

# Development Practices in Nepal: A Historical Perspective

Narendra Katuwal

Reader, Economics Education, Tribhuvan University, Mahendra Ratna Campus, Faculty of Education, Tahachal, Kathamandu, Nepal  
Email: narendra[at]mrctu.edu.np

**Abstract:** *Nepal has adopted different policies in different historical periods for development. Diverse formal institutional mechanisms were articulated since ancient period. This paper presents the development practices in Nepal with reference to historical perspective. The main objective of this paper is to review the developmental efforts of Nepal in different historical periods. This paper is based on the desk review of the published and unpublished literature. The information on development practices in Nepal, with reference to legal aspects and policy level are collected and systematically reviewed for discussion and conclusion.*

**Keywords:** Development, Inclusive development, People's participation, Planning

## 1. Introduction

Development is a subjective and value-loaded concept, and hence there cannot be consensus as to its meaning. The term is used differently in diverse contexts. Some terminologies related to development are; unfolding, revealing or opening up something is latent. Development is an institution that governs many social actions and plans in the developing countries, as well as being a key component in international relations (Green, 2012).

When applied to human beings, it therefore means 'unfolding' or 'opening up' their potential powers (Singh, 1999). Generally, the term development implies a change that is desirable. Since what is desirable at a particular time, place and in particular culture may not be desirable at other places, or at other times at the same place and in the same cultural milieu, it is impossible to think of a universally acceptable definition of development.

Ideas about the nature of development are changing, and much controversy has surrounded the term in recent years, with some even calling for the abandonment of the whole epistemological and political field of post-war development (Escobar, 1995). However, it would seem more useful to argue that it is not an abandonment of development that is required, but rather that development requires constant critical evaluation in order to be effective. The current discourse in development is one that is framed around certain buzzwords such as "participation", "empowerment", and "poverty reduction" (Cornwall & Brock, 2005).

Thus, defined development is cherished by all individuals, communities and nations, irrespective of their culture, religion and spatial location. The Term Rural Development is a subset of the broader term 'Development'. However, we define it; as a universally cherished goal of individuals, families, communities and nations all over the world. In this sense, it is a comprehensive and multidimensional concept, and encompasses the development of agriculture and allied activities, village and cottage industries and crafts, socio economic infrastructure, community services and facilities, and, above all, the human resources in rural areas.

Whenever the geographic location, culture and historical stage of development of a society, there are at least three basic elements, which are considered to constitute the 'true' meaning of rural development, they are *necessities of life*, *self-respect* and *freedom* (Todaro, 1977). The new economic view of development considers reduction or alleviation of poverty, inequality and unemployment as an important index of development. If one or two of these central problems have been growing worse, especially if all three have, it would be strange to call the result development event if per capita income doubled (Seers, 1969). Economic growth is an essential component of development; it is not the only one, as development is not purely economic phenomenon. Development is usually defined in a national context, its widespread realization may necessitate fundamental modifications of the international economic, social and political systems as well. The Vedic prayer '*sarve sukhinaha bhavantu, sarve santu niramaya*' i.e. 'may everybody (in this universe) be happy and healthy', highlights the global and multidimensional nature of development.

Development is both a cause and consequence of change. There is two-way relationship between development and change. In the literature on development, decentralization is seen as a development strategy to be used to empower the people in the planning and management of development programs. Agrawal (1999) wrote that:

*at least until the 1970s, the state often retained its primacy as the instrument that could accomplish equitable development. The 1970s registered a marked global change in existing visions of development- a change which came to blossom in the mid-1990s...strong regional differences and national variations in the timings and reasons for this whereby analysts began to view the...local community rather than the central state as the more appropriate vehicles to pursue development objectives. In general, the somewhat vague concepts of Alternative Development and the related shibboleths of sustainable development, participatory development, development with human face, and people-centred-led development can all be mapped onto the need to involve actors at the local community level in development.*

Hence, decentralization can also be viewed as a policy measure adopted to enable involvement of the people in the

