



Contested Rural Development in Nepal

Prabin Manandhar

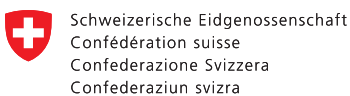
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Left: A village in Nepal. *Right:* Impression from a market (Photos by Urs Geiser)

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Abbreviations

CA	Constituent Assembly
CBO	Community-Based Organization
CBS	Central Bureau of Statistics
CPA	Comprehensive Peace Agreement
CPN (Maoist)	Communist Party of Nepal – Maoist
CPN-UML	Communist Party of Nepal – United Marxist and Leninist
I/NGO	International / Non Governmental Organization
LPP	Listening to People Living in Poverty
NC	Nepali Congress
NEFIN	Nepal Federation of Indigenous Nationalities
NCCR	Swiss National Centre of Competence in Research
NHDR	Nepal Human Development Report
NLSS	Nepal Living Standards Survey
NPC	National Planning Commission
NRs	Nepalese Rupees
TYIP	Three Year Interim Plan
UCPN (Maoist)	Unified Communist Party of Nepal – Maoist
VDC	Village Development Committee

1 Introduction

This Position Paper¹ maps out debates on rural development in Nepal (see Fig 1). The intention is to set the current deliberations and knowledge gaps about rural development in context, and then examine emerging issues for further studies based on the insights gained. This Position Paper on Nepal draws on other studies, discourses, practices and critiques taking Nepal as a whole as “study region”. This Paper serves as important input into the research project on “Contested Rural Development”.



Figure 1: Map of Nepal. (Source: http://www.idrc.ca/uploads/user-S/12738324351Nepal_ENG.pdf)

These are extraordinary times in Nepal, and we have to assess not only the areas that we do not know, but also re-assess the areas we thought we understood. The nature of the problem is changing and will change further.

This Position Paper tackles the debates first, by setting the political economy in a changing context; secondly, by gaining insights into rural poverty, inequality and exclusion; thirdly, by reviewing contemporary rural life and rural development via the state, non-state actors and movements, and the role played by donors; fourthly, by reviewing non-state actors and movements that claim to represent poor people’s concerns, and experiences of rural people with the state and with non-state actors and movements; and fifthly, by highlighting key emerging issues for the Concept Paper for Nepal-based studies in order to inform policy and practices, and contribute to the body of knowledge. In order to compile and analyze the information, reference is made to available studies, and thus no own empirical research is anticipated. The Position Paper provides an updated list of literature on the topics covered.

¹ The research for this publication was conducted within the framework of the Swiss National Centre of Competence in Research (NCCR) North-South, co-funded by the Swiss National Science Foundation, the Swiss Agency for Development and Cooperation, and partner institutions.

2 Political Economy and Prospect for Rural Development

Nepal is a multi-lingual, multi-religious, multi-ethnic and multi-cultural country, but at the same time, it is argued that the ‘melting pot’ concept of inclusion is not a pragmatic approach in the face of Nepal’s diversity and disparities. Nepal has been a unitary centralized state throughout history. Its recent history has involved struggles for democracy and inclusion interspersed with periods of direct monarchic rule and exclusionary parliamentary politics. Less than six years after the restoration of the multi-party system, the Communist Party of Nepal - Maoist (CPN-Maoist or Maoists)² started an armed insurgency in 1996 that claimed the lives of over 13,000 people, displaced an estimated 50,000 to 70,000 people and resulted in the destruction of property worth NRs. 6 billion (approximately \$85 m) due to the major attacks on 3840 public properties (CSWC, 2006). Socio-economic inequalities and state centralization were two central elements at the origins of Nepal’s civil war.

The political economy of Nepal is a complex configuration of different structures and dynamics. Unavoidably, as part of the global economy and dominated by the advanced capitalism of specific states, Nepal is characterised internally by a specific constellation of diverse modes and forms of production, exchange and consumption, different eco-environmental economic regions, different sized settlements, and different ethnic and caste groups (RRN/CECI-Nepal, 2006). Similarly, the political economy of the regional structure of Nepal can be attributed to the traditional concentration of merchant, bureaucratic and industrial capital in economically healthy areas, thus creating the chronic morbidity in the vast hinterlands (Bhattarai, 2003).

Modern Nepal was formed in the latter half of the 18th century with the unification of the country by the warrior king Prithvi Narayan Shah from a number of petty principalities. Nepal, however, remained isolated until the end of a century old Rana regime in 1951. There was an increased pressure from the centre to increase the level of surplus from direct producers and to increase the levies on traders to meet the growing needs of the army, bureaucracy and the palace. These pressures had effects on the relations of production in agriculture and on the condition of peasantry giving rise to ‘semi-feudal’ forms of production.

By the turn of the 19th century, the patron-client relationships had established deep roots in the country. These past systems and patron-client relationships arising from unequal class, caste and status of people have arguably made a continued impact on present day bureaucracy and decision making in Nepal, and its relationship with rural life. Further, the deep belief in fatalism that one has no personal control over one’s life circumstance, which are determined through a divine or powerful external agency, has had a devastating effect on the work ethic and achievement motivation, and, through

² The CPN-Maoist is now called Unified Communist Party of Nepal – Maoist (UCPN-Maoist) or Maoists since it formally unified with the CPN Unity Centre-Masal in January 2009.

these, on the Nepali response to development (Bista, 1991). It has consequences on the sense of time, and in particular on such things as the concept of planning, orientation to the future, sense of causality, human dignity and punctuality.

When the Ranas fell in 1951, only 2% of the adult population were literate, the infant mortality rate was possibly more than 60 percent. Less than 1% of the population was engaged in industrial occupations and 85% of people were dependent on subsistence agriculture. There were only approximately 100 kilometres of railroad tracks and a few kilometres of paved roads in the entire nation. Modern facilities such as telephones, electricity, and postal services served only 1% of the population and only in certain pockets. Media activities were almost not existent. (Manandhar, 2008)

Politics during the 1950s was marked by the formation and dissolution of cabinets one after another. Mikesell (1999) writes that the democratic revolution of 1951 was in reality neither a revolution in the sense of rearranging class organizations or old power structures in society, nor the creation of democracy, even in the limited sense of extending the electoral franchise to the population. Experiments with democracy in the 1950s were short-lived and were ended by a royal coup in December 1960. The elected government was suspended, parliament was dissolved, political parties were banned and a 'partyless' Panchayat system was instituted through a new constitution in 1962. The palace became the source of formal political power and the palace secretariat the nerve-centre of administration and political structure in Nepal during the Panchayat regime. As a pyramidal structure progressing from village assemblies to a national assembly, the Panchayat regime enshrined the absolute power of the monarchy and kept the King as head of state with sole authority over all governmental institutions, including the cabinet, parliament and judiciary. It imposed cultural nationalism through one language, one culture and one religion. A centralized power structure not only impeded the institutionalization of local democracy, and encouraged corruption, but also produced crisis at the macro level. A number of armed and unarmed struggles, peasant uprisings and movements of bonded labourers and squatters took place against the Panchayat regime, but they were crushed by the government. The People's Movement I abolished the Panchayat system and re-established Westminster parliamentary system in 1990.

The post-1990 politics, unstable and exclusionary, has witnessed the emergence of communists as one of the dominant forces, which are ideologically secular and republican. The communists have attracted large-scale support from college students, discriminated ethnic/caste groups and the poor (Lawoti, 2005). The Nepali Congress (NC) – the oldest and influential centrist party – recently changed its stand from neutral position to secular and republican state.

Moreover, the insurgent Maoist group, since the mid-1990s, is the catalyst in bringing about a new political and ideological equation and it has clear republican, secular and radical development agendas. The Maoists have provided more hope of radical transformation taking the form of the slogan of a "New Nepal". See Box 1 for the Maoists vision of a "New Nepal" by Dr. Baburam Bhattarai, senior standing committee member of the politburo of the CPN-Maoist, during the interview conducted in Nepal by Stephen Mikesell and Mary Des Chene, immediately after the April 2008 Constituent Assembly (CA) elections, in which the Maoists won 40% seats but fell short of a majority in the 601-member constituent assembly.

Box 1: Maoists vision of a 'New Nepal'

SM-MDC: And this mandate for change has been taking the form of the slogan of a "New Nepal". What exactly is meant by that and how is it expected to come about?

BB: Yes, "New Nepal" has been a very effective slogan given by our party during the election. "New thought and new leadership for a new Nepal", that was our basic slogan. And I think that people took it very well, and that is why they voted for us. So by New Nepal, what we mean is, first, politically, we want to dismantle all the feudal political, economic, social and cultural relations. That will be one aspect of New Nepal. The other aspect of New Nepal will be making drastic socio-economic transformation in a progressive way. The one is destruction of the old, the other will be construction of the new. There will be two aspects. And our basic focus will be on economic activities: the transforming of the agriculture sector, and then developing productive forces, industrial relations, so that the workers and the youth will be provided employment. And that will create a basis for going toward socialism. Our economic slogan that we gave was: "New transitional economic policy." That means industrial capitalism – development of industrial capitalism – development of industrial capitalism – oriented towards socialism. This has been our work for the interim period.

Source: Mikesell and Chene, 2008

Although the Maoist movement was based essentially on a notion of overturning the exploitative and oppressive structures of class and gender, it also drew on the language of caste and ethnicity (Manandhar and Seddon, 2010). Now ethnicity is one of the dominant agendas in the present discourse of restructuring Nepali state. The politics of identity is gaining momentum in the current Nepal. The central thrust of ethnic movement is to get the ethnic minorities included from the long exclusion in political and economic power structure of the country. The present Terai-Madhesh is being faced with a critical debate on its dialects and linking-languages due to a long isolation imposed by the Ranas and cultural nationalism introduced by the Panchayat regime from 1960 to 1990 (Pathak and Uprety, 2009). The Maoists have cleverly exploited the ethnic issue, by standing up for ethnic rights and holding out the prospect of autonomous regions (Gellner, 2002). Many indigenous peoples' organizations are now demanding ethnic-based autonomous federal states, insisting that they are "necessary" or "the only way" to ensure that there is a decentralization of power and to change the existing paradigm of "high caste centralized control" (Carter Centre, 2010). Beyond the demand for autonomous states, some ethnic-based groups and political parties also speak of the need for "special" rights to be granted within such states for members of indigenous communities. Concepts of what such rights would consist of and for whom vary from "strictly proportional" political representation among ethnic and caste groups within a given state to a reservation through "quota system" and for how long? And how do we address class issues by "affirmative action"? This is a contentious issue and it requires serious studies to inform legislation, policy and programs.³

Since 1990, the concept of civil society has been heavily associated with NGOs in the developing world, and in Nepal. Preoccupation with 'good governance' conditionality and attracted by notions of 'strengthening civil society', bilateral and multilateral aid donors switched significant amounts of their budgets from national governments to

3 A national census observation committee 2011 has been formed to contribute to reliable data generation and improve the inclusive census process so that the apprehension among Minority, Indigenous Nationalities and Other excluded groups (MINEs) under counting their population will be rectified. The past censuses of Nepal are often termed to be deliberate undercounting of indigenous communities and erroneous with omissions and misreported data, thus providing false picture of population composition. This has particularly concerned the indigenous nationalities of Nepal struggling for their identity and rights.

NGOs. Other forms of social organizations and social movements have received far less attention. It is generally perceived that civil society and social movements have always played a fundamental role in the democratic movement in Nepal. However, once democracy is restored, they have been less effective in consolidating democratic practices and voicing the concerns of rural poor and marginalized and securing livelihoods and well-being. Anecdotal and subjective evidences suggest that much of Nepalese civil society and movements is driven by self-interested leaders and divided along partisan lines.

Nepal has received considerable international focus and support due to its strategic location and changing geopolitical situation. Nepal's foreign policy is thus greatly influenced by powerful and influential neighbours, particularly Indian interest and policies. With the open border, cultural and religious ties, economic dependency and the political submission, India has tremendous influence and interference in Nepal's foreign policy. "Nepal has become a very interesting space where the big players are playing at two levels. One is their relationship with Nepal. And the second is the relationship between India and China," The New York Times quoted Ashok Gurung, Director of the India China Institute at The New School, as saying. In the situation of continued pressure and possibility of intervention from US (imperialism) and Indian (expansionism), in the words of the Maoists, the question of socialism in one country is a theoretical question to be debated. Nepal is a signatory to all the major international human rights instruments. Since political reform began in 1990, some progress has been achieved in the transition to a more open society with greater respect for human rights. However the effectiveness of these achievements is being undermined by a climate of conflict and impunity, weak accountability mechanisms and an unstable political environment which allow human rights violations to continue. Today, Nepal is in the throes of a great transformation, and the current home-grown peace process provides a huge opportunity to build an inclusive state by reforming past systems and structures that have contributed to inequalities and violent conflict. Significant progress was made with the signing of a Comprehensive Peace Agreement (CPA) in November 2006 between the seven-party alliance government and the Maoists that formally ended the armed conflict, and the successful elections to a Constituent Assembly in April 2008 to write a new constitution by May 28, 2010.⁴ The CPA provides the long-term policy framework for the peace process in the country with commitments to: socio-economic transformation, progressive state restructuring, integration and rehabilitation of former Maoist combatants, rehabilitation of IDPs, promotion of progressive land reform, support for community reconciliation and respect for human rights. In short, Nepal's ambitious post-conflict transformation, the "New Nepal", aims at ending centuries of discrimination and exclusion based on caste, ethnicity, class, gender, region, language, culture and religion.

While being optimistic, Nepal faces two main dangers in the current transition, as Gellner (2007) puts – one is of a return to civil war between the Maoists and the Nepal Army, and the other is of all-out ethnic war breaking out in the Terai between Madheshi and Hill origin people. But, it is not clear how ethnic / identity politics combine within a particular context contribute to violent or peaceful solutions. People are generally hopeful because they see opportunity in the current crisis, but warn that the continuing extreme poverty and marginalization may again fuel social tension and violent conflict in the country.

4 The term of the Constituent Assembly has been extended for the second time until August 2011. Earlier it was extended for a period of one year on May 28, 2010. According to the new deal, the political parties have agreed to complete the remaining tasks of the peace process and prepare a unified draft of the new constitution by August 2011.

3 Persistence of Poverty, Inequality and Exclusion

The situation of poverty⁵ in Nepal is very serious. Nepal remains the poorest country in South Asia (World Bank, 2009) and ranks 138 out of 169 countries with the HDI value of 0.428 according to the UN Human Development Report 2010 (HDR, 2010). Table 1 shows how Nepal compares with South Asian neighbours in terms of human development indicators according to UNDP Human Development Report 2010.

Table 1: Human Development Indicators for Nepal and neighbours, 2010

Country	HDI value	HDI rank	Life expectancy at birth (years)	Adult literacy rate (% ages > 15 and above)	GNI per capita (PPP USD)
Bangladesh	0.469	129	66.9	55.0	1587
Bhutan	-	-	66.8	52.8	5607
India	0.519	119	64.4	62.8	3337
Maldives	0.602	107	72.3	98.4	5408
Nepal	0.428	138	67.5	57.9	1201
Pakistan	0.490	125	67.2	53.7	2678
Sri Lanka	0.658	91	74.4	90.6	4886

Source: HDR, 2010

Maoist ideologue Dr. Baburam Bhattarai (Bhattarai, 2003) claims that the People's War in Nepal should be understood in the context of Nepal's gradual decline to the status of the second poorest country in the world in terms of various criteria of development. Further, he says that the reactionary government of Nepal had for the last fifty years been peddling various attractive slogans, but the problems increased and the socio-economic situation of the country further deteriorated, in comparison with other countries (Bhattarai, 2003a). The Maoists' 40-points demand, the basis for their call to armed insurgency, was built around inclusive service delivery, equality and rights. Many of these demands were also echoed in government, donors, INGOs and NGOs development policies and priorities (Gurung, 2005). Therefore, while the goal of development (at least in terms of rhetoric) was similar across the conflicting parties, the understanding of the causes of underdevelopment and the means of addressing them were wholly different (Bonino and Donini, 2009; Manandhar, 2008).

⁵ Poverty is a multi-faceted and complex issue that needs to be dealt with on a variety of levels and through a variety of channels. Fowler (1997) says poverty can be seen as a human condition where people are unable to achieve essential functions in life in terms of survival, well-being and empowerment, in the psychological sense of identity, self-esteem and status, and in the political sense of exerting influence over decision which affect their lives. It is now recognized that poverty has both material and nonmaterial dimensions (Sen, 2000). The traditional approach of defining and understanding poverty, in essence, overlooks nonmaterial dimension of poverty. Because of their obvious tangibility, many development practitioners and policy makers find it easier to understand and largely address the material dimensions of poverty.

There is debate on the nature and extent of poverty in Nepal. According to government estimates, in terms of income poverty calculated by the Nepal Living Standards Survey (NLSS) as a head count index of poverty,⁶ over 30% of the population – around nine million people – 35% of the country’s rural households and 10% of its urban households appear to fall below the poverty line.

Box 2: Poverty-stricken family commits suicide

A poverty-stricken family has committed mass suicide in Rukum, Mid-Western Nepal after the family failed to gather money for the treatment of the daughter of the family. Police identified the three as Dal Bahadur Oli, 70, his wife Kali Oli and their 27-year-old Tulasa Oli. Tulasa was suffering from epilepsy. According to the villagers, the frustrated parents committed suicide, as they were unable to pay the loan taken for the daughter’s treatment.

