest on land**

The Three-Year Interim Plan (2007/08 – 2009/10) of the Ministry of Land Reforms and Management Policies includes a litany of activities, focusing on: (1) land allocations for the poorest; (2) reorganization of land administration, development of a land information system and digitization of the cadastre and land records; (3) half-price land registration for women and marginalized groups members; (4) development of a legal framework that includes leasing and cooperative farming; (5) review of the role and scope of the Guthi (Trust) Corporation and arrangements made for administering Guthi land through revenue offices; (6) capacity-building for land officials; and (7) removal of the backlog of pending land disputes cases by reviewing legislation, regulations, procedures and establishing a tribunal to clear cases, including applications for land registration, tenancy, and ceilings (Alden Wiley et al. 2008).

Nepal’s Agricultural Perspective Plan (APP) (1995–2015) outlines a strategy for agriculture in Nepal that includes plans to ensure food security, management of natural resources, and support for the commercialization of agriculture. The priorities of the APP are to support high-value cash crops and livestock production, agribusiness, and forestry to accelerate growth in agricultural output for improved food security and for poverty alleviation and sustained economic development. The Food and Agriculture Organization (FAO) is working with the GON to operationalize the APP with numerous projects ranging from providing policy assessments to the provision of inputs for vulnerable communities to technical assistance to a community livestock development project (Karki 2008; FAO 2010).



## 4. Budget in agriculture and its trends

### 4.1 National Account and Agriculture Sector in Different Financial Years

Subject / Years 	2000/01	2001/02	2002/03	2003/04	2004/05
					
Government Budget ( In NRS Billion )	99.79	96.11	102.4	111.68	126.88
Budget for Agriculture Sector (In NRs Billion)	3.92	2.4	2.82	2.69	3.36
Share of AG. Budget in National Budget (%)	3.93	2.50	2.75	2.41	2.65
Total GDP of the Nation( In NRS Billion)	4254.54	4440.52	4735.46	5179.93	5665.8

GDP by Ag Sector( In NRS Billion)	1556.25	1660.9	1728.02	1861.25	1993.7
Share of AG. GDP in Total GDP (In %age)	36.58	37.40	36.49	35.93	35.19
Share of Ag Budget in Total GDP (In %age)	0.092	0.054	0.060	0.052	0.059

#### **4.2 Trend from 2005 to 2010**

Subject / Years 	2005/06	2006/07	2007/08	2008/09	2009/10
					
Government Budget ( In NRS Billion )	143.9	169	213	285	337.9
Budget for Agriculture Sector (In NRs Billion)	3.52	4.17	5.76	7.87	10.52
Share of Ag. Budget in National Budget (%)	2.45	2.47	2.70	2.76	3.11
Total GDP of the Nation(In NRs Billion)	6303.01	6977.15	7794.47	9395.22	11103
GDP by Ag Sector( In NRS Billion )	2117.04	2268.22	2466.1	3067.14	3725.6
Share of AG. GDP in Total GDP (%)	33.59	32.51	31.64	32.65	33.55
Share of Ag Budget in Total GDP (%)	0.056	0.060	0.074	0.084	0.095

Over the past 3 decades, the percentage of government expenditure on agriculture steadily fell from around 30 per cent in the 1980s, to below 20 per cent in the 1990s, to 5 per cent in 2008. During this period, Nepal has frequently fallen food deficit, including a food grain deficiency of 225,000 metric ton in 2006/07 and 133,000 metric ton in 2008/09. In addition, poor food access, and limited capacity to manage food shocks, is a chronic reality across much of the country. Great disparity in agricultural production exists between geographical regions and Nepal has one of the highest prevailing rates of poverty in the world. Extreme weather events between 2006-09, including droughts and floods, have significantly affected food production in Nepal. Given the context of low stock levels prior to the 2009 poor harvest (down 20 per cent compared to 2008) the result is a seriously deteriorated food availability situation, particularly in the most hard hit and isolated regions of the Mid to Far Western Hill and Mountains.