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development process, especially in development planning at the local level. By bringing government closer to the people, decentralization in theory allows for stakeholder's representation and participation in planning, implementation and management of development programs. From this perspective, the role of stakeholders/people becomes that of planner and manager of development programs. Devolution, as a specific form of decentralization, provides the framework for people to participate in planning and decision-making processes at the local level through elected local bodies. As 'powerlessness and voicelessness are the crucial elements of poverty as stated by the poor themselves' (Narayan et al. quoted in Hyden and Court, 2000), the right of stakeholders to participate in the decision-making processes that concern them has become central to the rights-based development agenda. This means 'the constant improvement of the well being of the entire population and of all individuals on the basis of their active, free, and meaningful participation in development and in their fair distribution of benefits resulting there from' (Centre for Development and Human Rights, 2004). Thus, the state should create an enabling environment so that people, especially the poor and disadvantaged sections of society, can claim rights and entitlement to participate in the decisions that affect their lives. From this perspective, participation can be considered a process, which, in the context of social-economic development, comprises four analytically distinct but in practice interrelated process:- (i) people's participation in the decision-making process for identification of developmental needs to determine social priorities and goals and the allocation of resources, (ii) citizen's contribution to development projects and programs (contributions in cash, labour and kind), (iii) participation in evaluating such projects and programs and (iv) sharing equitably in the benefits derived from development efforts (benefits may be material, cultural, civic and psychological) (Knall, 1978). From this definition, 'it becomes clear that popular participation is concerned with the identification of needs, determination of societal goals, implementation, monitoring and evaluation of plans and programs and sharing of benefits' (Dhungel, 1981).

This paper entitled '*Development practices in Nepal: A historical perspective*' presents the development practices in Nepal with references to legal frameworks of the government that had been adopted in the past since ancient period. The main objective of this paper is to review and analyze of the development efforts of Nepal from the very beginning to till now.

### 1.1. Objective(s)

This paper aims to present an overview of developmental practices of Nepal with references to legal frameworks, acts, rules and regulations, polices, plans and programs of the government that was adopted in the past.

## 2. Method and Materials

This paper is based on the desk review of the published and unpublished literatures from different sources including worldwide web. The information on development practices in Nepal, with references to legal aspects and policy level, is

collected and systematically reviewed for discussion and conclusion.

## 3. Results and Discussions

In this section the developmental efforts and agenda of Nepal with references to legal frameworks, acts, rules and regulations, polices, plans and programs adopted in the past, has been discussed.

### 3.1. Ancient Period

In Nepal, the village administration is as old as the village itself. Historical documents such as *Sukra Niti*, *Yagnyavalka Smriti* mention the popular assembly, which used to take care of local problems and decide on the local disputes. The documents state that the members of the LBs were pure, self controlled, well bred, aged and noble. Historically, the *Kirantis* were the first to rule over Nepal and their rule, in fact, marked the origin of Nepalese culture. During their period, Nepal was a welfare state under a monarchy. The King was at the top of the administrative system (Regmi, 1960).

The *Kirantis* were followed by the *Lichhavis*. The King was the supreme ruler during the period of *Lichhavis*. The *Lachhivi* era had different state officials both at the central and field levels. Regarding the field administration, the Kingdom was divided into three local administrative units known as *Dranga*, *Tala* and *Gramas*. Each *Dranga* consisted of some *Talas* and each *Tala* comprised of some *Gramas*. The *Tala* roughly corresponded to the present day district unit and had its administrative chief known as *Talaswami*. Each *Gramas*, which formed the lowest local administrative unit, had at least one headman. In addition to whom, it also had a village committee called *Panchali* which decided cases and disputes relating to theft, robbery and so on and discharged some administrative and public welfare functions like digging canals, construction and maintenance of temples, collection and remittance of state revenue on land and agriculture products. The King occasionally consulted the committees for making rules and regulations. Since the administrative system of the *Lichhavis* was based on the principle of decentralization, the local government officials and offices must have been entrusted with necessary powers and functions (Chalise, 2048).

### 3.2. Medieval Period

The *Lichhavis* were followed in the medieval period of Nepalese history by the famous *Mallas*. The Kingdom was split into divisions and sub-divisions, which were respectively governed, by *Pramana* and *Nayaka* or *Dware*. The capital was the center of the Kingdom. An official called *Desh Nayaka* governed the semi-urban areas. The *Malla* era is famous for various progressive measures for socio-economic and legal development. The *Malla* King Jayasthiti Malla enacted a code and laid down rules for land evaluation and taxation. The *Malla* Kings' governance was limited to only the Kathmandu valley and its surroundings (Chalise, 2048).