Source: The Kathmandu Post, Feb 16, 2010

There are large disparities across geographical regions and between groups in Nepal. The highest concentration of poor rural people is found in the Mid-Western and Far-Western regions (see Box 2). While the overall poverty rate for Nepal is 31%, this figure increases to 45% in the Mid-Western region⁷ and 41% in the Far-Western region. In these remote hill and mountain zones, the terrain is rugged, rainfall is low and the soil is poor and difficult to farm. Agricultural holdings per household are the smallest in the country, and access to health, education, roads, telephones, electricity, water supply and sanitation services is very limited. The conflict has exacerbated the extreme isolation of these regions. An estimated 36% of the people live at least two-hours’ walk from the nearest all-season road, and 15 out of 75 district headquarters are not connected by road.

Over the last decade Nepal has arguably made considerable progress towards reducing income poverty,⁸ with the headcount poverty rate falling dramatically from 42% to 31% between 1995/96 and 2003/04 (see Table 2),⁹ surprisingly so during the conflict, but mainly driven by growth in remittances. Declining from 22% to 10%, the incidence of poverty in urban areas has more than halved, while poverty in rural areas has also declined notably (from 43% to 35%), although it remains higher than in urban areas.

6 Poverty estimates are based on the poverty line of NPR 4404 per person per year for a daily per capita minimum calorie requirement of 2,124 kcals. It is assumed that about half of the population live below the international poverty line of US\$1.25 a day. Material and physiological approaches view poverty as a lack of income, expenditure or consumption.

In recent years, poverty has been viewed in a more holistic sense, based at least in part on the increased credence given to the views of the poor themselves. As Bevan and Joireman (1997:316-7) argue, “while poverty everywhere involves people experiencing very real material and other deprivations, the concept of poverty is used to cover a wide-ranging set of interrelated life-chances which vary and are valued differently in the diverse cultures and sub-cultures of the world”.

7 The Maoist insurgency began from the mid-western hills in 1996.

8 This decline in income poverty was driven by growth in per capita consumption expenditure and income, which, in turn, was driven by increases in remittances, higher agricultural wages, increased connectivity, urbanization, and a decline in dependency ratio. (CBS, 2006)

9 This is based on the 1995/96 and 2003/04 Nepal Living Standards Surveys (NLSS-I and NLSS-II) and analysis carried out by the Central Bureau of Statistics (CBS, 1996 and CBS, 2004).

Table 2: Poverty in Nepal, 1995/96 and 2003/04

Geographic Region	Poverty Head Count Rate (%)		
Sector	1995/96	2003/04	Change in %
Nepal	41.8	30.8	– 26
Urban	21.6	9.6	– 56
Rural	43.3	34.6	– 20
Development Region			
Eastern	38.9	29.3	– 25
Central	32.5	27.1	– 17
Western	38.6	27.1	– 30
Mid-western	59.9	44.8	– 25
Far-western	63.9	41.0	– 36
Ecological Belt			
Mountains	57.0	32.6	– 43
Hills	40.7	34.5	– 15
Terai	40.3	27.6	– 32

Source: CBS, 2005

The level of rural poverty is almost four times as high as that of urban poverty suggesting that it's worsening took place largely in the rural areas. There are over 600,000 people facing starvation every day in rural areas and around two million will potentially experience the same fate in the coming days (Sapkota, 2010) although the government claims in its 2010 draft report of the Millennium Development Goals (MDGs) progress that poverty is declining at the rate of 1% annually (The Kathmandu Post, Feb 20, 2010). This reflects poverty in Nepal is predominantly a rural phenomenon and there is an emerging a rural-urban dichotomy in the development context.

However, the decline in income poverty has been accompanied by an increase in inequality with wide variations by areas and caste and ethnicity, as evidenced by an increase in the Gini coefficient from 34.2% in 1995/96 to 41.1% in 2003/04. Most of the increase in inequality, however, occurred because the gap between the “middle class” and the “rich” grew¹⁰ (CBS, 2006). Inequality remains greater in urban areas (i.e., Gini coefficient of 43.6%) than in rural areas (i.e., Gini coefficient of 34.9%). While there was little change in inequality in urban areas over time, inequality in rural areas grew, as did the inequality between urban and rural areas. There is a significant risk that inequality between rich and poor will grow over the coming years, while poverty deepens.

10 In particular, between 1995-96 and 2003-04, the ratio of per capita expenditure between expenditure groups: (i) declined 2% for the ratio for “poor” and “very poor”, (ii) rose 6% for the ratio for “middle class” to “poor”, (iii) rose 8% for the ratio for “upper middle class” to “middle class”, and (iv) rose 27% for the ratio for “rich” and “middle class”.

Looking at the Human Development Index, it varies throughout the country widely by urban-rural divide, by ecological belt and by development region and sub-regions (see Figure 2). The Nepal Human Development Report 2009 (NHDR, 2009) highlights significant differences in welfare and human capabilities in these regions and sub-regions.

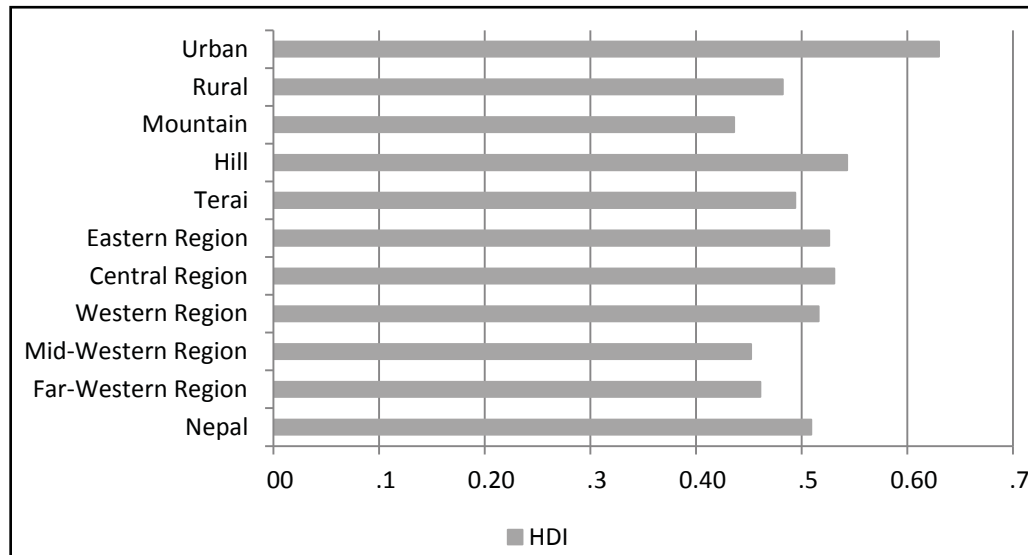


Figure 2: Human Development Index across areas and regions, Nepal, 2006. (Source: NHDR, 2009)

On average, urban areas (0.630) far outstrip that for rural areas (0.482) because of far better access to services, resources, and opportunities. Clearly, Nepal’s development is urban biased and this bias explains the persistence of poverty in rural areas. The human development in the Hills is higher than the Mountain and the Terai regions, in part because many large prosperous cities and towns are located in the hills. Among the development regions, the highest HDI (0.531) is found in the central region, followed closely by the eastern (0.526) and the western region (0.516). This is mainly because the most of Nepal’s trading centres and productive economic services are concentrated in the central region.

Human development has arguably improved over time, but the trend of spatial inequality generally continues to be roughly the same (see Table 3 and Figure 3).

In particular, the HDI value increased by 8% from 0.471 in 2001 to 0.509 for the whole country in 2006, an annual rate of 1.6 percent. Yet there has been no change in the status of rural or urban areas and ecological regions, as the HDI ranking shows. However, there is a change in the ranking of development regions. In 2001, the Central Development Region stood third; by 2006, it had moved up to the first place. This derives in part from the fact that development centres on Kathmandu and that those who could afford to do so moved from the rural areas to Kathmandu during the conflict. By contrast, as in 1996 and 2001, the people of Far- and Mid-Western development regions still rank lowest. Insecurity in the last ten years has further affected public services and private activities more in rural than in urban areas, preserving the pre-war disparity. It also implies shortcomings in the government’s policy on growth with equity. Political inclusion of disadvantaged groups and areas consequently appears to be a logical starting point for pro-poor policy.

Table 3: Change in Human Development Index in Nepal, 2001 and 2006

	HDI in 2001		HDI in 2006		Change in %
	Value	Rank	Value	Rank	
Nepal	0.471		0.509		8.1
Urban	0.581	1	0.630	1	8.4
Rural	0.452	2	0.482	2	6.6
Development region					
Eastern	0.493	1	0.526	2	6.7
Central	0.490	1	0.526	2	6.7
Western	0.491	2	0.516	3	5.1
Mid-western	0.402	5	0.452	5	12.4
Far-western	0.404	4	0.461	4	14.1
Ecological belt					
Mountains	0.386	3	0.436	3	13.0
Hills	0.512	1	0.543	1	6.1
Terai	0.478	2	0.494	2	3.3

Source: NHDR, 2009

**Figure 3:** Human Development Index across eco-development regions, Nepal, 2006. (Source: NHDR, 2009)

Poverty in Nepal has a strong correlation with socioeconomic variables such as caste, occupation, sector of employment, education level, composition of income and family size.¹¹ Social discrimination plays a significant role in keeping the most disadvantaged people in rural Nepal poor and marginalized. Those who are living in poverty and are socially excluded are doubly vulnerable. Lawoti (2002) argues that the minority ethnic and Dalit groups face discrimination on two fronts, one ‘related to culture’ including language, religion, caste, ethnicity and community, and the other, ‘access to resources’, including education, employment, political representation, economic status, influence on media, academia and civil society. Gellner (2007) writes that the Maoists had long been aware of ethnic difference and factored it into their strategic calculations, much as Indian Naxalites have establish bases in tribal areas, and it was no coincidence that the Maoists made the Kham Magar regions of Rolpa and Rukum of the Mid-Western Nepal their base area.

By caste and ethnic groups, poverty characterized a lower proportion of Newars and Braham/Chhetri (14% and 18% respectively) than of Dalits, Muslims and Hill Janajatis, whose rates hover between 41% and 46%, significantly higher than the national average of 31% (see Table 4). However, anecdotal evidence points to higher inequality in each of the caste and ethnic groups.

Table 4: Poverty incidence by caste and ethnicity in Nepal, 1995/96 and 2003/04

Caste and ethnicity	Poverty head count rate (%)		
	1995/96	2003/04	Change in %
Nepal	41.8	30.8	- 26
Braham/ Chhetri	34.1	18.4	- 46
Dalits	57.8	45.5	- 21
Newar	19.3	14.0	- 28
Hill Janajati	48.7	44.0	- 10
Terai Janajati	53.4	35.4	- 34
Muslim	43.7	41.3	- 6
Terai middle caste	28.7	21.3	- 26
Others	46.1	31.3	- 32

Source: CBS, 2005

By occupational groups, poverty is highest among agriculture wage labourers, followed by small farmers who cultivate their own land (NHDR, 2009). The decrease in poverty in these two groups was also disproportionately low compared to others, implying that poverty persists across generations. Additionally, poverty was found to be higher among the landless households, larger families or those with larger numbers of children, and among the households with illiterate heads. The totally landless peasants are about 10-15%. In 1996, the Micro Impacts of Macroeconomic Adjustment Policies (MIMAP) research project found a high poverty incidence among landless and small landholders in Terai, Hill and Mountain areas (see Table 5).

¹¹ There is lack of disaggregated information to analyze inequalities at various levels.

The concentration of poverty was higher in landholdings below 0.5 ha. However, due to low agricultural productivity, poverty was also found to be substantial among medium and large holders in the Hills, Mountains and, to a lesser, extent, in the Terai. Comparative analysis of the poor and non-poor within each of the three farm household categories – marginal, small, and large generated some interesting results. Significant proportions of not only marginal but also small- and large-sized farm households are suffering from poverty in Nepal (Chhetry, 2002). Thus, farm size and land entitlement are not the determining factors for dividing them into poor and non-poor. This finding is a major departure from the conventional analysis of poverty so far done in Nepal. The most important factor that divides them into the poor and non-poor is the productivity of their land. The state of poverty of small- and large-sized farm households is therefore transient, in the sense that with the help of improved technologies, inputs, and better market facilities, they could escape from the grip of poverty. The state of poverty of marginal farm households is chronic, in the sense that due to their small farm size, they are unable to escape from poverty through their farm income alone. In the prevailing paradoxical situation (a significant proportion of large-sized farm households are poor), land redistribution alone does not seem to be an efficient strategy for poverty reduction.

Table 5: Poverty incidence by farm size

Farm size	Poverty incidence (%)
Mountains	
< 0.5 ha	77.8
< 1 ha > 0.5 ha	67.3
< 1 ha	73.1
> 1 ha	39.7
Hills	
< 0.5 ha	70.3
< 1 ha > 0.5 ha	63.3
< 1 ha	67.5
> 1 ha	51.0
Terai	
< 0.5 ha	39.7
< 1 ha > 0.5 ha	32.2
< 1 ha	37.6
> 1 ha	23.6

Source: Sharma and Chhetry, 1997

The pattern of land holding is owner-peasant. According to a research report on indigenous communities' access to natural resources, land was traditionally used by indigenous communities as common property, but this system was disrupted once the land grants system was introduced by the ruling elites (Upreti, 2008). As land system advanced, landlords introduced the Kut (contract) system to ensure their rent, where the right to till land went to the highest bidder, leaving less and less of farm production for peasant. Regardless of good or bad harvests, under the Kut system, the farmers had to pay rent even if crops failed. Eventually, a significant proportion of the peasant farmers and their families were eventually forced to work as bonded labour (slaves) of the landlords (Regmi, 1978). Overtime, it caused land degradation and semi-feudal forms of production. A large number of landless people who did not have access to non-farm employment ended up as Kamaiya (bonded labour), Kamalari (female domestic worker), Kamara/Kamari (servants), Gothala (cowherds), Khetala (farmhand), Haruwa (ploughmen), Charuwa (herders) and Bhariya (porters) and they are subjected to face systematic and structural violence (Upreti, 2008; Nepali and Pyakuryal, 2008).

In recent years, there has been a growing recognition that rural and urban areas have become increasingly interconnected through a constant movement of people, goods, capital, ideas and information. In view of this new reality, "urban" and "rural", as concepts, seem to fall short to cover the complex web of flows and exchanges that have made rural and urban areas dependent on each other. The fact is that urban and rural areas are becoming increasingly integrated as a result of better transport and communications, rural-urban and return migration, the dissemination of urban norms and values in the rural areas, and the spread of urban economic activities in the rural areas (rural industrialization) and of rural economic activities in the urban areas (urban agriculture). This is blurring the distinction between urban and rural areas. (UN, 2005)

Unfortunately, this recognition has rarely been reflected in the formulation of poverty reduction policies and interventions. Urban development tends to concentrate on the development of the urban areas and neglects both its impact and dependence on rural areas, while rural development policies tends to focus on agriculture-related interventions and ignores the urban areas, as if rural areas exist in isolation. Poverty reduction in rural and urban areas requires an integrated approach, which, on the one hand, provides rural population with access to urban opportunities such as urban markets for rural products, urban services for rural population, and urban employment opportunities for rural population. On the other hand, it is necessary to modify urban structures such as jobs and goods markets, and service provision and delivery to accommodate the specific needs of the rural population. In other words, there is a need for strengthening rural-urban linkages in a number of areas, particularly economic linkages (markets, employment) and physical linkages (infrastructure, transport, communication).

From a gender perspective, there is a wide gap between women and men in terms of health, nutrition, education, access to resources and participation in decision making. Women in Nepal face much greater economic insecurity than men since their access to what has traditionally been the primary means of production has always been indirect and dependent on their relations as daughter, wife or mother of a land owning male (Acharya and Bennett, 1981; Gurung, 1999). Discrimination is compounded for girls and women

who are part of socially excluded groups. Ideologically, the Maoists claim to favour an end to the patriarchal organization of society.

It is difficult to establish directly that women as a group are poorer than men in terms of per capita income or consumption because poverty in Nepal is measured at the household rather than at the individual level (NHDR, 2009). Household level data such as the Nepal Living Standards Survey (CBS, 2006; CBS, 1996) are not very useful for understanding the gender dimensions of poverty (Bennett, 2006) as the data do not show the intra-household disparities in access and control over household resources. Female headship is an accepted discourse in Nepal about gender and poverty among development practitioners. However, the relationship between female-headed households and poverty is not consistent. This is because female headship can occur through a variety of processes: custom, widowhood, divorce, separation, polygamy, migration by male or female members, etc. Not all have the same implications for household poverty and the presence and absence of male earnings has to be factored into the analysis. From a policy perspective, therefore, using female headship as a criterion for targeting anti-poverty programmes is not likely to be effective in all cases.

There is now a lot of international literature on poverty dynamics. However, both academic and policy debates on poverty in Nepal continue to focus largely on static notions of poverty. The Chronic Poverty Research Centre (CPRP) paper, for the first time, studied poverty dynamics in Nepal by analysing the determinants of chronic and transient poverty using data from a nationally representative panel of 962 households surveyed in 1995/96 and 2003/04 under Nepal Living Standards Survey (Bhatta and Sharma, 2006). The findings indicate that while the average per-capita consumption of households increased between 1995/96 and 2003/04, over 47% of the households were poor in at least one of those 2 years. Among them, around 43% were chronically poor and the remaining 57% were transient poor. The results also indicate that while household wealth and human capital have a significant association with both chronic and transient poverty, they are more strongly related to chronic poverty.