#### **4.3 Budget Summary**

The First Five-Year Plan (1956-61) allocated about Rs576 million for development expenditures. Transportation and communications received top priority with over 36 per cent of the budget allocations. Agriculture, including village development and irrigation, took second priority with about 20 per cent of budget expenditures. The plan, which also focused on collecting statistics, was not well conceived, however, and resulted in actual expenditures of about Rs382.9 million--two-thirds the budgeted amount. In most cases, targets were missed by a wide margin. For example, although approximately 1,450 kilometres of highways were targeted for construction, only about 565 kilometres were built. After Parliament, which had been established under the 1959 constitution, was suspended in 1960, the Second Plan failed

to materialize on schedule. A new plan was not introduced until 1962 and covered only three years, 1962-65. The Second Plan had expenditures of almost Rs615 million. Transportation and communication again received top priority with about 39 per cent of budget expenditures. Industry, tourism, and social services were the second priority. Although targets again were missed, there were improvements in industrial production, road construction, telephone installations, irrigation, and education. However, only the organizational improvement area of the target was met. The first two plans were developed with very little research and a minimal data base. The administrative machinery with which to execute these plans also was inadequate. The National Planning Commission, which formulated the second plan, noted the difficulty of preparing plans in the absence of statistical data. Further, as was the case with the first plan, the bulk of the development budget depended on foreign aid--mostly in the form of grants. The failure of these plans was indicated by the government's inability to spend the budgeted amounts. The Third Five-Year Plan (1965-70) increased the involvement of local *panchayat*. It also focused on transport, communications, and industrial and agricultural development. Total planned expenditures were more than Rs1.6 billion. The Fourth Five-Year Plan (1970-75) increased proposed expenditures to more than Rs3.3 billion. Transportation and communications again were the top priority, receiving 41.2 per cent of expenditures, followed by agriculture, which was allocated 26 per cent of the budget. Although the third and fourth plans increased the involvement of the *panchayat* in the development process, the central government continued to carry most of the responsibilities. The Fifth Five-Year Plan (1975-80) proposed expenditures of more than Rs8.8 billion. For the first time, the problem of poverty was addressed in a five-year plan, although no specific goals were mentioned. Top priority was given to agricultural development, and emphasis was placed on increasing food production and cash crops such as sugar cane and tobacco. Increased industrial production and social services also were targeted. Controlling population growth was considered a priority. The Sixth Five-Year Plan (1980-85) proposed an outlay of more than Rs22 billion. Agriculture remained the top priority; increased social services were second. The budget share allocated to transportation and communication was less than that allocated in the previous plan; it was felt that the transportation network had reached a point where it was more beneficial to increase spending on agriculture and industry. The Seventh Five-Year Plan (1985-90) proposed expenditures of Rs29 billion. It encouraged private sector participation in the economy (less than Rs22 billion) and local government participation (Rs2 billion). The plan targeted increasing productivity of all sectors, expanding opportunity for productive employment, and fulfilling the minimum basic needs of the people. For the first time since the plans were devised, specific goals were set for meeting basic needs. The availability of food, clothing, fuel wood, and drinking water, primary health care, sanitation, primary and skill based education and minimum rural transport facilities was emphasized. Because of the political upheavals in mid-1990, the new government postponed formulating the next plan. The July 1990 budget speech of the minister of finance, however, implied that for the interim, the goals of the seventh plan were being followed. Foreign aid as a percentage of development averaged around 66 per cent. The government continually failed to use all committed foreign aid, however, probably as a result of inefficiency. In the Rs26.6 billion budget presented in July 1991, approximately Rs11.8 billion, or 44.4 per cent of the budget, was expected to be derived from foreign loans or grants.



#### **4.4 Causes of inert agricultural status in Nepal**

Based on the reviewed literature and analyses following issues are found as cause for the sluggish progress of agriculture sector though about 80 per cent of the populations are involved in it.

- **Lack of Researches and data**

In the absence of any political opposition, there did exist the opportunity of channelling the autocratic character of Panchayat to rapid economic development but, unfortunately, this also did not materialize.