### 3.3. Modern Period

#### 3.3.1. After the Unification of Nepal

The modern history of Nepal dates back to the 18<sup>th</sup> century when the great King Prithvi Narayan Shah brought the petty principalities under his control, and unified Nepal. The Shah dynasty had ruled the tiny kingdom of Gorkha in central Nepal for three centuries, but because of its remote location, their poor and rather insignificant state derived few benefits from lucrative trans-Himalayan trade. Such limited horizons were unattractive to the ambitious Prithvi Narayan Shah, who therefore launched Gorkha's expansionism. The King could not spare much attention for bringing about many changes in the then administrative system by being busy to conquer the petty states. The central administration, which was the focal point of the entire administrative system of the Kingdom, consisted of the King, crown Prince, *Chautaria*, *Kajis*, *Sardars* and *Khajanchis*. The King used to run the administration with the help of the *Bhardari Sabha* consisting of high-level dignitaries and state officials.

At the culmination of the Gorkha conquests in the early nineteenth century, it is claimed that Nepal had become a unified kingdom but not a unified society (Pradhan, 1991). The process of *hinduisation* was accelerated, the Hindu rulers of Gorkha and their nobility were enriched, the military controlled large parts of the Himalayas and the peasantry were further exploited as the centralisation of the state increased the elite's capacity for surplus extraction (Seddon, 1987).

After the rule of Prithvi Narayan Shah, the district administration saw several important changes in developmental process. Roughly, the former principalities that antedated the unification of the country were changed into districts, and officers known as *Subba* were appointed as district governors in place of the former Kings of those petty principalities. The districts were divided into sub-districts each of which was headed by an officer called *Foujdar* who maintained law and order, settled disputes and executed the orders of the central government within his areas. The village level officials - *Dware* in case of hilly region and *Chaudhari* in case of *Terai* region- also maintained law and order and collected revenues within their respective areas. At the village level, there were village level bodies, which played a role in the village life by deciding minor disputes and imposing minor punishments. The nobles and *Dwares* of the village generally attended meetings (Vaidya & Manandhar, 2053).

#### 3.3.2. Rana Period:

In the nineteenth century, Nepal's elite was dominated by branches of the *Rana* family who were elevated to high status and great wealth along with Jung Bahadur. During the autocratic *Rana* rule (1846-1950 AD), there were only few tiers of administration. The final authority was in the hands of hereditary Prime Ministers (Vaidya & Manandhar, 2053). The oligarchy organised trading monopolies and state enterprises and they treated the country as their private property (Regmi, 1984). No distinction was made between the state treasury and the coffers of the *Rana* family (Kumar

1967). State revenues were spent on unproductive purposes- on building ostentatious palaces and importing luxuries from abroad. Alternatively, they were invested in Indian industries (Seddon, et al., 1980). Since Nepal neither experienced colonial rule nor inherited an administrative set-up from any particular country, a unique type of administration was developed by *Rana* rulers, which was highly centralized. In the period of Prime Minister Junga Bahadur *Rana* the country was divided into nine different regions/zones (Vaidya & Manandhar, 2053). A military General and each district by a *Badahakim* (district administrator) who used to be automatically a Colonel or Captain in the military hierarchy headed each zone. The main function of the *Badahakim* was to collect revenue, maintain law and order, and make judicial decision. Under the *Rana* regime, it was for the first time in 1926 that an Act, which made provisions for the establishment of local *Panchayat* institutions, was initiated. This Act created local bodies composed of village elders. These bodies were entrusted with the responsibility to maintain law and order, settle local disputes and advise local people to file appeal in the court of law. Besides these, the *Panchayats* were empowered to regulate the general activities like protecting the villages from thieves/robbers, motivate villagers to cultivate land, supervise the canals and dams for irrigation and so on. The Act was enforced firstly in Dang, Deukhuri and later in Kathmandu. Through this Act, District Magistrates were empowered to constitute one *Panchayat* each for an area of four/five *Gaon* (village) and *Mauja* (a division of land), which was headed by the *Talukdar Jimmawala* (the land tax collector). The effectiveness of these local *Panchayat* institutions convinced the government to promulgate a special Act for constituting additional units in *Terai* districts. The Act envisaged constituting an eight-member unit including one member nominated by the central government in each district. It entrusted the local *Panchayats* with judicial powers to entertain cases arising at the local level with an authority to impose financial penalties. In 1949, the Village *Panchayat* Act and the *Panchayat* Court Act made provision for electing one-third of the members each year in a rotational system/order by members of village assembly, who were at least 21 years old. For augmenting the financial resources, the Act explicitly authorized the Village *Panchayats* to impose 5 percent additional tax on land and also levy some fees on business. At the last lap of *Rana* rule, effort was made to draft a written Constitution, which envisaged for the *Gram* (village), *Nagar* (Town) and *Zilla* (District) *Panchayats*. According to the Constitution, all the members of the *Panchayats* had to be elected through adult suffrage, which also had to elect the *Panchayat* Unit Chiefs. But the Constitution could not be implemented due to the strong resistance from the hard-liner *Ranas* (Vaidya & Manandhar, 2053).