There is a clear nexus among the key variables/determinants of poverty. It highlights that poverty has persisted in Nepal because of low economic growth, inadequate social and economic infrastructure, relatively high population growth, low access to land, low access to non-agriculture income, and deep-rooted cultural and historical practices. In addition, institutional weaknesses at both the government (central and local) and non-governmental level – lack of good governance – are a major reason for the perpetuation of poverty (NHDR, 2001). Ghale (2008) argues that poverty is a manifestation of unequal power relation and it is increasingly realized that poverty is a state of non-acceptance, exclusion and discrimination. Historically, Nepal has suffered from extremely high levels of what Johan Galtung describes as “structural violence” (Bonino and Donini, 2009). In his view, the notion of “structural violence” is meant to encompass different forms of domination, exploitation, deprivation, and humiliation that emanate from societal structures, and not necessarily forms of violence that are a “manifest exertion of physical force.” Experiences suggest that both investment and research on collective agency of the poor are very patchy that could challenge hierarchical power structure and elite capture.

The above statistics and analyses clearly indicate that poverty in Nepal is a widespread, complex and multi-dimensional phenomenon. Poverty is associated with lack of re-

sources, information and knowledge; basic living conditions; and empowerment and self-esteem. Poverty is deeper, more intense, and more severe in rural (as compared to urban) areas; and even more so in the Hills and Mountains and in the Western and Far Western regions. There are clear gender, ethnic and regional disparities. Other indicators of human development also closely correspond with, and confirm this rural, gender, ethnic and regionally oriented poverty pattern in Nepal.

There are hard questions about the politics of poverty in Nepal – how poverty is shaped by the political context in which an individual lives as the characteristics of that individual? The South Asia Alliance for Poverty Eradication (SAAPE, 2003) states that poverty should rather be seen as a political issue and less as an economic or growth problem in Nepal. These are related to political choices at all three levels of micro-individual, meso-collective or macro-state to address key issues of inequity, social exclusion and human insecurity as the side-effects of poverty reduction measures. Currently, there is lack of attention to political context.

The People's War had its seeds sown five decades ago when the country embarked on the economic development plan which placed a heavy emphasis on an urban-based import-substitution strategy that failed to benefit the rural population (Sharma, 2006). This, together with poor governance, significantly increased unemployment, poverty and rural-urban inequality by the mid 1990s. The "failed development" hypothesis suggests that popular discontent with the government is the result of uneven, incomplete, or poorly executed development efforts and recommends more and better aid as the route to peace. In contrast, the "conscientization" model proposes that, at least in some cases, women's political empowerment may be the unexpected result of successful development programs that aimed to "empower" women by raising their consciousness of gender and class-based oppression (Leve, 2007).

The Maoists claim that the 'People's War' was inevitable because all attempts to carry out reforms within the old 'semi-feudal' and 'semi-colonial' system had failed. Defending the Maoist strategy, Bhattarai (2003) states that because Nepali society is currently in a semi-feudal, semi-colonial stage and is characterized by unequal development and a very low level of material and cultural development, it is necessary to destroy the old mode of production from the rural areas and in its place the policy of revolutionary agrarian reform, industrialization and balanced development be implemented, on a New Democratic basis.

Some argue that a nation cannot manage to survive only on revolution forever; it needs solidarity amongst its citizens, enough job opportunities, and the rule of law and order to prevail as a functioning nation. As Dhruva Kumar rightly observes, "Perhaps, poverty, underdevelopment, destitution and deprivation are some of the ingredients leading to the creation of a revolutionary situation. But merely the creation of revolutionary situation does not necessarily lead to revolution" (Kumar, 2000). Clearly, research remains to be done to better understand the nature of relations between the individual, society and state. While there is a general view that poverty and inequality can lead to conflict, the nature of the links is less well appreciated. How do poverty and inequality causally interact with conflict? It requires further research based on longitudinal approaches to better map the relationship between poverty, inequality and conflict.

4 Contemporary Rural Life

The contemporary rural life of Nepal is found to be highly vulnerable due to a higher concentration of mass poverty, food insecurity, unemployment, illiteracy and powerlessness. For the majority of Nepalis in rural areas, livelihoods are risky and uncertain at the best of times; they are also highly dependent on a nexus of social relationships with others, both in their immediate locality and beyond, and on their ability (or lack of it) to gain control of and access to resources and income generating opportunities in the public and the private sectors (Seddon and Adhikari, 2003). Rural poor people generally have large families, are landless or have very small landholdings, with high rates of illiteracy and are also concentrated in specific ethnic, caste and minority groups, particularly those of the lowest caste (Dalits) and indigenous peoples (Janajatis). Life is a constant struggle for survival. The Terai plain area has good potential for food production but is increasingly overtaxed by the needs of a growing population. The number of landless and marginalized poor people is rising in the region.

Urbanization is relatively a new phenomenon in Nepal. As mentioned earlier, more than 80% of Nepal's population live in rural areas and depend on subsistence farming for their livelihoods. Every year an estimated 2000 women lose their lives during pregnancy or childbirth and 30,000 infants die before their first month every year. According to the Family Health Division, approximately 75% of all deliveries take place at home. Some 28,000 children die every year from preventable diseases, including from the consequences of severe malnutrition. Decreased calorie intake due to lower crop income of rural households (Suwen et al, 2009), lack of good quality health services and lack of staffs (Acharya and Cleland, 2000), prevalence of major health problems in the absence of proper facilities and well-trained health staff, poor utilization of health services (Ailuogwemhe et al, 2005) etc., are contributing to the deterioration of the human health of rural people in Nepal. Despite the fact that millions of dollars had been devoted to rural development, uneven distribution of aid benefits and political voice between urban centres and rural hinterlands, between rural districts, and between classes of rural and urban people themselves has been recognized as a development failure and threat to the state (Leve, 2007).

Reflecting the situation of stagnation, a study of rural households in the West-Central Nepal in 1997–98 confirmed that, indeed, very little capitalist development had taken place, and that the disposition of rural households within the social classes and forms of production identified 20 years before had remained remarkably stable (Blaikie et al, 2002). The existing situation of livelihood insecurity is one of the indications of the stagnant situation of rural areas of Nepal. Seddon & Adhikari (2003) states that only 20% of those who live in the rural areas are generally secure in 'normal times'. A recent study suggests that, in some privileged regions, like Western Nepal, this category has increased as a proportion of the total over the last 20 years (Blaikie et al, 2001); in other, less privileged regions, it might well have decreased.

According to Seddon and Hussein (2003) the livelihoods of the rural poor and 'working' classes involve a constant struggle for survival as their control over and access to

strategic resources is limited; their sources of income are precarious and yield generally low returns to effort and risk; their social networks and stocks of social capital are generally of limited capacity; and their personal resources and quality of life are poor. The lack of access to land and low food production contribute to the high risk to food security in the rural Nepal. Based on farmers' perceptions, diseases and insects, lack of improved seeds, lack of knowledge and training, lack of manure and fertilizers, rain fed farming and lack of irrigation provision and traditional methods of cultivation are major problems associated with rural farming practices (Maharjan and KC, 2006).

Cox (1994) implies that there is still caste-based discrimination in Nepal; it is making people dependent on their traditional caste occupations and unskilled labour. The gender and caste divisions of labour in rural western Nepal have been historically linked with practices of social hierarchy and land distribution (Cameron, 1995). The situation of many women is worsened by their lack of education, by the health care needs that so many rural Nepalese face, and for Dalits, rules of untouchability and grinding poverty. Cameron (2003) says, "Caste and gender are the two most important factors contributing to the dynamics of subsistence provisioning in the contest of harsh poverty and social discrimination. It is impossible to determine which barrier will be hardest to remove – that of poverty, that of caste discrimination, or that of gender inequality." But, it provokes an exciting debate on a missing link in the feminist movement and demands studies on the relationship between gender and caste, and the politics of indifference.

Even in this time of changing paradigm of human development, the exiting social relationships of class and caste in our rural societies, which provide the basis and the ideological justification for exploitation and oppression, for social discrimination and exclusion, for degradation and deprivation, for bondage and indebtedness (Seddon and Hussein, 2003), as a consequence which also helps continue the old order power relations; is the key of the stagnation of the rural life in Nepal. Rural poverty has escalated with widening gaps between 'haves' and 'haves not' as the development approaches are proven to be failed in terms of inclusion, empowerment and effective pro-poor initiatives. The model of anti-poverty approach exclusively focuses on the income and basic need and gives least attention to empower the poor people (Tripathi, 2008).

In one of the studies of UNDP – the supported Village Development Program in Benimipur village – Tripathi argues that the social mobilization approach is not sufficient to include the large number of poor indigenous Tharus in light of local diverse conditions, differentiated actors and power relations. Bonded or unfree labour relationships (Kamaiyas) in the past (the vulnerable groups are still not experiencing the exactness of freedom from bonded labour relationships), the exploitation of child labour and consequent poverty seems to be working to evolve and sustain distortions in rural labour market (Sharma, 1999). It further contributes to the stagnation of the social construct preventing the actual transformation of the social agents and market interactions in rural society. And, it suggests that many of social evils such as 'bonded' labour and child labour relationships are because of landlessness (see Box 3).

Box 3: Buddhi Chaudhari escapes from Kamaiya system

Buddhi is *Tharu* boy from Deukhuri of Dang district and is working in a *Thakali* family in Siddarthanagar since last year. He was ten when he was brought to work. His parents wanted him to leave village and migrate to the city. His father is landless and works as *Kamaiya* (long term farm labour) in Dang (west Nepal), and his brother works as *Bardihawa* (cattle herder). He himself used to work as *Chhegar* (goat herder) before coming to Siddarthanagar.

Buddhi is illiterate and do not go to school. He works from 6 in the morning till late night. Washing the dishes, cleaning house and child minding are his main work. In the daytime usually from 12 to 3 o'clock he has some free time and he spends that time doing nothing. He wishes that he could use that time for study; he longs to be able to read and write.

Buddhi has no complain about food, clothing and salary that he is receiving. His salary is NRs. 300 per month; his mother or sometimes his father comes and collects. Yet he has complains in two fronts: that he cannot go to school because there is none to clean dishes, and that he does not know anybody to play and have a chat in *Tharu* language. When he matures, his aim is to find job in Siddarthanagar in office. He does not want to go back to the village for hard work like his brother is doing.

Source: Sharma et al, 1999

The Nepal Human Development Report (NHDR, 2004) states that landless or near landless (approx. 24%) holdings are clearly disadvantaged in acquiring formal credit, an estimated 86% of which currently requires collateral based on land or other forms of property. Moneylenders and relatives account for more than 80% of total credit incurring large volume of debts (Muhlich, 2001). The interest rates that these moneylenders charge grossly exceed the bounds of reason and fair profit, and they typically range from 30 to 60% pushing rural chronic poverty from one generation to the next (WFP/NDRI, 2008). This also reflects a general tendency that the access to formal sector credit is greater for larger landholders, who also tend to be relatively well-off, than for smaller landholders or the landless. Thus there seems to be a contradiction in the orientation of the banks' focus in rural areas that the higher income households receive credits from formal institutions, while the lower ones have a greater need to borrow in general.

Nepal is highly vulnerable to natural disasters, including floods, landslides, droughts and earthquakes. Nepal also faces new threats such as climate change, food and financial crises, water and energy scarcity and pandemics. According to the UN Office for the Coordination of Humanitarian Affairs (OCHA, 2010), over 70% of household budgets are put towards food and dependence on subsistence agriculture remains high, rendering rural households especially vulnerable. The 2008/09 winter drought was one of the worst on record, significantly diminishing crop production with a food deficit in more than 50% of Nepal's districts. It further diminished access to safe drinking water throughout Nepal. Further, there are thousands of people near the 36 minefields and the estimated 200 IED/UXO-contaminated fields that have yet to be cleared, and some 89,000 refugees from Bhutan living in camps.

Focusing on the perspectives of political economy and social movements, Karki (2005), states that despite major political changes since the overthrow of the Ranas, the basic structure of the rural political economy, of western Nepal (at least), remains

'middle peasantry' – exposing a significant proportion of rural people to acute livelihood and rights vulnerabilities. Indicating the present situation of underdevelopment of Nepal, Pyakurel (1993) claims that it is the result of its century-old participation in the process of world capitalist development. Achievements of rural development efforts in Nepal are not satisfactory because of imposed development, the unstable political situation, absence of people's participation, lack of research and political commitment (Acharya, 2008). Nepalese political economy remains underdeveloped and slow moving (stagnant), constrained both from within by archaic and repressive socio-political structures and from outside by its particular relationship with India through which global forces are mediated. It is unlikely that economic growth in itself will be sufficient to significantly reduce vulnerabilities. A more historical, holistic, and structural approach with efficiency may help the people of the underdeveloped countries to understand the causes and eliminate the reality of their development of underdevelopment and their underdevelopment of development (Pyakurel, 1993). Welfare activities through a community development approach (introduced in 1951) were not new to the Nepalese people but they are still not capable of integrating the local wisdom, values and aspirations.

Regarding the situation of peace and security in rural areas of Nepal, a research on fear and everyday life in rural Nepal (Pettigrew and Adhikari, 2009) states that although a certain amount of suspicion and mistrust lingered, most people recovered from the impact of chronic fear. They fully returned to their field and forest work as well as their previous social activities following the peace agreement of 2006. Most people were no longer frightened, but some were not able to forget what had happened and remained distrustful or afraid.

Despite these manifestations of stagnation of the rural societies in Nepal, there are evidences that rural people in Nepal have evolved their own institutions and organizations to regulate the socio-economic aspects of their lives and to cope with uncertainties. These include mechanisms for sharing agricultural labour and other household resources, borrowing money, creating and distributing resources, sharing of information, resolving disputes, management of common resources like forests, pastures and water, and other community action to meet natural disasters, or participate in development and governance processes (Manandhar, 2008). Manandhar (ibid.) observes three distinct social relations in the middle hills of Nepal: (i) Bonding social relations - close civil society connections linking individuals and families and is associated with a strong sense of common identity, solidarity and high levels of trust and reciprocity (for example clans, close friends); (ii) Bridging social relations - looser inter-group ties and is associated with more diverse and often more formal relationships, sustaining trust and generalised reciprocity beyond those who are immediately familiar or well known (for example work colleagues, acquaintances, other caste, class, ethnic and gender groups); and (iii) Linking social relations - patron-client relationships and is associated with exploitation of relatively powerless groups by powerful groups (for example feudal tenancy, money lending, political patronage and patron-client relationship between the dominant castes and the occupational castes). Rural people are in different networks of bonding, bridging and linking social relations and are positioned differently with respect to resulting local power structures, which are constituted by

complex mixtures of class, castes, ethnicity, gender and geographic locations. People are engaged in more than one institution in a variety of social relationships. So there are overlaps in civic engagements, which cause difficulty to separate out for analysis.

The case studies (Manandhar, 2008) suggest that the dynamics of rural change are far more complex. Rural society in Nepal is moving at different speeds in different directions, though movement is somewhat path-dependent, constrained by historically embedded structures. It shows that, apart from the most remote village where more conservative linking processes still dominate, the two other case study villages are dynamic, but in different ways. The remote village is conservative and reproduces social structures and relationships that underpin a system of mutual support and associated exploitation with authority legitimised by tradition. The roadside village is undergoing change as a result of rural infrastructural change and penetration locally of market relations. Here processes that might be broadly identified as capitalist are challenging historic relationships (of bonding and linking) and new forms of bridging relationships are emerging changing the nature of patterning of inequality. The Maoist controlled village is deepening the (bridging) social wealth of poor and disadvantaged people within a distinctive progressive framework to facilitate deliberate intervention to reverse hierarchies.

The findings demonstrate that building on ethnic bonding relationships can facilitate bridging between groups, which in turn generates more organic social wealth and underpins struggle against hierarchical linking mechanical relations using the mix of participative and directive change strategy. The Maoists have utilised pre-existing horizontal relations to go from bonding to bridging relations between different ethnic and caste groups for class-consciousness and unity, and establishing co-operation with revolution to challenge linking relations. The Maoists can be seen as working with mechanical and organic solidarities to build on ethnic bonding towards greater economic, political and natural resource bridging in the case study area. It shows that not just market relations and rural infrastructure development, but progressive political, social and ideological changes are needed to bring about the kind of rural transformation that generates more equality and justice as well as more wealth. It reveals that the shifting frontier between transactional and transformational actions at the village level is not well understood and the overall direction of rural change is not clear to people at the centre. It requires more research works at the associational level and analyze what determine the community life, how people come and work together, their trust and reciprocity, their shared values, their structures and networks, power dynamics and rivalries. There is a need to study more of the less visible aspects of social life at the village level away from the dominant meta-view of civil society – which is over-idealised (there is a too strong sense of loss of past community values), over-politicised (civil society for political stability) and over-organised (NGO culture) view of civil society contributing to rural change.

There are some significant changes in some dimensions of rural ‘population and development’; especially due to the popularity of the off-farm activities and options of foreign employment, the intervention of information technology, the political awareness and capacity to protest, and the influencing effect of remittances. Non-farm activities,

including small enterprise and non-farm employment are found to be increased in rural households, but not well researched about their role in livelihood strategies of various social groups. Even among poor and marginal peasant households, there has generally been an increase in non-farm incomes over the last 20 years (Blaikie et al, 2001). In the rural areas, income losses also appear to increase, as does the variability of the impacts of trade liberalization. Poverty falls in urban areas and appears to increase in rural areas, particularly among the moderately poor as opposed to the very poorest. The absolute impact of trade liberalization, whether it is positive (in the urban areas) or negative (in the rural areas), generally increases with the level of income.