The lack of structural change in production hindered the development process from gaining momentum. A low savings rate, the increased share of loan in foreign assistance, low level of industrialization, weak agricultural production, limited export trade and a high population growth rate remained as barriers in the path of development. In consequence of the distorted ad hoc economic policies of thirty years interspersed with hollow slogans of disappointing development results and programs without achievements, the country had to bear several economic distortions under Panchyat Regime which were as follows (Ibid).

- **Excessive Control and Regulation**

The control-oriented development approach of the past created many problems. Increased government control, ad hoc regulations and procedures, license requirements and other forms of counterproductive bureaucratic behaviour tended to discourage decision making process and delays in the disbursement of budgets increased project implementation costs and resulted in the underutilization of the administrative capacity.

- **Inefficient Public Enterprises**

The performance of state owned enterprises reached a stage of great inefficiency, indifference and apathy. The financial liabilities of these enterprises exceeded the capacity of the government. These enterprises suffered as a result of over staffing, political intervention, inefficiency and the lack of accountability.

- **Inefficient Investment Portfolio**

Cost-benefit ratios and other criteria which measure the economic and social benefits of projects were neglected in the course of selecting projects to be implemented in various sectors and sub-sectors. The interrelationships among projects and alternative investment options were not taken into consideration. As a result, investment could not be channeled to productive sectors. Many projects were not justifiable from economic and social points of view.

- **High cost of Economy**

In view of the inaccessibility and the ruggedness of terrain, it was not unusual for the production and delivery costs to be high. But in addition to these realities, the cost component Major Turns in Planned Development of Nepal of the economy had been further aggravated by the dominance of donor driven projects, economically unproductive investments, lack of discipline, limited economic resources of projects, unwarranted expansion of bureaucracy and

lack of efficient implementation capabilities.

- **Inefficient Administration**

Inefficiency in the administration has led to a further deterioration in the government's institutional abilities to effectively implement development programs. The civil service that had been expanding continuously was found underutilized and lacked motivation. Traditional administrative and economic structures, highly centralized authority and the lack of sufficient power at the local levels were some of the reasons of inefficient administration

- **Faulty Planning Process**

The planning process remained very weak and was poorly institutionalized. While projects were chosen on an ad hoc basis without due consideration to any social or economic criteria, government investments in projects were not based on any long term sustainability considerations. In consequence, there was always a scarcity of resources at the implementation phase. Political decisions were often autocratic and feudalistic. As a result, the planning process lacked accountability and was unable to induce genuine popular participation. Most of the programs became centrally directed in addition to being donor driven. Because of all this, the Eighth Plan was brought into force in 1992 as a five year plan at a different pattern with new objectives and strategies suitable to the changed local and global context (Ibid: 26-27).

## **5. Conclusion and recommendations**

### **5.1 Conclusion**

The technical assistance provided by the government is insufficient. Similarly, the subsidies provided by government to the agricultural sector have been decreased over time. Therefore, the demand of food items by the large number of populations has not been fulfilled these days; which has increased the extent of food imports from other countries. Though agriculture sector contribute 40 per cent to the gross domestic production of Nepal, this sector has got very low priority from the government. Only three to four per cent allocation from the total budget is for the agriculture sector is very unfair and the example of weak governance. Lack of technological access over agricultural tools is another problem for the Nepalese agriculture sector.

Similarly, the market linkage and mechanism is poor. Neither farmers have direct access to the agriculture market, nor has government facilitated the entire process. Similarly, the actual producer of agricultural items does not possess sufficient land for the production. Therefore, the issues of scientific land reform are raised by the peasants' movements, but state has passive reaction on these issues. Though, numerous commissions have been formed to address the issues of agrarian reforms, no reports and its recommendations have been implemented yet.

The adverse impact of climate change is also severely affecting the overall agriculture sector. Similarly, women's participation have not been promote in extensive scale. They do not have decision making power on the issues of farming, land holding and other agriculture issues. There are so many policies and recommendations which are said good for the agrarian reform have not implemented in reality. While analysing the status of budget allocation for

agriculture sector it can be said that the effort made from the government is insufficient. Only after extensively increasing investment in agriculture sector and implementing the recommendations received from various commissions the condition of agriculture sector in Nepal can be improved.