#### 3.3.3. After the Revolution of 1951

In 1951, the *Rana* regime sank under the weight of its own unpopularity and was overthrown by the joint efforts of the Shah Kings and the people in 1951, heralding the emergence of modern Nepal. The restoration of the Shah Kings to power brought about fundamental changes in the polity and economy of Nepal. On the political front, the people of Nepal tasted multi-party democracy for the first time in their history



and in the economic sphere they witnessed the first attempts to achieve planned socio-economic development. The first ever annual budget of the country was announced in 1953 and the first development plan was launched in 1957.

For modernizing the administration, help was sought from India, the United Nations and the United States of America from 1951 to 1959. A central secretariat was quickly set up at *Singh Darbar* and the form of a modern administrative system was introduced for which modern ministries headed by cabinet ministers were organized. The country's first budget was prepared and new and higher grades of civil service created. Old pay scales were revised. A manual on personnel administration, new civil service acts and rules, a secretarial manual for *Bada Hakims* were drafted. However, these structural changes were not accompanied by equally significant changes in bureaucracy's operating principles. Many of the civil servants- having trained and experienced during *Rana* rule- tended to adhere staunchly to well-learned and well-known procedures. The high degree of centralization of authority and responsibility that had characterized the *Rana* regime was not perceptibly diminished.

Successive governments from 1950 to 1960 appeared to be preoccupied with the spirit of local self-government. Attempts for rural development in the country were made since early 1950s with the inception of *Tribhuvan Gram Bikas* (Tribhuvan Village Development) Program. A Village Development Training Center to train manpower for village development was established in 1952. The graduates of the Training Center, after completing a six-month course were compelled to work at the satellite stations outside Kathmandu and also train multipurpose Village Development Workers. The *Tribhuvan* Village Development Program was a multifaceted activity intended to cover various aspects of rural community's need. The implementation strategy of this program was based on a three-stage village development approach. The first stage was to identify the remote villages where the infrastructural facilities were to be developed. These were called Nucleus Development Areas. The second stage was to provide improved seeds, fertilizers, livestock development facilities, schools, drinking water and irrigation in the identified areas. The third stage, called the intensive stage, was to provide scientific farming assistance, extension of health services, establishment of cottage industries and cooperatives. At the district level, a District Development Board was constituted which consisted of representatives from the local people, related line agencies and concerned specialists. The *Badahakim* (Chief District Officer) was ex-officio Chairman of the Board and District Development Officer was posted from the center as the executive officer to carry out development works.

Nepal followed a planned development system to improve the living conditions of its people since 1956, when it launched its first periodic plan, 1<sup>st</sup> Five Year Plan 1956-61. Rural development strategy was worked out in the plan. The country was divided into 150 blocks averaging about 200 villages in each block aiming to implement village development activities. Experiments were carried out for the institutionalization of village co-operatives for economically strengthening the rural communities and to infuse them a

sense of self-help. The Administrative Reform Planning Commission constituted in 1957, proposed a hierarchical organization for village development activities. Village *Panchayat* was at the bottom with a block composed of a number of villages, a sub-division with a number of blocks was organized for supervision, and a district unit was established to coordinate the overall activities. By 1960, the district and village development activities were organized in line with the proposal of the Commission.