Information and communication technology have a significant position in rural development programs and initiatives. There is a growing understanding that new communication technologies and increasingly complex communication environments have profound implications for how people living in poverty access information, discuss and create spaces for dialogue within their communities, make their own meanings from information and communicate their own perspectives on issues that affect them. To some extent it has brought changes in the rural societies in Nepal especially in rural capacity building and empowerment.

An innovative application of wireless computer technology to connect Nangi, a remote native village in Myagdi, in Western Nepal, to the global village won for Mahabir Pun, a 52-year-old Nepali citizen, the 2007 Ramon Magsaysay Award for community leadership. With several organizations working on ICT for rural development, Pun worked to establish wireless networks in his village supported with applications like telemedicine and education. Their intranet provides a host of services including the E-Newspapers, E-mail, Bulletin Board, local advertisements, E-Library, Haat-Bazaar, and many more. Haat Bazaar is an online buying and selling of goods among the rural people. The Center operator has the authority to post goods on the website with complete details. The focus for Haat Bazaar is on livestock because that is one thing that's on high demand among the villagers. One new initiative of Nepal Wireless Project is the introduction of E-remittance in partnership with Thamel.com, which, at present, is in its testing phase. Pun is now working on connecting more rural areas with WiFi in several districts of Nepal. Pun writes in his "One-Dollar-A-Month = Information Highway in Rural Nepal" campaign: "It takes 8 days to walk through these villages, and now information and news gets shared in seconds. A total population of 22,000, and 7 High Schools with about 1,700 students now have access to news, goods for sale in the surrounding villages, telephone calls using VoIP, basic health care using telemedicine, and better access to education via tele-teaching" (HEF, 2008).

The Nepal government plans to connect 25 district hospitals, most of them located in the remote and inaccessible Himalayas, to specialists in the capital Kathmandu via satellite uplink. Those specialists, in turn, will be linked up with "super-specialists" working in 12 hospitals across India, to give them access to further medical expertise when needed. The project is the brainchild of Dr. Mingmar Sherpa, who used to run the main hospital in the Everest region in eastern Nepal. While working there he witnessed firsthand the challenges faced by health practitioners in rural areas. "We need to think broadly," Dr Sherpa said (Republica, March 17, 2010), "Nepal doesn't only

mean Kathmandu. We should envision about people in rural areas and plan how to make healthcare accessible to them.” During his years in Solukhumbu, his base for 24 years, he initiated projects like the “Village Ultrasound Project” under which healthcare professionals carried a mobile ultrasound machine to examine pregnant women to diagnose complications at early stage. Local doctors will be able to send patient records, along with x-rays, ultrasound images and lab tests, to specialists in Kathmandu.

Sadly, lack of economic opportunity and the recent conflict resulted in many of the most productive members of households to migrate and leave the villages. As a result more and more women have been heading households alone and taking on the burden of sustaining the rural economy. As a consequence of migration of majority of rural youth, old and sick parents and dependent children with women are facing social and economic problems due to the absence of their youth in the community (Gautam, 2008; WFP/NDRI, 2008). The poor rural regions of the mid- and far-west underwent a net outmigration, with migrants moving from the mountainous and hillside areas to the plains and urban areas (Lokshin et al, 2007). Most of the rural youth have been migrating mainly to Arab countries and Malaysia increasingly for livelihood reasons. They receive very low salaries in these countries due to the low level of skills required for the work they do and because of the weak diplomatic relations between the countries (Acharya, 2008). Labour migration to India, the Gulf, the Asian Tiger countries and many other parts of the world is an increasing phenomenon in Nepal (see Figure 4), but has been only formally documented in more recent studies. However, the social, political and economic dynamic of migration is still not understood in detail.

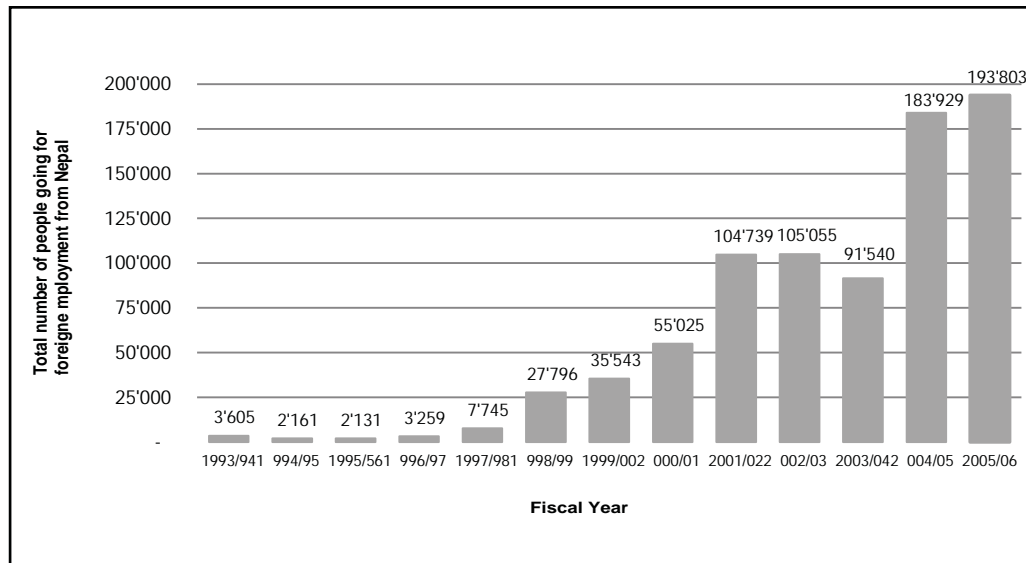


Figure 4: Outmigration, Nepal, 1993-2006. (Source: Economic Survey 2005-06, Government of Nepal, cited in WFP/NDRI, 2008)

Seddon et al (2001) argue that there are patterns and paths of migration from particular localities within Nepal to specific localities outside the country, whether in India or overseas (see Figure 5). These paths are established, ultimately, not on the basis of geography but on the basis of social networks and linkages, which are themselves framed by kinship, and by caste, ethnicity, gender and class. They represent an impor-

tant accumulation of social capital, which can be mobilized and deployed to increase the chances of success in securing employment, decrease the risks involved in foreign employment or increase the risks of trafficking.



Figure 5: Foreign outmigration from Nepal, by district of origin, 1993-2006. (Source: CBS, 2001)

It is revealed that though documented female Nepali migration shows a declining trend, undocumented migration for sex work is gradually increasing. Poverty, historical oppression, organized network, profit accrued to traffickers, demand for fair skinned, delicate featured girls and open border between India and Nepal contributed to trafficking. Trafficking involves a deep-rooted process of gender discrimination, lack of female education, ignorance of rural folk, poverty and lack of economic opportunities (Datta, 2005). According to the U.S. State Department’s latest report on human trafficking, an estimated twelve thousand Nepali women and children are trafficked every year into sexual exploitation in Indian brothels, and an unspecified number are victims of internal sex trafficking. A litigation report (Aengst, 2001) states that the trafficking of Nepali girls and women to India happens because of particular conditions. Poverty, coupled with the low status of women, caste hierarchy, and the lack of women’s rights all make Nepali girls/women vulnerable to being trafficked. Efforts to stop girl trafficking have been seriously constrained by both cultural taboos and the government’s reluctance to address girl trafficking.

The structural perspective views the migration process as a result of exploitation of the rural areas created by the wider capital forces through the one-way flow of economic surplus. This takes a more negative view of migration and points to inherent antagonistic forces and conflict between the developed and developing world. “Capitalist expansion will eventually result in ever increasing exploitation of the core over the periphery, contributing to its underdevelopment. Migration from the periphery to the core will serve to reinforce this unequal relationship” (Spaan, 1999:28 cited in Gartaula, 2009). Labour outmigration in Nepal has always been seen as a by-product of a stagnant rural economy, to be eliminated by domestic economic development, particularly within the agricultural sector.

Though there are some influencing ideological critiques and perspectives on negative facets of migration, recent studies suggested that remittance income has emerged as an important source for the rural economy, which has led to relative prosperity of rural population with a sharp decline in poverty in Nepal. In the 1980s and 1990s, migration abroad resulted in a substantial increase in the flow of remittances back into the rural areas - albeit more into some regions and districts than others (Seddon and Adhikari, 2003). Lokshin et al (2007) claim that the incidence of remittances is higher in rural than in urban Nepal. Earning from seasonal labour migration contributes to rural livelihoods in the chronically food-deficit districts in three ways. Most importantly it reduces demands on local food supply while simultaneously increasing supply (because the returning migrants bring back food from the plains). This is especially important as the migrants return home in the pre-harvest hungry season. The third contribution is the cash and non-food items migrants bring back (Gill, 2003). An analysis of the National Living Standard Survey data carried out by Seddon et al (1998) shows that 23% of rural households received remittances in 1996, which contributes to 25% on average to their total income. Official figures indicate that remittances make up some 15% of Gross Domestic Product and have grown from US\$ 111 million in 2000 to an estimated US\$ 1.6 billion in 2007 (see Figure 6).

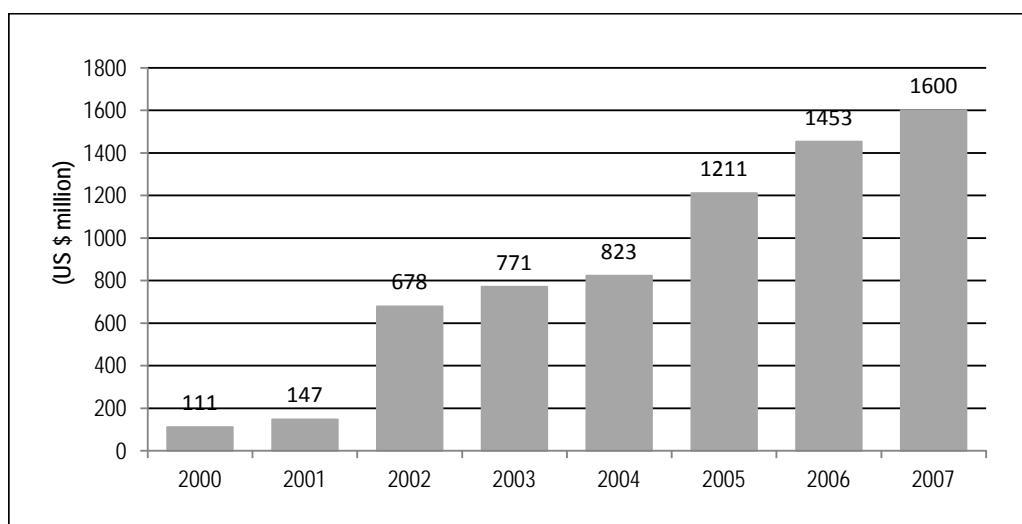


Figure 6: Official remittances (US\$ million). (Source: Migration and Remittances Fact Book, World Bank, cited in WFP/NDRI, 2008)

These figures include only the officially recorded remittances. The true size of remittances, including unrecorded flows through formal and informal channels is believed to be much larger. Remittances were arguably one of the predominant reasons for the fall in poverty from 42% in 1995/96 to 31% in 2003/04 (CBS, 2006). There has been an interesting change in the source of remittances in recent years (WFP/NDRI, 2008). In 1995/96, about one-third of all remittances received in Nepal came from India. By 2003/04, this had reduced to less than one-quarter, with more than half coming from other countries. This shift is due largely to increasing systematic migration to Middle East countries, where earnings are generally higher.

It is observed that most remittances are used by the poor for food, clothing and education. Non-monetary remittances include improved social status, better patterns of nutrition, new social and business contacts, improved entrepreneurship and learning new technology. The remittance economy constitutes the hidden dynamics of the real economy of Nepal, and it has been grossly underestimated and ignored in development policy and planning concerned with poverty reduction and inequalities. It requires more information and understanding about longer-term labour employment, labour markets for the poor and the uses of remittances by rural households. There is little information available on child labour and their employment. Further, there has been limited research to analyze socio-psychological impact of migration for both migrants and their communities.

5 The State and its 'Development Project'

Given the high poverty rate and low level of human development in the country, poverty reduction has consistently been a major focus of Nepal's different national development plans. There is no coherent and coordinated development strategy to manage development in Nepal. The role of the Nepali state in development remains weak, although its coercive power has become greater. During the People's War, the confused strategies of the government, ranging from force to peace talks, to tackle the increasing presence of Maoists all over the country resulted in divisions both within and between political parties and an increased instability in the political atmosphere. There is a recent recognition of social exclusion both as an impediment to human development and the cause of the Maoist insurgency.

Planned development efforts in Nepal began shortly after the political reforms in 1951. Subsequently, ten periodic plans have been drawn up and implemented since then, and the Three Year Interim Plan (2008-10) is currently in force. The government is considering yet another three year complementary plan to specifically cater to the needs of the ongoing transitional period until the next elections under the new constitution.

Looking at the pattern of the past eleven development plans (1956-2010), three major turns have been clearly realized (Srivastav, 2008). First has been seen in the Fifth Plan (1975-80) in which the concept of regional development was introduced along with strengthening of the partyless Panchayat system. The Second turn has been found in the Eighth Plan (1992-97) that was the first plan after the restoration of the multi-party system in 1990. The change in this plan was seen in the form of guaranteeing democratic rights and opportunities to the people to participate in local governance along with the empowerment of local bodies, promotion of privatization and economic liberalization. The third turn has been reflected in the current Interim Plan (2008-10) to fulfil the aspirations of the people expressed in the People's Movement 2006 and issues related to the post-conflict management.

The first four Plans emphasized infrastructure development, like roads, electricity and communications. There was little in the way of a theoretical basis for the development strategy adopted, although the implicit premise was that a combination of state intervention and private enterprise was required, with the state playing a leading role (RRN/CECI-Nepal, 2006). The 'growth-axis' view of development, which led to a strategy which uneasily combined liberal economics and conventional geographical planning through state intervention did not materialize in specific interventions or in any reduction in inter-regional differences and disparities – the importance of which has been pointed out by several commentators (Blaikie et al 2002; Bhattarai, 2003). The lopsided development could cause a danger in national integrity on the one hand and not proper utilization of scattered resources on the other.

So for the first time in the history of development plans, the concept of regional development, specialization and integration were brought in the Fifth Plan (1975-80) to meet the goal of regional balance in development and strengthening national unity (Srivastava, 2008). For this, Nepal was divided into four development regions (eastern, central, western and far western)¹² each having its own headquarters. The scheme was to integrate each region along with Terai, Hills and Mountains by constructing main and sub highways for north-south axes. To have the maximum and better utilization of resources, the concept of regional specialization was also brought for the first time. According to this, Terai, Hills and Mountains were thought to be specialized in agronomy, horticulture and livestock farming respectively as per the availability and suitability of their resources.

However, the emergence and expansion of various IRDPs led to the distortion in the regional strategy (Gurung, 2005). Since the mid-1970s, 41 of 75 districts had been covered by 16 IRDPs supported by 12 donors. The neo-liberal economic model came to dominate 'development' thinking in the late 1980s under the influence of the international development agencies and lending institutions. Nepal adopted the Structural Adjustment Program as a means of addressing macroeconomic imbalances both domestically and internationally. A study based on Marxist analysis diagnosed the apparently contradictory scenario of excessive polarization around the capital city, on the one hand, and outward orientation towards India along a north-south dendrite stretching from Mountain to Terai, on the other. This may be cited as an example of the typical mode of spatial integration in a semi-feudal, semi-neo-colonial society. This analysis portrays the reality of Nepal's dependence as a periphery of India but the study provides no prescription to remedy such an imbalance (Bhattarai, 2003).

Gurung (2005a) states there are two factors that constrain the application of regional perspective in Nepalese development exercise. One is the highly centralized governance system, and another the primacy of the sectoral approach. There has been little breakthrough in various efforts of decentralization due to the entrenched command system. Planning and budgeting continues to be influenced by sectoral activities, without consideration to their cumulative impact at the regional and sub regional levels. Adhikari (2006) writes that strong centralization imposed during the 1960s and 1970s discouraged the community's self-help initiatives, and gradually development became the state's sole responsibility. Limited administrative decentralization introduced in the second half of the 1970s could not revitalize the local initiatives. Thus, development activities degenerated into a business of the government and not the affair of common people.

Poverty alleviation became one of the major objectives of Eighth Plan (1992-97), which was formulated following the restoration of multi-party democracy in 1990 (NPC, 1992) and in light of the World Bank's own emphasis on poverty in its World Development Report for that year (1990) and in its Country Review for Nepal (1990). The 1990 Constitution aimed to provide social, economic and political justice to all

¹² Presently, there are five development regions. The far western development region was divided later in two regions. The new one was named as mid western development region.

citizen of Nepal through equitable distribution of resources. It included decentralization as one of the guiding principles of the state policy in Article 25(4) which states decentralization as “the means of assuring optimum participation of people in governance and hence enjoy the benefits of democracy.” The constitution under the article 45 (GA) provisioned an electoral college consisting of elected representatives of Local Bodies to elect member of the upper house, which indirectly links legislature and the local bodies in terms of policy congruence. Following the constitutional changes, three different Local Body Acts in 1992 took new initiatives, to strengthen political process involving people in the local governance system. The Acts were, however, the continuation of the past without much change in decision making power, accountability, and resources without breaking sectoral implementation against decentralization.

Poverty alleviation continued as a concern in the Ninth Plan (1997-2002). The Ninth Plan (NPC, 1997), without making any reference to the specific targets of the Eighth Plan, simply observed that “the past poverty alleviation initiatives failed to comprehensively and effectively focus on the problems of the poor and ultra poor in the country.” Although no sufficient empirical evidence exists on the impact of liberalization on poverty, many people have stated that the liberalization policies initiated in 1985 and expedited since the early 1990s have not benefited the majority of the poor (NE-FAS, 1996).