## **5.2 Recommendations**

Based on the research conducted to depict the situation of agriculture sector in various plans and budgets, following recommendations are made:

- There should be a policy to formulate comprehensive land policy, land use policy by identifying the status of land (agricultural, industrial, forestry, residential etc.). And improvement in legal aspects of agrarian reform should be done. Because there are so many lands which are not used from long period of time.
- Agricultural infrastructures should be developed. Community should have right to manage natural resources such as forest, water and other natural resources.
- Agriculture budget should be increased proportionately by considering its contribution to the GDP.
- Need to make land as a means of production: Land commercialization should be stopped
- Govt. should focus or invest in agriculture and land reform sector in such a way that the educated youth could be engaged in the scientific agriculture farming in the days to come and they can have a sustainable employment in the sector.
- Govt. should invest more on the agricultural research. Now there is very small budget (approx. 0.2%) in the research activities. Govt. also should not exercise political influence in Nepal Agriculture Research Council (NARC).
- Govt. should also promote and capitalize the medium level landlords also so that other marginalized labour can have the employment access parallel manner.
- Govt. should provide the agricultural loan as following;
- Credit should be channelled through saving and Credit Cooperative and Consumer Based Cooperative such as milk, tea, fruit cooperatives.
- Loan should be provided through cooperatives not from commercial bank with low interest rate. There should one cooperative in every 2-3 VDCs and govt. should provide subsidy to these cooperatives to reduce their operational cost. Commercial Banks should provide loan for only infrastructure development aspects.
- Govt. should promote cooperatives with the capacity building training, awareness and education to communities and farmers, and regular technical support.
- Govt. should encourage commercial banks to be pro-poor and investment for priority sector and ultra-poor farmers especially investment through the micro-credit programs of ADB and Central bank of Nepal.
- Govt. should manage a proper and scientific land measurement system through the country to know the accurate status different types of land. Now the present measurement system is creating a lot of difficulties, administrative hassles, and created many problems to distribute the land to landless families.
- Since Nepal is adopting a mixed economy, there should be mixed modality in land ownership too. They are Private, Cooperative and Public land ownership system.

However there is only less than 3 % cooperative ownership land in the country but it should be made up to 33% of the total land ownership.

- Need to implement agricultural revolutionary programs.
- We have to promote agricultural development based on organic farming and preservation of bio-diversity of the Nepal.
- Need to raise a massive awareness among Farmers on the preservation of our bio-diversity.
- Agricultural development and rural development should be implemented in a complete package program as the both are interlinked with each other.
- APP has a provision for 20,000 km agricultural rural road for market linkages and rural development. Local community and farmer's users' groups should take the initiatives to construct the roads to reduce the cost of the construction. Govt. and donor should only support the process with financial and technical support if required.
- Once the road and irrigation facility is in place, rest other support activities including market linkage can be carried out by the farmers themselves too.
- Commercialization of agriculture in the areas of production, market, agricultural road, irrigation, seed support, agricultural input, loan in lower interest rate
- Govt. should increase the investment for the development and commercialization of agricultural sector. Govt. has invested billions of loan in industrial sector where as there is no such as investment in agricultural sector. If govt. will invest just 100 billion rupees, it gives 100 % more result or output from the agricultural sector.
- We need appropriate technology and finance for agricultural development. New Agriculture Technology is just in papers and plan but not implemented at field level. Now the agricultural input and extension support system are not working due to lack of proper implementation and monitoring and past conflict situation of Nepal.
- Govt. subsidy to irrigation facility should be continued. 20-year Agricultural Perspective Plan (APP) does not speak about the irrigation system for mid hill and Himalayan region. High-level Land Reform Commission has recommended the 5 types of water uses (drinking water, irrigation, hydro power, fisheries and tourism purpose) in the hill and Himalayan region.

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