### 3.3.5. Developmental Efforts of the first Elected Government 1959

In 1959, the promulgation of a new democratic Constitution was followed by the first ever multi-party election. After the establishment of the first multi-party system of government in 1959, a separate Ministry of Development was formed and the *Tribhuvan* Village Development Department, which was in charge of the village development programs, was put under this Ministry. Koirala's government, the first elected government of Nepal, pursued a moderate, left-of-centre course. The socialist Congress believed in central planning. It was considered necessary for the government to play a major interventionist role in the economy and for it to own, control and manage significant financial and industrial concerns. In its short term in office, the Congress government took some important and symbolic steps that were consistent with its socialist perspective, 'Feudal' principalities were abolished, the foundations of an independent judiciary were established, free primary education and basic health care services were initiated and measures leading towards a limited land reform were started. Crucially, legislation that would abolish *birta* tenure, the tax-free landholding system so heavily exploited by the *Ranas*, was enacted by the Koirala government. These were progressive measures, undertaken at a slow and measured pace in order to smooth the transition to a more equitable society. They were also moves which were highly unpopular amongst landed elites (Brown, 1996). The government initiated the process of institutionalization of democracy at the grass-root level by implementing the policy of decentralization. In this process, District Development Officers for each district were appointed. A high level committee under the Chairmanship of the Prime Minister was also constituted for reviewing the implementation of the district level projects. The proposed decentralization scheme of the government had apparently intended to create 14 provinces, 69 sub-districts and 35 districts. Under the scheme, the Government had also intended to introduce an Act regarding the handing over of central power to the districts. As the political instability intensified, King Mahendra dismissed the democratic government of Nepali Congress Party in 1960 and suspended the parliament, denouncing. He assumed all executive power and established the *Panchayat* system in 1960. It was a party-less system of pseudo-democracy in which people elected their representatives from different constituencies on an individual basis, not on the basis of any political ideology or party. The *Tribhuvan* Village Development Program was terminated after this (Sharma, 2004).

### 3.3.6. Panchayat System

After the introduction of *Panchayat* polity, King Mahendra constituted Commission for Administrative Power Decentralization in May 1963 (known as *Thapa* Commission by being headed by Mr. *Biswa Bandhu Thapa*), which comprised of 21 members, 19 of them were the members of *Rastriya Panchayat* (National Assembly) and 2 other were the Secretaries of Home and *Panchayat* Ministries. In August 1963, the Commission submitted its report. The Commission recommended to establish model *Panchayats* at the village and district levels and to declare Kathmandu Valley a *Mahanagar* (Metropolis). Other specific recommendations were delegations of powers and functions to the local *Panchayats* in the areas of maintaining law and order, controlling corruption, handling land administration, forestry management, agriculture, health, education, transport and communication, revenue collection and judicial authority (Dhungel, et al., 2011).

Under the king's direction, the government instituted a number of social reforms, including modernization of the legal code in 1962 and land reforms in 1964. The practice of pursuing socio-economic development through five-year development plans was consolidated, with emphasis on physical and social infrastructure. The economic regime assumed a distinctly interventionist character as the government came to control many crucial prices, and the monopoly of production activities was vested in public corporations, thereby precluding the growth of the private sector.

The outcome was the *Panchayat* Constitution promulgated by the king in 1962. It was, he maintained, the product of his 'climate and soil' approach to politics. In order to inspire greater support for the system and to propagate its ideals, Mahendra launched his 'Back to the Village National Campaign' (BVNC) in 1967. The BVNC was bizarre. All senior officials were required to receive a good dose of revolutionary enthusiasm by immersing themselves in rural development work for a few weeks each year. The *Panchayat* System was legislated into existence. Village *Panchayats*, or assemblies, which were supposedly, although questionably, based upon similar previous Nepali institutions, were to be elected by members of the local community. This village assembly then elected representatives to one of seventy-five district assemblies, which then elected representatives to one of fourteen zonal *Panchayats*. The zonal *Panchayats* then elected members to the highest official policymaking body, the *Rashtriya Panchayat* (National Assembly).

The government of *Panchayat* system implemented some notable reforms. For example, The king put the Koirala government's abolition of *birta* tenure into practice and, in 1964, he promulgated a land reform. Such measures created the impression that the regime was progressive and so diminished the appeal of the political parties. The socio-economic power of local elites was undisturbed by land reform. Even though the Land Reform Act's provisions were moderate they were still avoided by careful maneuvering and, in places, the elite did not even bother to pay lip-service to the legislation. It was found that the land reform program would not have been of great economic significance because, it was claimed, the problem of poverty in Nepal was not so much a product of the unequal distribution of resources, but

was primarily a product of excessive population on a limited resource base (IMF, 1989 & World Bank, 1991). This was highly questionable. Most Nepalis were, by international standards, extremely poor. But there were degrees of poverty and, at the very bottom of the scale, apparently minimal variations in income made the difference between perpetual hunger and two meals a day.