The Tenth Plan (2002-07) was formulated and implemented in a conflict setting. It explicitly recognized that conflict is intimately related to poverty, discrimination, and social exclusion (NPC, 2003). The overarching goal of the Tenth Plan, also called Nepal’s PRSP, was to reduce poverty through broad based economic growth, inclusive social development, good governance, targeted programs, and rural infrastructure development. However, the development model that underpinned this strategy was still based on the liberal macroeconomic framework, which critics argued was simply a continuation of previous SAP programs, with some adjustments (CPWF/ActionAid, 2003).

The Tenth Plan also provided for the setting up of a Poverty Alleviation Fund (PAF) for implementing targeted programs for people of weaker sections and regions, otherwise unable to join the mainstream development. The Plan provided for seven different programs to achieve the stated objectives and included enhancing economic growth rate, promotion of rural development through agriculture as the lead sector, infrastructure and enterprise development, promotion of self-employment, promotion of export as means to enhance employment opportunities, use of diplomatic mission for external employment, etc.

“While the PAF has since come into existence with World Bank support, the Plan has identified a number of implementation problems that militate against the successful execution of the plan provisions and include non-prioritized spending of government resources, poor selection of projects, scattering of limited resources across unmanageably large number of development projects, lack of governance conditions, too centralized decision-making, uncontrolled leakage of resources, lack of transparency and sense of accountability, and so on,” says Shrestha (2004), “Overall, it should be a fair

assessment to state that poverty alleviation provisions in the successive periodic Plans have been quite generous in their contents, but for want of serious attempts at their implementation, most of them have remained limited to the pages of the Plan documents and are largely ignored in the formulation of the next Plan.”

With the conclusion of the Tenth Plan, and the end of the conflict, the Three Year Interim Plan (TYIP), 2007/8-2009/10 and the subsequent the Approach Paper for the upcoming Three Year Plan (2010/11-2012/12) were prepared for the post-conflict transitional period. Given the post-conflict scenario, the Plan is more focused on peace dividend; reconstruction, rehabilitation and reintegration; and delivering a tangible and rapid peace dividend.

Heiselberg et al (2007) argues that the notion of a ‘peace dividend’ has different meanings for the people(s) of Nepal. In the urban, often activist setting of Kathmandu, it is articulated as democracy, constituent elections and multi-party government. For many of the rural poor it will mean the absence of fear, and provision for sustained livelihoods and functioning government services (Kievelitz, 2006 quoted in Heiselberg et al, 2007). The demands of traditionally marginalized groups cannot be achieved by proportional representation alone - there has to be genuine participation at the decision-making level and ability to set the agenda. Moreover, historical regional disparities have spilled over into new, identity-based divisions between the traditional ruling society of the hills and the people of the plains along the border with India.

Box 4: Politics and polemics of poverty reduction

Policy makers, politicians, and development agencies use poverty alleviation as a manipulation to resist alternative political formation as a form of popular uprising and create hurdles to structural changes in the governance system.

Source: Bhurtel, 2010

Political instability has an adverse impact on the economic development prospects of any country and its citizens whose economic policy making and planning are central government based (see Box 4). This is the same with Nepal. Centralized policy making and planning, unstable coalitions, and frequent changes in governments and leaders at the central government have created non-continuity in developmental programmes and policies with adverse effects on poverty and inequality, particularly in the distant regions of the country. The recent instability in government and frequent changes of principal personnel in central organizations such as the National Planning Commission added to the problem of confusion in priority and choice of projects. Further, weak infrastructure resulted in cutting of large parts of the country and with it large sections of the heterogeneous Nepali population from the small developmental efforts attempted.

Questions arise whether it is possible to identify a difference in the state policies and practices towards ‘rural development’ during the brief interregnum when the Maoists were in power? How do the Maoists view development? And the role of foreign aid?

It is important to note that development remained a very attractive “idea” to the Maoists both at the level of discourse and of practice. At the level of discourse, the Maoists used “lack of development” as a primary rationale for their insurgency. At the level of practice, the Maoists themselves were seen implementing some development work (e.g., building/repairing schools, road construction, ensuring that schools/health posts remained open and staff came regularly, challenging discrimination, etc.) in some areas. The Maoists maintained this sort of “positive” attitude to development because it helped them to assert themselves as a source of authority and as an emerging state, i.e., development was associated with the power/authority of the state. The Maoists stressed the role of beneficiary communities in direct delivery of services, trying to reduce the mediating role of international agencies, INGOs, private contractors, and, in general, Kathmandu based organizations. (Bonino and Donini, 2009)

Aside from rhetoric and slogans, the Maoists have generally shown a less-than-coherent policy on how to deal with external aid actors and development agencies, bilateral aid bodies, or even international charities. Maoist ideologue Bhattarai (2003a) in his “Political Economy of the People’s War” offers no clear-cut view on the issue other than couching the issue in neo-Marxist or dependency theory terms: Foreign aid is the entry of imperialist and expansionist financial capital in disguise [...] In keeping with the imperialist plan of checking the mounting crisis in oppressed nations from breaking into revolutionary upheavals, billions of rupees have been pumped into rural areas in the names of I/NGOs.

People had high hopes with the Maoist-led government. Due to high expectations of the people, the Maoists-led government was compelled to allocate a populist national budget despite huge challenges in generation of revenue, bridging of the budget deficit, procurement of foreign grants, anti-Maoists bureaucracy (polarized particularly with NC), lame diplomacy, and a “wait and see” donor policy. Pathak and Horning (2008) argue that the budget was not clear on whether it intended to make the poor rich or make the rich richer or make the rich poor. This is due to the variety of backgrounds, objectives, and political doctrines of the political parties participating in the government. Manandhar (2008a) comments that the budget was neither results-orientated nor accountability driven; it was largely a shopping list of uncoordinated activities often ending with poor implementation, weak monitoring and poor information on spending and achievements; it did not encourage long-term thinking; and accountability was placed on spending money rather than on achieving results. So it was no different from the past budgets and approach.

On a positive step, the Maoist-led government officially abolished the Haliya¹³ system of bonded labour that survived in the more remote parts of Nepal. The Haliyas largely belong to three categories: the traditional ones, born into Haliya families; Haliyas who spend their lives trying to pay off debt inherited from their forefathers; and those who till their masters’ land.

13 Haliya also refers to the bonded labourers and the literal translation means ‘one who ploughs’. Labourers have to work as haliya to pay off loans to their moneylender-landlord. Once in debt they lose all control over their conditions and through exorbitant interest rates and other charges become trapped and unable to pay off their debt.

A majority belong to the second category. Haliya predominantly affects the Dalit untouchable Hindu caste of western Nepal. But since abolition, the government has provided no infrastructure to replace the former means of subsistence, leaving the 'Haliyas' and their dependents with no means of support (see Box 5).

Box 5: Frustrated Dhani, Ex-Haliya

The government did precious little to ensure our rehabilitation," said a frustrated Dhani, who had little option but to opt for servility to fend for a large family of 10 members. His life story resonates with social ills that are yet to be weeded out in this day and age. Dhani was released from Gore Saud's household last year. Subsequently, he submitted a plea in the District Office, Doti, claiming his freedom. But, in retrospect, the longing for a better secured future has backfired. "I've to depend on my old master again since the government has failed to come up alternative means of livelihood for me," lamented Dhani.

Source: The Himalayan Times, April 9, 2009

The Maoists largely failed to bring any fundamental changes in the lives of the people. Critics say the Maoist-led government was just an old wine in a new bottle comparing the Maoists with the mainstream political parties during the 1990s. Reviewing the 100 days of the Maoist-led government, Chandrasekharan (2008) says that most of the accomplishments claimed by the government were actually the steps being taken by the government and not achievements as such. This was more or less conceded by the Maoist Information Minister and spokesperson who said that the government had not achieved success but added that they were 'heading' towards success. It was unfortunate that the Maoist government was insensitive towards the long standing culture and tradition of people when it tried to remove priests of the Pashupatinath temple in Kathmandu, one of the holiest Hindu shrines in the world, and slashed state funding for centuries-old religious festival celebrated in Kathmandu Valley that was very close to Newar cultural identity. The assault on the Indian priests also reflects the fragile relationship between the two countries. The Newars - a community who were the original inhabitants of Kathmandu and still dominate Nepal's business and industrial sector particularly protested against the insensitivity and interference of the state in the age-old culture and traditions of Nepal (Manandhar, 2008b). The blockade of key roads in the capital was lifted on the Monday after the Maoist-led government agreed to restore the slashed allocations, pay for the medical treatment of the protesters hurt in clashes with security forces and form a commission to study the socio-religious traditions prevalent for centuries and recommend within a month what to do about them. The protests indicate Nepal still remains deeply religious and other plans of the Maoists, especially ambitious ones like scrapping the Kumari or living goddess system, are now likely to be quietly abandoned.

The Maoists, on the one hand, claimed they were fighting for cultural freedom, while on the other hand they campaigned against traditional cultural ceremonies as economically wasteful and socially unprogressive. This suggests the Maoists have ongoing internal struggles for cultural identity and social change. This is an important issue. However, there lacks debates and discussions on how to maintain and respect cultural freedom and diversity while maintaining national identity. And, there also lacks debates to redefine the role of the state and the nature of governance to accommodate its diverse social, cultural, ethnic, language, and religious groups on an equal footing.

Clearly, we need critical knowledge and understanding on these fronts.

Concerning foreign aid front, there is business as usual with the donors continuing to crowd in to support Nepal's development efforts (Panday, 1999). Nepal is now locked in the vicious circle of foreign aid dependence and it has deeply affected thought processes of entire societal agents concerning development. It is argued that Nepal is compelled to accept policies, programs and activities suggested or imposed by donors (CPWF/ActionAid, 2003). Foreign aid as a percentage of development averaged around 60% and the ratio of aid financing to development expenditure is at the same level as 40 years. The increase in foreign loans as a source of financing government expenditure became more prominent from the 1980s with the introduction of structural adjustment lending by multilateral institutions. The government continually failed to use all committed foreign aid, however, probably as a result of inefficiency and corruptions.

There are around 30 donors working in Nepal. The UK is the largest OECD bilateral, with USAID, Japan, Norway, Denmark and Germany providing around half our volume. India provides substantial aid, including in-kind, China is also a donor, but accurate figures are not known for either. ADB has been the largest multilateral but is now being overtaken by the World Bank. The US continues to be the dominant external actor, influencing the governments of India and Britain. India has worries about the links between the Maoists in Nepal and other insurgencies within its own borders, while the US and Britain lead the "war on terror". Concern for "democracy" hangs in the balance against worries about the spread of insurgency in the Asian sub-continent. What risks do new security imperatives pose to foreign aid in Nepal? Will development goals become submissive to overarching strategic security concerns? Clearly more studies are needed.

There has been some progress towards targets set out in the Paris Declaration and on Fragile States principles, but this is partly constrained by Nepal's fragility, limited government leadership, and weak country systems. The challenge for donors is to support the government to manage the transition from scattered donor projects and programs outside government, to effective delivery through government, as corruption is tackled more effectively. (DFID, 2009)

The donor community is generally fragmented in its development efforts in Nepal (DFID, 2007). While there are some areas of good practice, including health and education sector programs that delivered successfully through the conflict period, action is required to bring donors together and focus on delivery of a peace dividend, empowerment and help to strengthen the state and its ability to deliver. It is recognized that donors should help to improve the international response in this fragile time of political transition, aiming to streamline donor initiatives, and move to more predictable, long-term aid that supports the priorities of the people of Nepal. Why have foreign assistance programs so rarely achieved the goals set out for them by the donor community? Are donors moved by fads and fashions? How can foreign aid best support material and non-material dimension of well-being? We need critical information, debates and discussions in these areas.

The difficulties of development agencies in Nepal to acknowledge and address the extreme suffering of victims of political violence is closely linked to the difficulties they have had for years to deal with the structural violence of the socio-political exclusion of women, Dalit and ethnic nationalities. One factor that prevents aid agencies from integrating the marginalized - including traumatized - persons is their insistence on only dealing with the collective. Although groups are effective vehicles for empowerment, they can be equally effective in reconfirming existing power structures and in keeping the weaker members of society out. In order to deal with such contradictions, the complex disempowerment processes of social groups and equally of the people who make up these groups must be better understood. If development agencies and their staff could overcome their fear of the individual and start looking at how to address fear, trauma and loss, they could get engaged in a process of understanding and taking seriously the vulnerabilities and the needs of individuals across boundaries of caste and class. With this, the agencies could truly contribute to the process of democratization and make an important step towards a more human form of aid.

Further, foreign assistance has centralized power and privileges in the Kathmandu valley, and it has created dependency syndrome right from the central secretariat to the village roundtable as well as the loss of cooperative spirit among villagers (Dixit, 1997). Commenting on the role of donors, Shrestha (1997) passionately attacks the development policies promoted by donors in Nepal. Giving numerous examples from the life stories of individual Nepalese, he shows that both the Nepalese economic winners and losers are victims of the development process. Some of the issues highlighted include: the growth of prostitution and freak street pot culture, the increasing poverty of the poor, and the subordination of Nepalese elites to Westerners. Systematic evaluation is lacking, but overall, the impact of donor assistance has been modest.

A large number of development activities that were previously carried out from within government's development budget are now implemented through non-governmental organizations. There is no reliable account of the amount of aid processed and used through this avenue. Panday (1999) insists that the emergence of the non-governmental sector as a recipient of foreign aid has implications that go beyond the mundane world of finance. This suggests that not only the government but also nascent civil society including various professionals, individually or collectively, are increasingly dependent upon foreign aid. The legislative and judicial branches of the state have also been beneficiaries of foreign aid in recent years. The same is true for elections, media, human rights movement, protections and advocacy work. How will such important activities and engagements be sustained in the interest of development? Foreign aid donors have become increasingly aware of the role and potential of civil society to make a positive contribution to democratization in the developing world. But, little is understood about how far does foreign aid further or hinder the work of civil society organizations, particularly in a post-conflict country?

6 Non-State Actors and Movements

Organized and unorganized collective actions, which express their concern about and resist processes of oppression, making people conscious of restrictions on their rights and roles in society, have a long history in Nepal (Karki, 2001). Over the last 200 years, Nepal has changed considerably (Gellner, 1997) and in recent decades the rate, intensity, and spectrum of change has been noteworthy. This may be compared to Tarrow's (2003) "movement society," concept, which he created for contemporary global contexts. In the same vein, in the 1960s, sociologist Daniel Bell proclaimed the "end of ideology" (Lloyd, 2003); following his footsteps many social scientists predicted a stage of societal development where ideological conflict would gradually be translated into a more pluralistic, pragmatic consensus (McAdam et al, 1996). This seems to ring true for Nepal, where ethnic organizations, regional movements, civil societies, Dalit groups, and women movements, to name a few, are proliferating as new alternative intermediaries, somehow challenging/replacing political parties in mediating between people and the state (Karki, 2006). The nature of the non-state actors and movements very much depends upon the changing nature of the governance and political regime of the country coupled with class, caste and gender relations of the people.

In the development of class struggle in Nepalese society the establishment of the Communist Party in the year 1949 represents an important historic achievement for the proletarian class of Nepal. The Chinese communist movement and the Indian communist party encouraged young Nepali communists to introduce the Marxist philosophy of class struggle into Nepali politics. With all the qualities of its infancy, it waged propaganda & agitation from the Communist point of view on the question of nationalism, democracy and people's livelihood and it attempted to arouse the masses mainly in the rural areas against feudalism. Because of this process, within a short period people from different parts of country got attracted towards Communist politics and peasants' struggles started spreading in different places. But the then Party leadership failed to lead the struggle in a progressive direction and largely limited itself to peaceful activities for socialism under the feudal monarchy. The central government did not come up with strong and progressive rural development strategy to bring changes in rural life, however it continuously grew based on generous external funds.

The communist movement in Nepal has faced a chronic problem of factionalism and frequent splits into more than two dozen groups over differences in interpretations of policies and strategies (Manandhar, 2008; Lawoti, 2010). Influenced by the violent Naxalite movement in West Bengal, a group of young communists killed several 'class enemies' in Jhapa district in east Nepal. The campaign was brutally crushed by the state. The leaders of the Jhapa movement later joined the constitutional path. Tiwari (2001) states that communist movement in Nepal in the past has broadly been a left-intellectual movement. The participating intellectuals in this movement had comprised of upper caste (Brahmin-Chhetri-Newar-BCN). In other words, past movements were basically the movements against BCN ruling elite by the BCN non-ruling elite. When non-ruling BCNs were fighting the ruling BCNs, there was always scope for mediation and compromise due to the network of family relations. Mikesell (1999) adds that

almost the entire upper level leadership of all the parties in Nepal, including the Communists, is dominated for the most part by landed property which over the decades has been exerting itself more and more, not only in control over its property, but in control of the bureaucracy. In the villages, the cadres are dominated by wealthier groups and small shop owners.

The central government could not implement the Land Act 1964 that fixed the land ceiling in the Terai, in the Hills and in Kathmandu Valley, due to the strong alliance of the landed class and their close relationship with the bureaucracy who succeeded in protecting their landed interests against the provision (Pokharel, 1980). Various class organizations of peasants, workers, women, youths and intellectuals were created at local level between 1960 and 1990, but with the corporatist intention of subordinating all kinds of organizations and initiatives within the civil society to the palace (Mikesell, 1999). Pokharel (1980) reports that due to the strict controls on the right to organization and expression, the purpose of such class and functional organizations at local level was self-defeating. On a similar issue, Lohani (1980) writes, "The institutional base to mobilise the people remains weak and the quasi-ideological nature of the national polity is more absorbed in balancing various interests groups for short run stability instead of organising the masses for pushing towards the changed structure of production relations in the society."

The history of the labour movement in Nepal dates back to 1951 when the whole nation was in the midst of a democratic struggle. However, the history of trade union movement in Nepal is of recent origin. There are two main laws relating to trade unions: the 1992 Labour Law, which lays down the legal framework and regulations for any enterprise employing ten or more people; and the associated 1993 Trade Union Act, which defines the procedures for establishing a trade union, as well as a union's role and responsibilities. The Trade Union Act prohibits anti-union discrimination and protects union officials from lawsuits, which may arise as a result of performing union duties. However, the government has not yet implemented all the provisions of these laws. The interim constitution 2007 gave constitutional status to those rights and incorporated new rights like the right of employment and social security against unemployment. The draft constitution has provisions on prohibition of discrimination and exploitation, employment of children under the age of 15 for wage earning work, right of association and strike, dignity of labour and the like. The other issues under debate include rights of gratuity, health insurance and life insurance, the provision of unemployment insurance system, legal protection of social security and wages, freedom of internal management to the trade unions and non-discrimination by the state. Bhatta (2009) argues that Nepali state never attempted to strike a balance between labour and capital through democratization of economic power of the state. Political parties have formed trade unions merely to serve their utilitarian political agendas. This has led to the mushroom growth of trade unions in the country but there is no space for them to be productively engaged in labour work and action.

Maoist ideologue, Dr. Baburam Bhattarai (Bhattarai, 2003a) maintains that against this dynamic, the reactionary ruling classes of society and their allies attempt to develop the productive forces without smashing the old production relations, which have become obstacles to the process of development. He further says (ibid.) the main pol-

icy of the revolution would be to confiscate the means of production that have been in the hands of the reactionary classes and to hand these over to the progressive forces (the workers, peasants, petty bourgeoisie and national bourgeoisie) and to organize the mode of production in a new way. Lawoti (2010) however argues that the Maoists started an armed conflict raising the issues of ethnicity and minorities. In the 1990s, while the notion of economics based on only class struggle was getting weaker in the world, the Maoists raised their voice relating class struggle with ethnic and minority's issues. This was, most probably, one of the strongest tactics that helped them tackle the degrading communism in the world. Besides, the Madesh and other minorities' issues including federalism are also, to some extent, the by-product of the decade-long conflict between the Maoists and the State.

There are limits of pro-democratic framework of recent events to advance class interests in Nepal. Class struggles are surrounded by a tangled web of intersecting ethnic, separatist, nationalist and political group tensions, and these divisions and rivalries becoming more brutal and militarized. Perhaps a research would be useful to analyze what is the potential of an autonomous working class movement moving beyond demands for modern democracy?

Indigenous nationalities, Dalits, Madheshi and women are the main sociocultural groups that are active in the various social justice movements in Nepal. After 1990, a rigorous current of diverse activism and movements gained a significant advancement including the "recognition" (self, social, and political) of traditionally subordinate sociocultural groups, and formation of other organizations in Nepal (Gellner and Karki, 2005). Consequently, political parties and social organizations have been compelled to endorse those new identities formally in their agenda and have introduced new departments (ethnic, Dalit, women, social issues) into their own organizations. These groups are asking for systemic changes for better political, economic and social equitability (Thapaliyal, 2006). The Maoists cautiously combined caste and ethnicity in its classical class based struggle agenda in order to build strong bonding and bridging social relations to powerfully challenge hierarchical feudal relations in the villages. The radical approach and reformist attempts of the Maoists' were very popular among rural poor and disadvantaged who have suffered age-old caste-based discriminations class-based exploitations and gender-based disparities. Many of these have or seek links with International and national NGOs. Since 1990 it is estimated that more than 30,000 Community-Based Organizations (CBOs) and NGOs have been registered in Nepal, focusing particularly on development, awareness, advocacy, civic and human rights, the environment, children, women, peace, and so on.

Indigenous nationalities or the adibasi janajati are from Tibeto-Burman language speaking groups. They are found in the Mountains, Hills, inner Terai and Terai. There are more than 60 such groups, varying in population from a few hundred to more than a million, constituting collectively slightly more than 36% of the population (Bista, 1996). They differ among themselves in terms of socio-cultural conditions. Some, like Raute and Chepang, still live in isolation from the larger societies while groups like Newar are urban communities. The common thread that binds all the indigenous nationalities groups is the cultural discrimination they face at the hands of the state and

the dominant groups (Lawoti, 2005). Most of them also face discrimination in accessing state and societal resources, decision making and development benefits.

Some ethnic organizations were established during the 1950-60 decade of political freedom. Actually, the referendum of 1979 marked the watershed for open expression of ethnic demands and saw the emergence of various ethnic organizations, some with their own mouthpieces (Gurung, 1997). Many indigenous nationalities groups came together to form Nepal Federation of Nationalities (NEFEN) in 1990 to fight for their rights. In 2003, they renamed their federation as Nepal Federation of Indigenous Nationalities (NEFIN)¹⁴ indicating their self-identification as indigenous people. One major success of this movement has been the development of a common identity of indigenous nationalities among the diverse linguistic/ethnic groups (Lawoti, 2005). Since 1990, the indigenous nationalities have organized and mobilized considerably in sociocultural realms by establishing ethnic associations (such as Nepal Bhasa Man-ka Khala, Kirat Yakthung Chumlung, Nepal Tamang Ghedung, Nepal Magar Association), where activists from different political parties and non-party activists work together. However, the indigenous nationalities have failed to be successful at the political level, in terms of forming an effective ethnic political party, powerful political mobilization within mainstream political parties or getting their major demands fulfilled by the state (ibid). Bhattachan (2010) comments that with increasing pressure from the Maoist, the NEFIN leadership began to shift its thinking from confining its activities in social and cultural sphere to transforming itself by looking beyond it by campaigning for the elimination of the institution of the King. As the people's movement and indigenous nationality movement gained momentum going against monarchy it became clear that indigenous peoples' cannot preserve and protect their rights to ancestral land or their cultural identity without first securing the indigenous peoples' political rights.

NEFIN reached a 20 point agreement with the interim government in August 2007 on equitable representation, including "restructuring of the Nepali state" by changing the electoral system and instituting affirmative action measures, recognition, besides Nepali, of local languages as official languages for the work of local bodies, the creation of a state restructuring commission tasked with recommending the type of federal structure that Nepal should adopt, and the ratification of ILO Convention 169¹⁵ on the rights of indigenous peoples. Bhattachan (2010) warns that party politics have taken a high place than core indigenous nationalities issue within the top level of NEFIN – hinting that there is a leadership crisis in ethnic movement. We need to examine the relationships between indigenous nationalities and political parties, and between po-

14 NEFIN reports that out of the 59 indigenous groups on the list, 10 are „endangered,“ 12 „highly marginalized,“ 20 „marginalized,“ 15 „disadvantaged,“ and 2 „advanced“ or better off. Looked at another way, 18 are from mountainous regions, 24 from the hills, 7 from the inner arable areas and 10 from the other arable areas.

15 As a result of growing indigenous nationalities movement, sustained lobbying and the agreement with NEFIN, ILO Convention 169 was ratified by Nepal in September 2007, making Nepal the second country in Asia to do so. In the process of political transformation, ILO Convention 169 was widely promoted as a framework for dialogue on key issues of concern raised by the national indigenous peoples' movement. Now that the Convention has been ratified, an enormous amount of work needs to be done to ensure its effective implementation. The potential of the Convention as a comprehensive development framework for guiding policies and programs related to indigenous peoples is being explored, particularly in the context of consultation, participation, development, employment, occupation and 'decent work'.

litical parties and social movements that organize indigenous nationalities.¹⁶

Hachhethu (2003) comments that discourse on ethnicity in Nepal has been developing with conflicting views on three major subjects: conceptual framework, definition of dominant and minority groups, and understanding and interpretation of caste-ethnic relations. Opinions among native scholars are generally divided in line with one's belongingness to a particular group. To capture the emerging ethnic movement in Nepal in a conceptual framework, few observe in a primordialist line that it is a quest for identity; others, particularly those belonging to hill Bahun-Chhetri, take an instrumentalist stand that ethnic upsurge is motivated to gain some political and economic advantages. The opinions of many scholars, both native and foreigner, are close to what Prayag Raj Sharma states (quoted in Hachhethu, 2003), "The ethnic politics of Nepal in the 1990s seems to have elements conforming with both the primordialists and the instrumentalists models. It is, however, interesting to note that foreign scholars observe – without mentioning explicitly but indicating the elitist nature of such movement and its relevance to the interest of the masses of the ethnic groups – that the ethnic activism in Nepal has greater elements of instrumentalism and lesser primordialism". For instance, Gellner (2001) is of the opinion, "One should not assume that ethnic activists and ordinary people share the same agenda". Scholars from ethnic group discard instrumentalist and primordialist model and urge to see the ethnic movement of Nepal from the perspective of the principles of equality and struggle against discrimination (Bhattachan, 1998). Gurung (1999a) opines that ethnic movements in Nepal are a natural outcome of age old suppression through the imposition of stratified hierarchical model by the Hindu rulers of Nepal, which needs to be removed with a view to making the hitherto deprived ethnic groups equal partners in the development of a single territorial Nepalese nation-state.

The *Dalit* movement of Nepal is more than 5 decades old. The term Dalit means oppressed. It is a term used by the Dalits themselves to denote their protest (Kisan, 2009). Altogether 205 types of caste-based discriminatory practices have been identified in Nepal including restriction in public places, denial access to common resources, discriminations related to occupation, educational institutions, and forced and discriminatory labour (Bhattachan, 2003 quoted in Kisan, 2009). Their demands include reservation in education, administration and political offices, an end to untouchability, social, economic and political empowerment of Dalit community and secularism (Lawaoti, 2005). See Box 6.

¹⁶ As somewhat unexpected, UK's Department of International Development (DFID) stopped fund to NEFIN on May 12, 2011 due to NEFIN's continued engagement in the general strike as a protest for constitutional rights of Indigenous and marginalized communities, ethnic federalism and religious secularism.

Box 6: A marriage of challenges and chances

Manisha and Jhakondra grew up 200 meters from each other and went to the same village school, so falling in love was a natural thing. But Jhakondra is a Dalit and regarded as untouchable by Manisha's non-Dalit family. As a result, she was beaten in her sleep by her uncle while her father threatened to kill Jhakondra. In the end, the young couple ran away to India and got married. Following their return, Manisha's parents reported Jhakondra to the police for girl trafficking, claiming their daughter was only 16 years old. When she proved that she was 18, the police chose to respect the constitution of Nepal and deemed the marriage between a Dalit and a non-Dalit to be perfectly in order. But in this part of the world, tradition is stronger than legislation. As Jhakondra's husband, Manisha has herself become a Dalit and untouchable. Her family says they regard her as dead. At the birth of a new era of democracy, Manisha now wants to become an activist for the rights of Dalits. But her experiences prove that the fight against widespread untouchability will be an uphill battle.

Source: IDSN, 2008

Dalits, Hill and Madheshi origins comprise of 15% of the population according to the 2001 census. Their settlement spreads across all geographical regions. The Dalits are organized around numerous fronts of political parties and non-governmental organizations. No Dalit political party, whose aim is primarily to represent the Dalits, exists. Dalits are invisible in central committees of all political parties. The House of Representatives did not have a single Dalit representative in 1994 and 1999. But the elections for the Constitutional Assembly ushered in some change — partly based on a quota system, Dalits secured 49 out of 601 seats. This is 8.2% and still way below even their official proportion of the population. But it is progress and carries the hope for a better future. Dalits have also experienced a decrease in discrimination in areas controlled by Maoists even though recent years' conflict caused extensive suffering among them (IDSN, 2008).

Calls for reservation of Dalits have a long and contentious history within the Nepali Dalit movement. However, the Dalit movement is riddled by chronic infighting among its leaders (Lawoti, 2005). Some commentators opine that one of the reasons for the infighting is due to the Dalits' division along major political parties. Lately, INGOs have been providing support to the Dalit movement but some critiques opine that even this aid has contributed to the infighting among the Dalits, as different Dalit groups and leaders compete with each other to access the resources. There are also issues about divisions within the Dalit community – that has weakened Dalit movement in Nepal. Clearly, there are varying perspectives of what makes the Dalit movement stronger?

Madheshi is a regional community group who reside in southern, plains region the Terai, mainly the central Terai. Madheshi people are ethnically, culturally and linguistically similar to people of Bihar and eastern Uttar Pradesh states of India, and many of whom are of Indian origin. They speak various central and eastern dialects of Hindi language as their mother tongue. Collectively, Madheshi population is slightly more than 32 percent (Lawoti, 2005). The Madheshi face linguistic, religious and cultural domination and exclusion from accessing specific resources controlled by the state (ibid). For instance, Madheshi presence in the security forces is negligible. Other demands include rightful citizenship, reservation (especially in security forces), cultural autonomy, linguistic rights (declaration of Hindi as a medium language and an end to

the hegemony of Khas-Nepali language) and socio-economic equality.

Recently a movement called the Madheshi movement began in the Terai, demanding an end to discrimination against the Madheshi people. The different parties involved in the movement range from student wings of the ruling parties to the armed groups demanding for a federal political system as well as a separate state. The Madheshi movement has been violent arguably with direct involvement of Indian agencies and groups. Hachhethu (2007) opines that the trans-national linkages along with the open border have contributed significantly to enhancing the capacity of the Madheshis to fight against the hill-dominated state.

While the Madheshi movement has a regional characteristic because most of its constituent groups hail from the Terai, all residents of the Terai, like the hill migrants, are, however, not included in the movement. Lawoti (2005) says that the Madheshi movement is, in fact, to a considerable degree, against the 'internal colonization' of the Terai by the hill people. The rise of Madheshi nationalism over time can also be seen in the fact that the proportion of people of Madheshi origin (across caste, ethnicity and religion) who preferred to identify themselves with ethnic/regional identity, rather than with national identity, increased from 19% in 2004 to 46% in 2007 (Hachhethu, 2007). The Madheshi's preference to identify themselves with national identity decreased from 40 % to 18 % over the last three years (ibid). This same trend was not evident among Hill inhabitants. The Madheshi's anti-hill sentiment is manifesting in different forms. Resentment against hill domination in both national and regional politics is on the rise. What would be implication of the rise of ethno-regionalism for the national integration of the country and for national development policies and programs? Clearly, critical study is required on these issues.

The conflict in Nepal has highlighted gender inequalities as a major issue and it has been raised by the *women's* movement in Nepal. The demands of the women's movement include an end to gender discrimination in the Constitution, laws, public policies and everyday life. They have also called for reservation in education, administrative services and public offices, an end to patriarchy, male chauvinism, sexist stereotyping, women's trafficking and violence against women, implementation of the Convention on the Elimination of All Forms of Discriminations Against Women (CEDAW), equal property rights and access to control over resources (Lawoti, 2005). Indigenous women within it have demanded an end to cultural discrimination based on language, religion and culture while women of both Dalit and indigenous nationalities have claimed reservation for themselves within reservation granted to women (ibid). The Coordinator of the women's caucus and Constituent Assembly member from western Nepal says that women's issues are vast and complicated; urban women have different problems than rural, what may be an issue for women of one ethnicity is not for another, so one cannot be expected to discuss all that unless there's a committee only for women (Aryal, 2009). Clearly, we need critical knowledge and understanding on these fronts.

The women's movement in Nepal has been comparatively successful over the last few years at the national level. With one-third of the Constituent Assembly comprising of women, the gender issues are likely to get prominence not only in the Constitution, but also in the state mechanism. However, women leaders still believe that their participa-

tion in the Constituent Assembly is only a foundation to build a gender equal society and that continuous efforts are required to keep this on the right track (UNDP, 2010). With women at decision making levels, a series of women's rights policies including the Domestic Violence Bill, the Amendment of Election Act and the Public Service Commission Act have been promulgated. The women's movement has been generously supported by international community through NGOs in Nepal.

Nepal has a long history of the struggle for *land rights*, as has the character of the strategies used by rebel groups found in different political arenas in Nepalese political and economic history (Karki, 2002). Until the 1950s, resistance related to land and land rights was basically limited to disputes between central government and rural ruling elite and feudal landlords. The effort by land poor and landless people to 're-peasantize' themselves — settling in forest frontier areas, invading or squatting on the large public and illegally possessed land held by absentee landlords - is a recent phenomenon in Nepal (ibid). This was common throughout the Terai belt only after the 1970s. As a part of the movement, the Maoists have organized landless and near landless peasants to seize land from 'feudal' landlords and distribute it to the peasants on the principle of 'land to the tiller' (see Box 7). Scientific land reform is one of the most contentious issues of the peace process in Nepal that requires research, deliberations and debates among key stakeholders.

Box 7: Maoists vision of land reform

SM-MDC: So now in thinking about transforming agriculture, which is one base of the economy, what kinds of things would you be concentrating on now? Say you can take power in the government and set agricultural policy, what are your top three moves?

BB: Well, firstly, in the agricultural sector, we are going to change the production relations, and land-holding patterns we want to change. Especially in the plain areas; landlordism is there. The absentee landlords who own land, thousands of hectares of land they would own: they live in cities, they don't invest, they don't manage the production, so that way they exploit the poor peasants who till the land. The peasants are exploited and the productivity is also very low. So we want to abolish that type of absentee landlordism and enforce the principle of land to the tiller. That land which is tilled will be redistributed. So we will put a ceiling, say of some four or five hectares and above that land will be confiscated and redistributed to the peasants. So this is one aspect of land reform. The other will be that we are going to organize the poor peasants, because many of them will be very small landholders. I've already told you, less than 0.5 hectares. And they engage very much in subsistence farming. So with that individual cultivation and farming, they can never improve their economic lot. We want to organize these poor peasants into cooperatives. That is the second aspect. And thirdly, we want to modernize agriculture – mechanization, modern irrigation, and so on.