A new social code in 1963 abolished the caste system, it is called *Muluki Ain*, but although the provisions of the code were superficially progressive, its implementation was entirely another matter (Joshi & Rose, 1966). Hence, a basic contradiction lay at the heart of the *Panchayat* System because while it preached equality and individual freedom, it sanctioned inequality and oppression.

In *Panchayat* system decentralization was adopted as the policy in the 3<sup>rd</sup> Plan period (1965-70) to associate and engage the people in the decision-making process with specific reference to planning and development in the areas within the territorial boundary of the local bodies (LBs). Since then, this has been followed as a development strategy by the country. In the course of implementing the periodic plans (during the 4<sup>th</sup> Plan, 1970-75), the country was divided into five development regions with the purpose of allocating the national budget and undertaking development programs in all the regions in an equitable manner. The mechanism established by the government at the local level to associate and engage the people in the decision-making process, especially in planning and development of the areas concerned, is the two-tier system of the LB.

After King Mahendra passed away, his son King Birendra adhered to the political-economic system established by his father until the anti-monarchist movement seriously challenged his authority in 1980. Riots broke out, and in a 1980 referendum on the form of government, the voters decided to retain the non-party *Panchayat* system with certain modifications. From then onward, the king gradually relaxed his control over the polity and sowed the seeds of economic liberalization in Nepal, starting with liberalization of the financial and social sectors (especially education). This marked the beginning of a gradual decline in government intervention in economic activity.

Institution-based poverty alleviation programs were focused on building institutional capacity, and fostering decentralization and local governance in an attempt to address poverty alleviation at the local level. The Small Farmers Development Program (SFDP), introduced in 1975. Its focus was on group formation at the local level for the purpose of credit delivery and other services. Using this new concept, SFDP began an experimental project called the Small Farmers' Cooperative Limited (SFCL) in 1987/88, which expanded rapidly in other parts of the country. Compared to the performance of the SFDP the repayment rate was found to be higher in SFCL, overhead cost to be lower, and the density of coverage and mobilization of local resources greater.

Similarly, in *Panchayat* rule, specific policies and programs for women were introduced for the first time in Nepal during the Sixth Plan (1980-85) in the form of a National Plan of

Action for Women in 1981. From a long term perspective, the most important action undertaken so far is the granting of scholarships to girl students. Other programs have aimed at economic upliftment of women.

It was found that there were many commissions plans formulated in *Panchayat* rule for the development viz. *Thapa* Commission (1963), Decentralization Plan (1965), The Administrative Reform Commission (1968), Jaya Prakash Committee (1969), 21-member Decentralization Committee (1971), Decentralization Sub-committee (1981) etc. In the same way, The Local Administration Act (1965), District Administration Plan (1975), Integrated *Panchayat* Development Design (1978) and Decentralization Act (1982) were other initiatives for the development (Dhungel, et al. 2011). The official assertion, that the *Panchayat* System considered all Nepalis to be equal was part of the window dressing employed by King Mahendra.

All the attempts made to reform and strengthen local level by streamlining grass root level people's institution had yet to bear substantial outcome when the formal dissolution of the old governmental institutions took place in 1990 because of change in the political system.

At the village level, the *Panchayat* System legitimised and perpetuated the traditional power structure (Shrestha & Mohsin, 1966). The rural elites who benefitted from this preservation of the status quo gave unstinting support to monarchical rule. Control of the local *Panchayats* soon became the preserve of those who had always held power within the village, and even when village notables did not hold positions in local *Panchayat* bodies they controlled the councils from a distance. There was a direct correlation between high caste and leadership within the new system (Chauhan, 1971 & Borgstrom 1980). This was because there was also a direct relationship between high caste and landownership. The possession of economic power, almost always derived from landownership, was a characteristic of senior *Panchayat* leaders.

*Panchayat* Nepal had little industry and comparatively few urban centres. As late as 1988 the agricultural sector accounted for 55 per cent of GDP and employed a massive 93 per cent of the workforce (World Bank 1988:1). Most towns were located in the *Terai* where urban growth was very much an extension of the Indian urbanisation process (Sharma, 1989). The pace of urbanisation accelerated quickly from very small beginnings during the *Panchayat* years, so that between 1971 and 1981 the rate of growth of the urban population averaged 7.6 per cent per annum (Gurung, 1989). Expansion of *Terai* towns accounted for most of this urban growth and Biratnagar superseded Patan as Nepal's second city (Sharma, 1989). Even so, only 9.2 per cent of all Nepalis lived in urban areas by 1991 (HMG(N) 1992). As the *Pahad* had an extremely limited resource base, the hills of Nepal became grossly overpopulated. Yet as population pressure was also a product of class relations, a more accurate interpretation was that the *Pahad* became increasingly subject to 'relative population pressure' (Shrestha & Conway, 1985). According to this view, the optimum level of population is determined not by the absolute amount of land and resources available, but by the distribution of these

resources. In the case of Nepal, the demographic explosion affected the poor most seriously because social stratification increased as the amount of cultivated land per capita declined (Prindle, 1978). Consequently, the social order of the hills was extended, in the process and strengthening the hold that the elite of the *Pahad* had over the nation's political and economic life.

A majority of hill migrants attained some degree of upward socioeconomic mobility by relocating (Shrestha, et al., 1993), but many poor peasants from the hills became landless labourers who formed a reserve army of labour. They joined the ranks of the *sukumbasi*, the landless poor, who took part in land invasions. Their action was a direct threat to the distribution of power because it had the potential to decrease the number of labourers desperate to work for meagre wages on the farms of the rich (Kaplan & Shrestha, 1982). In 1979 the *sukumbasi* began to articulate their grievances and to coalesce into the largest movement of its kind in Nepali history.

### 3.3.7. After the Restoration of Multiparty Democracy:

After restoration of the multiparty democratic system in 1990, especially after 1999, LBs managed this responsibility per the Local Self Governance Act (LSGA), 1999 and Local Self Governance Regulation (LSGR), 1999, Local Body (Financial Administration) Regulations, 2007 as well as other related rules and operational manuals (Sharma, 2004). The restoration of democracy in 1991 coincided with a decisive shift towards a liberal economic regime and ever-closer economic relationship with India.

One of the major programs of this kind is the Remote Area Development Program (RADP) initiated in 1992. By the late 1990s, this program covered twenty two districts, with major emphasis on the development of infrastructure. There were also provisions for skill development, training of women, and training in horticulture and vegetable farming. This program was supposed to complement the process of decentralization that the government of Nepal attempted to reinvigorate at the same time. As such, resources set aside for this program were allocated and disbursed to respective Village Development Committees (VDCs) from the centre. There was, however, little or no participation of people at the grassroots level.

The Special Area Development Program (SADP) was introduced in 1998 as a political response to people's display of disenchantment and frustration with unabated economic hardship, which in some districts took the form of violent eruptions. A total of 25 districts were selected, of which 22 were already included in the Rural Area Development Program (RADP), by applying the criteria of backwardness, remoteness, low levels of socio-economic infrastructure. The focus of the program was broader than that of RADP, as it sought to promote agriculture and livestock in addition to infrastructure.

Micro Credit Project for Women (MCPW) was started in 1994. First, its target group included urban as well as rural women from households below the poverty line, and secondly, it aimed to provide credit as well as other services by using non-governmental organizations (NGOs) as



intermediaries. A total of 88 NGOs were mobilized and trained as of October 1998 for this purpose. The program is characterised by a very high loan recovery rate- as high as 98 per cent, according to an internal progress report prepared by the Ministry of Local Government.

After the restoration of multiparty democracy, the elected governments launched different programs viz. 'Build Our Village Ourselves' (*Afno gaun afain banaum*), 'Bishweshor with the Poor' (*Garib sanga Bishweshor*), social security program etc. In the same way, different concepts and agenda came to fore at the same time. The concept of inclusive development was introduced in the country after 1990s. According to it, all classes and communities were to be included in the mainstream of development. Following the democratic movement of 2006 (2062/2063 B.S.) in the country, this agenda vibrantly came to the surface. Interim Constitution of Nepal, 2007 accepted inclusiveness and federal system of government as the foundations of development. Constitution of Nepal was formulated through Constituent Assembly in 2072 B.S. for the first time in the country. New constitution gave recognition to federal system and inclusiveness. As per the three levels of governments viz. local, provincial and central, the governments could execute their functions as per the provisions made in the constitution (Constitution of Nepal, 2072 B.S.).