Source: Mikesell and Chene, 2008

Nevertheless, much of the literature on social movements supports the normative assumption that they can foster positive social change. Social movements are often viewed as important in terms of altering balances of power, promoting the empowerment of excluded groups, and improving access to basic resources for the poor. Movements rarely work directly on poverty, nor do they emerge simply because poverty exists, nevertheless they can challenge the prevailing power relations which often (re)

produce poverty. Recent empirical work has further elaborated on the ways in which social movements can potentially influence on development. Bebbington (2006) identifies (from the available literature) several causal pathways through which social movements can impact on poverty. These are: Through challenges to the institutions that underlie the political economy of chronic poverty (challenging processes of exploitation or dispossession); through reworking the cultural politics of poverty (challenging ideologies surrounding poverty debates); through direct affects on the assets of the poor (providing access to land, water, shelter); and through engagements with the state.

Box 8: Motivation for activism

Opposition to existing (unequal) social conditions was revealed to be a major motivation for activism, as the single biggest first response (21.6%) to the direct question on this matter, going up to 35.3% when up to three responses are allowed. 'Ideology' is given as a first response by only 12.5%, though this increases to 34% when up to three responses are included. Once the responses are broken down by type of activist some perhaps predictable regularities can be observed: political activists are much more likely to have been influenced by an ideology or a text than others; Janajati, women, and Dalit activists are much more likely to be influenced by a desire to resist social evils or by events than others; and business or commercial activists are influenced by neither, with over 50% saying that the advancement of their professional interests was their motivation.

Source: Gellner and Karki, 2005

In post conflict Nepal, social movements are taking place in the form of campaign, rallies, demonstrations, transportation strikes, hunger strikes, petition drives, statements to and in public media, pamphleteering as well as street violence in order to express frustrations, anger, solidarity or advocating the change in the socio-political system. These are largely reform movements to bring reform in specific areas. Some others are revolutionary in nature advocating transformation of entire structure, while others are resistance/reactionary movements aiming to resist or reverse social and institutional change. It has been observed that the process of urbanization, mass education and communications facilitated social interactions and movements in Nepal.

All these mobilizations are triggering social scientists to ask some serious questions: why have the collective actions, mass mobilizations (movements, revolution) come into being? Why do people join these mass mobilizations? What are the motivating and networking patterns of activists? What recruitment technologies and processes are being deployed by activists? See Box 8 highlighting a study report concerning motivation for social movement activism in Nepal. It requires further studies on these subject areas

7 Subjective Meaning of Well-Being

Poverty is often presented as an evolving concept linked to dominant development paradigms. In this manner, poverty is a highly contested concept (Misturelli, 2010). Chambers (2005) takes poverty to mean bad condition or experience of life. This is more than material poverty or lack. Robert Chambers has discussed multidimensional poverty with the help of other emerging researchers in the field of poverty research. First, the Research Group on Wellbeing in Developing Countries at the University of Bath describes three dimensions of wellbeing, and by implication of its opposites, ill-being, poverty or deprivation. These are subjective, objective, and interactive or process.¹⁷ A second sense of dimension is that in the WDR 2000/2001 which “sets out actions to create a world free of poverty in all its dimensions”. The multiple deprivations listed in the Report, besides low income or consumption; include lack of education, health, food and shelter, fear, powerlessness and voicelessness. A third and broader usage includes the first two and extends dimension to include causes to a greater extent. Thus, for example, “Corrupt and arbitrary governance constitutes a significant factor that defines and contributes to the various other dimensions of poverty”. To reflect the multidimensional nature of deprivation ten “Dimensions of Powerlessness and Ill-being” were elicited and described in terms of capability, livelihoods, places, body, gender relations, social relations, security, behaviours, institutions, and organizations of the poor (Narayan et al, 2000 cited in Chambers, 2005).

Various discussions above aim to focus on the subjective understanding of the multidimensional nature of poverty. Though different methodological approaches have been introduced and practiced, the debate of poverty is still a highly contested one, and it will remain, as it happens it is almost impossible to translate the understandings of the state of ‘being poor’ or ‘experiencing poverty’. In most of the articulation by researchers the understandings up to the level of ‘feeling poor’ has been translated into findings. It is critical to understand that people can’t express the reality of ‘experiencing poverty’ as it is. Even if s/he tries, it comes out to be the expression at the level of her/his feeling. As the subjective reality lies at the level of being, the meaning through the poor people’s own perspectives of ‘being poor’ or ‘experiencing poverty’ cannot be translated by any means of objectively defined tools and techniques. Objective criteria can explain only the manifestations of poverty, which can be measured in terms of material dimensions. To suffice these limitations, participatory poverty assessments (PPA) has been introduced and practiced these days. Still these attempts are surrounded by some critical questions: Are they sufficient to reflect the reality of poor people’s perspectives on ‘being poor’; or are these valid to translate the reality of the ‘state of poverty’?

Participatory Poverty Assessments (PPAs) are focused to translate the subjective meaning of wellbeing through the perspectives of poor peoples. PPA was described in The Rough Guide to PPAs (Norton et al, 2001 cited in Chambers, 2005) as “an instrument

¹⁷ Subjective can be taken to mean what is experienced or the state of being, objective to refer to conditions or causes outside a person, and interactive or process to encompass how subjective (internal and experiential) and objective (external) affect each other.

for including poor people's views in the analysis of poverty and the formulation of strategies to reduce it through public policy". Key contributions that PPA approaches have shown are: (i) Poverty is multi-dimensional and includes not only economic deprivation but also various forms of vulnerability; (ii) Poor people are not only concerned with meeting their immediate food needs but also have a variety of longer-term goals such as security, accumulation, social standing and self-respect (although poverty may force them into humiliating patron-client relationships, extremely exploitative forms of work or other equally painful situations); (iii) Poor people use a variety of ways and means in seeking to achieve their goals, including casual waged work, bonded labour, care of cattle and livestock, micro-cultivation, seasonal migration, sex work, begging and theft; and (iv) Poor people rely on a variety of resources other than their labour, including: (a) human resources – which tend to be basic unskilled labour among the very poor; (b) material resources – physical assets and inventories, loans in cash and kind and common property resources; and (c) 'social' resources – claims they can make on others as a result of their membership of various social networks, associations and relationships. They depend on informal safety nets of kin and community to tide them over in times of crisis.

ActionAid Nepal has undertaken the Listening to People Living in Poverty (LPP) study in order to break away from traditional poverty analysis (ActionAid, 2004). The thematic life history collection method focuses on issues linked to the life realities of poor and marginalized and tries to understand poverty by "hearing beyond statistics". It further includes the experiences of the poor and marginalized peoples with corrupt and arbitrary governance. For a comprehensive understanding of poverty, LPP introduced the Life History Methodology which comprises of the experiences of poor people suffering from chronic hunger, the experiences of children excluded from the school system, the experiences of poor women confined in institutions, the experiences of poor people affected by corrupt and arbitrary governance. Listening with empathy to the 'words from the heart' of common people, through which they reconstruct their own lived experiences, and their analysis, knowledge and aspirations, is of significant epistemological validity and value. It enables much deeper and more authentic understanding of the experiences of processes like deprivation, discrimination and coping. It calls for a joint interactive process, of subjectively reconstructing and learning from the lived experience of people in poverty.

An analysis of overall life histories¹⁸ has shown common as well as specific issues faced by the poor. Broadly the analysis focused on governance issues, poverty processes, personal experiences, perceptions of being poor, attitudes towards institutions and conditions of change as recorded from the people living in poverty. A summary of governance issues (Nepal theme chosen by ActionAid) and the contents of life histories are presented in Tables 6, 7, 8, 9 and 10 below.

18 There were a total of 63 life histories from 10 sample districts selected on the basis of low HDI.

Table 6: Substance of contents of life histories, governance issues

Governance issues	Experiences and perceptions of the people living in poverty	
	Hills	Plains
Common issues	<ul style="list-style-type: none"> ▪ Government service delivery not as promised ▪ Denial of justice ▪ Gender discriminatory wage rate ▪ Deprivation of health, education, drinking water, loan, livestock treatment facilities ▪ Social insecurity ▪ Dishonest and discriminatory leaders ▪ Corrupt government and leaders ▪ Rural indebtedness ▪ High interest rate on loan 	
Specific issues	<ul style="list-style-type: none"> ▪ No compensation for the land damaged by landslide ▪ Political party feuds ▪ Lack of employment opportunities ▪ Lack of income generating sources ▪ Lack of forest conservation 	<ul style="list-style-type: none"> ▪ Lack of transparency in government programs ▪ Deprived from citizenship certificate and human rights ▪ Dowry system ▪ Costly education ▪ Haphazard planning within VDC ▪ Migration ▪ Polygamy ▪ Caste discrimination ▪ Poor health facilities ▪ Poor / traditional agricultural system ▪ Insufficient compensation to land damaged by construction of irrigation canal

Table 7: Substance of contents of life histories, poverty process

Poverty process	Experiences and perceptions of the people living in poverty	
	Hills	Plains
Common issues	<ul style="list-style-type: none"> ▪ Traditional poverty ▪ Expenses on medical treatment ▪ Population growth / large family size ▪ High interest rate on loan ▪ No support from family / husband ▪ Illiteracy ▪ Cut down of all the traditional caste specific facilities after the fall of Rana regime and establishment of democracy ▪ Alcoholic habit of family members / self ▪ Unemployment ▪ Gender discrimination in the family / society / wage rate ▪ Natural calamities (landslide, flood) 	
Specific issues	<ul style="list-style-type: none"> ▪ Dispute in community ▪ Assets lost due to unfair judgement of the village committee ▪ Crops eaten by wild animals of the National Park ▪ Exploited by the middle man while going abroad for employment ▪ Socio cultural practices (marriage) ▪ Disabled by birth ▪ Loss of poultry due to lack of treatment facility ▪ Property grabbed by stepchildren after death of husband ▪ House caught fire ▪ Local elites / leaders grabbed the ancestral land 	<ul style="list-style-type: none"> ▪ Land division among the descendants ▪ Insufficient compensation to land damaged by construction of irrigation canal ▪ Cheated by fraud while sending children abroad ▪ Dacoits attack ▪ Unfair judgement by the court on land issue ▪ Cheated by local elites while selling land ▪ Class and caste discrimination ▪ Misuse of cash due to lack of business and management skill ▪ Migration ▪ Kamaiya system ▪ Loss in business ▪ No registered land (no citizenship certificate) ▪ Nationalization of land without compensation ▪ Conservatism and fatalism ▪ Traditional agricultural system

Table 8: Substance of contents of life histories, perception of being poor

Perception of being poor	Experiences and perceptions of the people living in poverty	
	Hills	Plains
Common issues	<ul style="list-style-type: none"> ▪ Emotionally, politically and socially exploited by the local elites and the government ▪ Neglected by the development agencies ▪ Unable to seek the health, education, livestock treatment, drinking water, loan and other facilities provided by government 	
Specific issues	<ul style="list-style-type: none"> ▪ Deceived by God ▪ Victim of class and caste discrimination ▪ No access to employment and income generating activities ▪ No support from parents / family ▪ Forced to pay high interest rate on loan 	<ul style="list-style-type: none"> ▪ Misbehaviour by step-parents ▪ Neglected by the rich people in information sharing and participating in village level decision making ▪ Frustrated from the poverty and life itself ▪ Unable to be benefited from development programs

Table 9: Substance of contents of life histories, attitude towards institutions

Attitude towards institutions	Experiences and perceptions of the people living in poverty	
	Hills	Plains
Common issues	Positive attitude towards certain institutions from which they have been benefited directly and negative attitude towards others	
Specific issues		Unaware of the institutions working at the local level

Table 10: Substance of contents of life histories, condition of change

Condition of change	Experiences and perceptions of the people living in poverty	
	Hills	Plains
Common issues	<ul style="list-style-type: none"> ▪ Employment opportunity at the local level ▪ Environmental friendly income generating activities ▪ Loan at low interest rate ▪ Loan without fixed asset guarantee / deposits ▪ Skill development training ▪ Fair competition in civil service ▪ Effective monitoring and evaluating mechanism in government services ▪ Land to landless people ▪ Honest, transparent, accountable and responsible government officials / civil servants 	
Specific issues	<ul style="list-style-type: none"> ▪ Easy access to drinking water, health and education facilities ▪ Control landslide ▪ Modern agriculture training and easy access to improved seeds ▪ Establishment of a centre to look after poor and old people ▪ Training on collection and production of medical herbs ▪ Sufficient scholarship quota and financial assistance to poor and lower caste students ▪ Improvement in tourism ▪ Construction of motorable road 	<ul style="list-style-type: none"> ▪ Cash support to poor and lower caste people ▪ Transparency in government services and programs ▪ Non formal education ▪ Technical support in agriculture sector ▪ Easy access to citizenship card ▪ Free education and employment guarantee for lower caste people ▪ Legal punishment to corrupt civil servants ▪ Reserved seats for lower caste people in government services ▪ Restriction in selling land

The basic concerns that emerge from the life histories encompass a number of governance issues and many of them transcend the ecological belts, i.e. the mountains/hills and plains of Nepal. The analysis has also indicated that the poverty process and the perceptions of the poor flow across different ethnic groups and communities. (Action-Aid, 2004)

Pokharel (2000) incorporates the views, expressions and analyses of rural poor on poverty in terms of their economic and socio-cultural context in Nepal. Participatory tools were used to reflect the situations of the poor people from their own analyses as these tools provide a basis to elicit their situations. This research is based on the Chambers' deprivation theory. It tries to deal with poverty based on Chambers' proposition on the causes of rural inequity inter-linking five clusters, i.e. powerlessness, poverty, physical weakness, isolation and vulnerability. Together, they form the deprivation trap. The research concludes that the deprivation trap is valid at household level. It has adopted a well-being ranking to classify the households. Well-being ranking was done in group meetings with the participation of males and females. Rank A, B, C and D are termed as very rich, rich, poor and very poor with special categorized features as: (i) Very Rich Households - respect, influences, politically active, occupation, land

in Terai, saleable commodities, large sized livestock, better houses, domestic servants, higher education; (ii) Rich Households - fixed source of income, larger size and better quality of land; (iii) Poor Households - small size landholdings (5 to 15 Ropanis),¹⁹ food sufficiency is for five to eight months; and (iv) Very Poor Households – miserable socioeconomic condition, food sufficiency is for less than four months from their own production, small land size of less than 4 Ropani or have no land, and source of income is in farm or off farm farming. In this study, both poor and very poor households are categorized under rural poor households. This research claims that rural people categorized the households in terms of food availability. It implies that in rural people's perspectives quality of life or well-being is judged in terms of food availability.

One of the methods of subjective poverty assessment used by (Kapteyn, 1994) asks respondents what income they consider the minimum necessary “to make ends meet” (Minimum Income Question, MIQ). Pradhan and Ravallion (2000) adapt Kapteyn's approach (cited in Carletto and Zezza, 2004) to developing country situations, by asking questions on the perceived adequacy of (food or total) household consumption. They then define the subjective poverty line (SPL) as “the level of total spending above which respondents say (on average) that their expenditures are adequate for their needs”. Their application of the methodology to Jamaica and Nepal data shows that the responses to these questions can be in line with objective assessments in aggregate, even though the results are different when one tries to sketch demographic or geographic profiles of poverty. The most substantial difference between the objective and subjective profile emerges from the relationship between poverty and household size, particularly for the households composed by one person only for which the incidence of subjective poverty is highest while the incidence of objective poverty is lowest. Interestingly, the rankings of poverty incidence for the groups of households of size 2 and over do not change.

One of the studies in Nepal by Bhandary (2008) has used socioeconomic and natural aspects to categorize villages in a district of Nepal. It has used 24 different variables to design five indexes - poverty index, social index, women empowerment index, infrastructure and institutional index and natural resources index. The result shows a significant correlation between income and poverty index whereas no statistically significant correlation between income and other indexes. As expected, natural resources index shows significant correlation with other indexes. Based on the results, it can be asserted that income can be represented by an index prepared from certain variables in the rural context. Also the natural resources index can represent the development levels: the better the natural resources of a village the better the development.

Sharrock et al. (1993) accept that ‘food availability’ is regarded by farmers as the most appropriate basis for categorization. They claim that the process of conducting a wealth ranking exercise is not seen as an end in itself and says ‘we certainly have a great deal more work to do in our attempts to develop meaningful farmer categorizations to promote a better understanding of the specific needs of rich and poor men and women farmers’.

¹⁹ 1 Ropani equals to 0.034 Ha.

There are some influencing and newly emerged methodological debates in poverty research. Advocating through the perspectives of the poor, Kabeer (2003) has suggested incorporating gender issues in poverty assessments. Cox et al. (1998) emphasize Poverty Aim Markers (PAM) developed by the Department for International Development (DFID). This is consistent with the sustainable livelihoods concept, which is itself defined in terms of the set of capabilities and assets (and activities) required for a means of living. Seddon and Adhikari (2003) focuses on the framework of the political economy of livelihoods to address the key linkages between political economy (with its structures, institutions and organizations) - via trends and shocks - and livelihood strategies, involving the deployment of assets, or rather claims and entitlements to assets or resources, which may be required for the construction and effective pursuit of sustainable (secure) livelihood strategies.