#### 4. Conclusion

In Nepal, different institutional mechanisms were found to be adopted for development since ancient period. Historically, the *Kirantis* were the first to rule over Nepal and their rule, in fact, marked the origin of Nepalese culture and politics. During their period, Nepal was a welfare state under monarchy. The King was at the top of the administrative system. The documents of the time stated that the members of the LBs were pure, self-controlled, well bred, aged and noble. The *Kirantis* were followed by the *Lichhavis*. The King was the supreme ruler during the period of the *Lichhavis*. The *Lachhivi* era had different state officials both at the central and local levels. Regarding the local administration, the Kingdom was divided into three local administrative units known as *Dranga*, *Tala* and *Gram*. The *Lichhavis* were followed in the medieval period of Nepalese history by the *Mallas*. The Kingdom was split into divisions and sub-divisions which were respectively governed by *Pramana* and *Nayaka* or *Dware*.

The modern Nepal was formed in the eighteenth century when King Prithivi Narayan Shah brought together a number of small states at the foot of the Himalayas under his rule. The Shah dynasty was, however, soon embroiled in a protracted power struggle that culminated in the emergence of Jung Bahadur Rana in 1846, who introduced the system of hereditary prime minister, giving rise to the powerful Rana oligarchy. During the Rana regime, some isolated efforts were made to bring about progressive political and social changes, but these were thwarted by conservative elements among the oligarchy that perceived such changes as threats to their hold on power. But eventually, the Rana regime sank under the weight of its own unpopularity and was overthrown by the joint efforts of the Shah Kings and the people in 1951.

Development paradigm lies on correlation between the local development and people's participation in developing countries like Nepal. Observing about a dozen of plans and development strategies of the past, there were rarely successful records of planning. The first formal planning approach was undertaken by the government of late Prime Minister Tanka Prasad Acharya. During the Partyless era (*Panchayat* System), village development program was taken as a slogan with a political campaign-*Go to the Village National Campaign*. It was claimed as *politics for development*. After the restoration of multiparty system (1990), local development program has been contrived through a *self-help* approach. The government of United Marxist and Leninist (UML) called it *afno gao anjai banau* (Build Our Village Ourselves). After that, there were many approaches and policies adopted as a practice.

In light of the political evolution, the history of development transformation of modern Nepal can be divided into four phases. The first phase covers the period from the mid-1960s to 1980s when the economy was public sector-dominated and supported by vigorous development planning. Politically, the period was characterized by an autocratic *Panchayat* system with absolute monarchy. The second phase, spanning the decade 1981-1990, witnessed the introduction of a liberal *Panchayat* system, followed by initiation of outward-oriented economic policies and gradual dismantling of the public sector. The third phase, covering the decade 1991-2000, saw the restoration of multi-party democracy under a constitutional monarchy and the adoption of a vigorous program of economic liberalization, privatization and globalization of the economy. The fourth and final phase started from around 2000. During this phase, a liberal economic stance was maintained but its impact was stymied by an all-engulfing political turmoil caused by a bitter tripartite struggle for power that continued until 2006.

Through amendments to the Interim Constitution 2007, the Constituent Assembly (CA) declared the country to be a federal republic. After the CA's acceptance of the federal polity, politicians debated on how to design a new federal structure that could recognize the country's diversity, as they think federal governments often apply the exact opposite approach to that of a unitary government by explicitly recognizing the rights of the different ethnic groups in a national system of ethnic accommodation. The concept of inclusive development was introduced in the country after 1990s. According to it, all classes and communities were to be included in the mainstream of development. New constitution (Constitution of Nepal, 2072 B.S.) gave recognition to federal system and inclusiveness. As per the three levels of government viz. local, provincial and central, the governments could execute their functions as per the provisions made in the new constitution.

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### Author Profile



**Narendra Katuwal** is a Reader (associate professor) of Tribhuvan University. He is also Department Head of Economics Education in Mahendra Ratna Campus, T. U., is a Ph.D. fellow in Rural Development, Faculty of Humanities and social science, Tribhuvan University, Nepal. He has published peer review articles, reference and text books on English and Nepali medium.