Measurement of non-material dimensions can be closer to reality to explain the manifestations of poverty. Even in the subjective criteria the knowledge derived from the 'state of feeling' cannot reveal the reality of the 'state of being'. What can be measured or translated are only the manifestations of poverty not the 'state of poverty'. Hence, it is not so surprising that the debate of poverty can go for decades or centuries. At first, the debates concentrate at the methodological design and approaches; it will soon take a turn towards the subjective understandings on poverty and then, the development discourses will dictate around the 'quality of life' aiding depth in subjective reality of the social life and its interactions. This will help envision the people's perspectives on well-being.

8 Experiences of Rural Poor with the State, and with Non-State Actors and Movements

Nepal is a power-based society. There is no internal democracy within the parties and no mechanism among any of the parties to enable constituencies to assert themselves against the party machinery or make the elected representatives accountable to these constituencies (Mikesell, 1999). The selection of candidates generally is a product of power struggles among the elite within the parties. The deep-rooted livelihood problems are becoming attractive issues for the non-state actors and political parties, and the poor and marginalized people provide inputs to the strength of the protests and demonstrations for the success for movements. It is observed that rural ecology does not benefit through these movements as compared to the agencies leading the movements. It is often the case that after the success of the movements, the issues and agendas of the poor and marginalized are undermined by power negotiation, continuation or balance. This state of affairs presents a huge contradiction and duality in post conflict nation building in Nepal.

Box 9: Development failure

Despite the fact that millions of dollars had been devoted to rural development in Nepal, the uneven distribution of aid benefits and political voice between urban centres and hinterlands, between rural districts, and between classes of rural and urban people themselves was recognized as a development failure and threat to the state.

Source: Leve, 2007

Overall, a sense of frustration and disappointment with regard to development achieved thus far is widespread (see Box 9). Much of the development story of the last twenty years can be characterized as one of increasingly strong rhetoric and strategic dialogue on concepts of participation, voice and inclusion, which is rarely matched with the application of those principles in practical development programming. For instance, Panday (1999) argues that the Maoist insurgency was basically the manifestation of deep social and economic grievances produced and sustained by failed development. In his view, development fails when planning and development become a bureaucratic ritual at the service of dominant interests at the centre as opposed to the needs of the districts and rural communities.

In a background report on development policies and conflict in Nepal, Bonino and Donini (2009) argues that the failed development narrative has two streams. The first is one of “botched development,” the notion that the technical failure of mainstream development plans and strategies is at the root of the insurgency. The emphasis on infrastructure did not really change the lives of ordinary people and the conflict emerged as a response to poverty and exclusion – issues that were not at the forefront of the concerns of the development enterprise in Nepal. The second stream is more critical. It expands on development failure and goes deeper. According to this view, the flaws are

structural, not technical. Because of its linkages to the Kathmandu elite and because the development enterprise was Kathmandu-centric, it was unable to “see” the real conditions of the country.

There is a growing gap between the discourse of rights and the reality of delivery in Nepal, which is fuelling high expectations that seem unlikely to be met. As a result, the majority of Nepalis now feel that the country is going in the wrong direction. The peace dividend has not been realized and ordinary people are concerned with serious issues- food security, inflation, strikes- that are simply not registering within the discourse of the political elite. Indeed, while the risk of systemic violence of the sort experienced during the war may have decreased, human insecurity for the average Nepali seems to be increasing with the proliferation of armed gangs and criminal groups. Moreover, the citizen perspective has become fragmented. It is no longer a view of joint Nepali citizenship as it appeared to be after the People’s Movement II, but a view of specific segments of the population which often compete against each other and can be mutually exclusive, with the risk of polarization, identity politics, and the increase in ethnic identities that this entails. In the Terai, citizenship papers can now be obtained more easily, but rather than supporting a sense of inclusion the Madheshi are again demanding rights that are neither feasible nor affordable. (ISE, 2009)

Thapaliya et al (2003) argues that policy change and institutional mechanisms are necessary conditions for participation of marginalized groups in the management and use of natural resources. But the existing social structures and relations determine to a large extent how much they could participate. Hence, democratic policy alone does not ensure its successful practice. The dynamics of local contexts and asymmetrical power relations have important bearings upon its practice. This case examines the grassroots struggle of a socially excluded low caste group in eastern Nepal to establish its right to the management and use of community forests.

ActionAid (2005) findings²⁰ suggest that advocacy has been embraced by development workers as an approach that can challenge the dynamics that cause poverty, but this will only be the case if we ensure that our efforts really are challenging unjust power dynamics and entrenched privilege. The danger is that if people’s organizations and social movements are not included as decision-makers and strengthened as part of overall advocacy efforts, inevitably counter forces will undermine short-term policy gains and lead to disillusionment and alienation.

If we allow advocacy to become purely the domain of a professional elite of NGO policy experts - as well-intentioned and committed as they might be - it will become yet another dynamic that undermines the empowerment and leadership of the poor and marginalized. The challenge is how to combine the joint power of NGOs, community groups and social movements. How to bring together their different knowledge, per-

20 Between 2002 and 2005 Action Aid International supported action research initiatives by community groups, coalitions, NGOs and social movements from Brazil, Ghana, Nepal and Uganda working on land rights, women’s rights, housing rights and Dalit rights. These efforts were aimed at developing a better understanding of how change and advocacy happens in different places and circumstances and how planning, reflection and learning can better support the changes that we want - changes that are advancing the rights and leadership of the poor and marginalized and transforming power relations.

spectives and strengths so collectively they can become ever more powerful voices for change? This involves a willingness to question, listen and share and, where possible, set mutual and complementary agendas and strategies. In this regard, there is a vital need for development organizations adopting advocacy to re-examine insights from social movements, anti-colonial struggles, labour and women's rights movements, and other rich experiences in popular organising and education. These experiences can help us explore how to share power and can challenge us to further deepen our understanding of strategy, change and power.

Some preliminary hypotheses could be drawn from the above discussions: (i) The general pattern of movements is that they have had far more effect on widening the political inclusiveness of rural development than they have on improving its economic inclusiveness and dynamism; ii) The stereotyped bureaucratic ritual of development planning which can not include the needs and aspirations of the rural communities/poor groups of the society can lead to development failure, marginalization of the poor and as a consequence it is manifested in the form of deep seated social chaos and violence; (iii) Power operates in many ways to undermine social change and prevent the poor and excluded from participating in public life; and (iv) If beliefs and attitudes of patriarchy, caste and racism are not challenged, legal reforms will have little chance for success.

9 Proposal for Further Studies

Based on the insights gained, the following key emerging issues are highlighted for the Concept Paper for Nepal-based studies realizing the fact that the current links between social research, and policy making and practice are weak. Moreover, there is a need to link social research not just with the local, but also with the state, social movements and the process of globalization.

Political economy and prospect for rural development

Post conflict is not a clean state. We know where we came from. But we do not sufficiently know where we are going. We live in contested times. There are no neutral voices in Nepal at this moment. “Who speaks for whom?” Foreign interference further complicates already complicated confrontational politics in the country. *We need to study whether the struggle inside Nepal may further intensify in the short term and how this will affect the country’s future -- particularly the prospects for rural development in the contested environment -- and whether the position of foreign powers and agencies will also influence this future.*

The post-1990 period witnessed the rise of ethnicity and regionalism in Nepal. The politics of identity is gaining momentum in the current Nepal. Beyond the demand for autonomous states, some ethnic-based groups and political parties also speak of the need for “special” rights to be granted within such states for members of indigenous communities. *It is necessary to clarify concepts of what such rights would consist of, and for whom and for how long they would be valid; indeed concepts can vary from “strictly proportional” political representation among ethnic and caste groups within a given state, to a reservation through a “quota system”. How do we address class issues by “affirmative action”? And how have identity politics contributed to shaping the nature and scope of political space and rural development in Nepal?*

Persistence of poverty, inequality and exclusion

Surprisingly, there has been little systematic work on poverty dynamics in the country. Past strategies were almost entirely divorced from the cultural, social and political contexts that constituted the reality of political economy of the country. Simple solutions were sought for complex problems, and this, combined with the appallingly slow realization by the international community of the huge scale of inequalities, meant that more in-depth research and corresponding attitudes are needed. Numbers and economic jargons can hide the impact of poverty on real people. It is important to make the rural people the point of analysis and use figures to clarify, compare and learn. *There is a need to develop a qualitative picture of poverty in Nepal, examining the factors that influence both material and non-material poverty, and identify the kinds of interventions that have been proven to reduce poverty, particularly in the Hills and Mountains and in the Western and Far Western regions.*

Given the urban-rural interdependence, research will be needed to analyze policy options to strengthen urban-rural linkages and promote the integration between rural and

urban areas. *More specifically, studies will be needed to analyse the policy and investment options that will promote stronger links between rural and urban areas for higher urban and rural growth and poverty reduction, as well as reduce the transfer costs that subsequently hinder market integration between rural and urban areas. Analysis of the appropriate role of small- and medium-sized rural towns in developing linkages between rural and urban areas would also be critical.*

Poverty, underdevelopment, destitution and deprivation are some of the ingredients leading to the creation of a revolutionary situation. *Clearly, research remains to be conducted to better understand the nature of relations between the individual, society and state.* While there is a general view that poverty and inequality can lead to conflict, the nature of the links is less well appreciated. *How do poverty and inequality causally interact with conflict? This requires further research based on longitudinal approaches to better map the relationship between poverty, inequality and conflict, particularly in the Eastern Mountains, Central Terai and Western Hills.*

Contemporary Rural Life

Contemporary rural life in Nepal is characterized by the majority of localized structural problems like caste, class, gender-based discriminations. Illiteracy, mass poverty, livelihood insecurity in rural societies of Nepal are indicating on one hand the failure of the previous rural development approaches and on the other demand for the newer attempts with approaches of inclusion and empowerment addressing the multidimensional issues of rural poverty and underdevelopment. *More studies on the relationship between gender and caste, and the politics of indifference are needed.*

Further studies will also be needed in and around these issues for achieving poverty reduction and equality, particularly for the advancement of poor and disadvantaged groups in rural Nepal looking at both the supply and demand side of ownership, accountability and voice. It is certain that the post conflict Nepal will continue to struggle for several years to define and implement federalism and inclusion.

The village community has historically remained another fundamental locus of social and cultural interaction. Largely isolated as the village communities were from one another, from market institutions and from the organs of the state, they formed an intense interactional space, among others, for local exchange of goods, labour as well as other services; development, conservation and maintenance of public goods and resources; and consensus building and conflict resolution as well. While the expansion and intrusion of the market and state system have considerably limited and diminished the exclusiveness of the community, rural settlements continue to retain many of these functions. Inter-household exchange of goods and services is still a widespread routine. While the key axes of heterogeneity, inequality and segmentation such as those based on gender, caste, ethnicity, class, etc., do exist as well, community and sub-community groups remain active in resolving various local conflicts, uniting against other communities and in building local consensus.

It reveals that the shifting frontier between transactional and transformational actions at the village level is not well understood and the overall direction of rural change is not clear to people at the centre. *This requires more research work at the associational level, and analysis of what determines community life, how people come and work together, their trust and reciprocity, their shared values, their structures and networks, power dynamics and rivalries. There is a need to study more of the less visible aspects of social life at the village level away from the dominant meta-view of civil society – which is an over-idealised (there is a too strong sense of loss of past community values), over-politicised (civil society for political stability) and over-organised (NGO culture) view of civil society contributing to rural change.*

The remittance economy constitutes the hidden dynamics of the real economy of Nepal, and it has been grossly underestimated and ignored in development policy and planning concerned with poverty reduction and inequalities. *This requires more information and understanding about longer-term labour employment, labour markets for the poor and the uses of remittances by rural households. Further, there has been limited research to analyse the socio-psychological impact of migration on both migrants and their communities.*

The State and its ‘Development Project’

India has worries about the links between the Maoists in Nepal and other insurgencies within its own borders, while the US and Britain lead the “war on terror”. Concern for “democracy” hangs in the balance against worries about the spread of insurgency in the Asian sub-continent. *What risks do new security imperatives pose to foreign aid in Nepal? Will development goals become submissive to overarching strategic security concerns?*

A large number of development activities that were previously carried out from within government’s development budget are now implemented through non-governmental organizations. The legislative and judicial branches of the state have also been beneficiaries of foreign aid in recent years. The same is true for elections, media, human rights movement, protections and advocacy work. *How will such important activities and engagements be sustained in the interest of development? How can foreign aid best support material and non-material dimensions of well-being? And how far does foreign aid further or hinder the work of civil society organizations, particularly in the post-conflict environment?*

Non-State Actors and Movements

Overall, there is limited research available on the role of non-state actors and social movements in development processes. It is widely acknowledged that establishing a causal relationship between social movements and any observed change in societies is problematic. In particular, attribution is difficult because there are usually multiple variables involved in any process of social change, including other actors and networks. The vast majority of the available case study material on social movements does not focus specifically on assessing their impact, but rather on describing their goals, tactics and experiences of engagement with the state. *Is there an alternative*

worldview for these movements? Clearly studies are needed to reconceptualise the boundary between party politics and social movements. Is there any possibility of forging an alliance of all kinds of excluded groups? How could the Nepali democratic system be made inclusive and participatory? What can be done to steer young people away from violence?

There are limits of pro-democratic framework of recent events to advance class interests in Nepal. Class struggles are surrounded by a tangled web of intersecting ethnic, separatist, nationalist and political group tensions, and these divisions and rivalries becoming more brutal and militarized. *Perhaps a useful research project would be to analyse what the potential is of an autonomous working class movement moving beyond the demand for modern democracy.*

There is lack of information about the issue of emerging solidarity networks formed between diverse movements and organizations and their action, or lack thereof? *We need to examine the relationships between indigenous nationalities and political parties, and between political parties and social movements that organize indigenous nationalities, particularly the endangered (e.g. Kusunda, Raute, Meche), highly marginalized (Majhi, Santhal, Bote) and marginalized groups (Tharu, Tamang, Rajbangshi)? In light of chronic in-fighting, it is critical to understand what makes the Dalit movement stronger.*

There are anti-hill sentiments in the central Terai manifested in different forms. Resentment against hill domination in both national and regional politics is on the rise. *Studies are needed to understand what would be the implications of the rise of ethno-regionalism for the national integration of the country and for national development policies and programmes.*

Subjective Meaning of Well-Being

The thematic life history collection method focuses on issues linked to the life realities of poor and marginalized and tries to understand poverty by “hearing beyond statistics”. *More such studies using the life history collection method are needed to better understand the rural poor’s own and subjective understanding of well-being and their visions of a better life.*

Experiences of Rural Poor with the State, and with Non-State Actors and Movements

Some preliminary hypotheses that may be tested are: (i) The general pattern of movements is that they have had far more effect on widening the political inclusiveness of rural development than they have on improving its economic inclusiveness and dynamism; ii) The stereotyped bureaucratic ritual of development planning which cannot include the needs and aspirations of the rural communities/poor groups of the society can lead to development failure, marginalization of the poor and as a consequence it is manifested in the form of deep seated social chaos and violence; (iii) Power operates in many ways to undermine social change and prevent the poor and excluded from participating in public life; and (iv) If beliefs and attitudes of patriarchy, caste and racism are not challenged, legal reforms will have little chance for success.

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Working Paper Series, RP 1 “Contested Rural Development”

The present study is part of a Working Paper Series for the Research Project on “Contested Rural Development – new perspectives on ‘non-state actors and movements’ and the politics of livelihood-centred policies”

Despite concerted efforts towards development by state agencies, donors, NGOs, and the private sector, the rural poor in many developing countries continue to have difficulties gaining access to crucial livelihood means such as natural resources, markets, and employment. Indeed, the recent emergence of a large number of new people’s movements that critique the state and its policies – and sometimes the legitimacy of the state itself – may hint at the people’s dissatisfaction with mainstream development models and with the institutions charged with implementing them. This research project examines alternative visions of development as suggested by various grassroots movements that critique state-sanctioned development models and claim to offer solutions for improving rural people’s access to livelihood means. We research stated visions and actual practices of such movements, with regard to overcoming poverty and inequality in rural contexts. How do these movements portray rural poverty, and how do they propose to overcome it? How do they interact with the poor in articulating local demands, and do they legitimately represent local aspirations? How do they attempt to influence broader development policy in view of overcoming inequality?

The project compares insights from case studies by PhD students and senior researchers in India, Pakistan, and Nepal (with additional knowledge gained from Sri Lanka and Bolivia). Please follow the project at <http://www.north-south.unibe.ch/content.php/page/id/276>

The present Working Paper by Prabin Manandhar provides us with a very informative overview on related debates in Nepal. Responsibility for its content rests with the author.

Zurich / Mumbai, July 2011, Urs Geiser and R. Ramakumar, Project Coordinators

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This Working Paper maps out debates on rural development in Nepal. The intention is to set the current deliberations and knowledge gaps about rural development in context, and then examine emerging issues for further studies based on the insights gained. The Paper reviews poverty, inequality and exclusion, contemporary rural life and rural development via the state, non-state actors and movements, and experiences of rural people.

Nepal is a multi-lingual, multi-religious, multi-ethnic and multi-cultural country, but at the same time, it is argued that the 'melting pot' concept of inclusion is not a pragmatic approach in the face of Nepal's diversity and disparities. Although the Maoist movement was based essentially on a notion of overturning the exploitative and oppressive structures of class and gender, it also drew on the language of caste and ethnicity. Now ethnicity is one of the dominant agendas in the present discourse about restructuring the Nepali state. The central thrust of the ethnic movement is to ensure that the ethnic minorities are included after their very long exclusion from the country's political and economic power.

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