

THE POLITICS OF

CHANGE

Reflections on Contemporary Nepal

edited by
Deepak Thapa

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Foreword

Nepal continues to catch our undivided attention. After a decade of armed conflict, and the drafting and eventual promulgation of the Constitution in the immediate aftermath of the 2015 earthquake, the country has lurched forward into transitioning from a unitary state to a federation of provinces. The completion of local, provincial and federal elections in 2017, and subsequent establishment of the government in early 2018, accelerated the transition that now propels the country to respond to its mandates. The transition to federalism thus far has our eyes watchful with great optimism; alongside, we sense an increasing ambiguity as well. All 761 government units work to dispense their constitutionally mandated duties and functions against exceedingly high expectations and the still-limited clarity on inter-governmental relationships. Power struggles abound. While this is understandable in the initial stages of the implementation of federalism, better collaboration and coordination, envisaged by the constitution to hold federalism to effect among the three tiers of government, are deemed crucial.

Against this backdrop, The Asia Foundation, supported the first of its nationwide public opinion polls, ‘A Survey of the Nepali People 2017’, to track the national mood and aspirations around the new changes and other key contemporary and social issues. The 2017 Survey findings showed cautious optimism among Nepalis regarding the Constitution and the changes it introduced. Following on the Survey report, the Foundation heard repeated requests for more in-depth analysis of the survey data and findings along with comparative analyses with other contexts and data sources of key social, political and economic issues.

We see the Survey data and this companion analysis as a baseline of sorts for Nepal’s transition to the federal state envisioned in the constitution. This companion analytical volume draws upon the findings of the Survey and other data sources to gauge the country’s trajectory

towards a new set-up and reflects on the salient issues around politics, governance, gender, economic transformation, inclusion and borderland dynamics at the subnational level.

This volume was supported through the Australian Government, Department of Foreign Affairs and Trade (DFAT) Partnership with The Asia Foundation on Subnational Governance in Nepal. The Partnership is grateful to the authors of the respective chapters for lending their in-depth analytical lens to unfolding governance and contemporary issues. We are thankful to Deepak Thapa, Director of Social Science Baha, for leading the production of the volume, coordinating with authors, and providing final edits and inputs to the chapters.

We hope this volume will contribute to deepening the collective understanding and diversify the discourse on several complex governance issues in Nepal.

Meghan Nalbo
Country Representative
The Asia Foundation
Kathmandu, Nepal

Introduction

Deepak Thapa

There have been many pivotal moments in Nepal's recent history that have shaped the country's course in the years that followed. The restoration of democracy in 1990 was one. Thereafter, the beginning of the Maoist insurgency in 1996; the partial and complete takeovers by the king in 2002 and 2005; the Second People's Movement of 2006; the signing of the Comprehensive Peace Agreement the same year and the end of the Maoist conflict; the adoption of the Interim Constitution in 2007 and the various social movements that challenged its basic premise on federalism and inclusion; the election of the first Constituent Assembly in 2008 and the coming to power of the Maoists; and the 2015 earthquake and the adoption of the new constitution of Nepal a few months later are the most significant of those defining moments. Rounding off that list is the year 2017 when the political transition that had begun more than a decade earlier came to an end with elections to the three layers of government under the federal system.

As a combined result of all of these momentous episodes Nepal at the end of the second decade of the third millennium bears little resemblance to the country that ushered in democracy nearly 30 years ago. The high expectations fostered by the reinstatement of democratic politics in 1990 was soon replaced by disenchantment with the political parties failing to deliver either on the governance front or the much-required development. But, before ennui could set in with national politics, the Maoist insurgency had begun. And, over time, the Maoist movement managed to infuse a completely new element

into mainstream political discourse – that of inclusion – an issue that other political parties had no choice but to adopt as well.

Ten years of the Maoist insurgency, which also saw the ultimately doomed power grab by the king, was followed by a period of intense hope with the success of the 2006 People's Movement and the signing of the Comprehensive Peace Agreement. Although immediately undermined by violence that erupted in the Tarai and the increasing as well as conflicting demands on the state from a number of social groups, mainly revolving around different dimensions of inclusion, the years 2006 and 2007 also saw major advances. A series of legislations were adopted that laid the foundation for the restructuring of the state, which itself was meant to result in a more balanced distribution of power and resources in order to achieve better inclusion.

Later years were one of great political instability. Successive governments were faced with the challenging task of peacefully disarming the Maoists rebels while also responding to a multitude of popular aspirations. Yet, the country managed to scrape through more or less unscathed despite the failure of the first Constituent Assembly (CA) to draft a new constitution and despite the fabric of Nepali society being stretched almost to breaking point on the question of federalism. The second CA saw the return of more conservative forces to power but the general principles of a more inclusive society and polity had already been established. The new constitution adopted in 2015 watered down some of these provisions, but it also gave birth to a federal Nepal.

The larger peace process, however, remains an unfinished business owing to the failure of all the governments so far to address the matter of transitional justice with any degree of seriousness. That in itself is a grave shortcoming and comes at the expense of the victims of the Maoist conflict on whose sacrifice the current political edifice has been raised. But, somehow, over time, the political aspect was neatly detached from what should have been the inextricably linked issue of providing closure to the many thousands of victims.

It is in full cognition of this unfortunate fact that this volume has been put together. The objective of this book is not to audit the peace process since that has been undertaken quite competently by others. Instead, it takes a deep dive into different features of the socio-polit-

ical transformations that have taken place since the constitution was promulgated in 2015 and the state restructuring fully operationalised with the 2017 election.

The impetus for the book was provided by the nation-wide opinion poll, A Survey of the Nepali People in 2017 (SoNP 2017). Conducted at a time Nepal was in the process of transitioning from a unitary state to a federal one, the Survey was designed to capture the mood of Nepalis at that critical juncture. The timing of the Survey was further underscored by the fact that it was undertaken, as alluded to earlier, at a time that followed a long period of uncertainty over the contours of the constitution itself and also of federalism – years in which actual violence or the threat of it appeared to imperil the seemingly fragile peace and the promise of building a just and equitable Nepal.

The planned periodic follow-ups to SoNP 2017 will over time lead to this series becoming a crucial indicator of the direction the country is headed in. Yet, it is also imperative for the Survey results to be situated in the specific temporal and physical contexts that shape people's views on different issues. In fact, it becomes necessary to go further and understand historical processes as well. For, it is the complex interplay between past events and present realities that influence public perceptions. That is how the contributions in this book have been conceived and that is also where their value lies.

Unlike the more common political economy studies, the essays in this volume can perhaps be best characterised as 'historico-political' examinations of some key topics to provide the larger background in which changes are underway in Nepal. The subjects dealt with here cover politics at the national and local levels; women in politics; identity and inclusion; the dynamics in borderland areas; and the challenges facing the Nepali economy. Written by recognised experts in their respective fields, this volume not only explains where we stand as a country today but also provides reflections on how we got there.

* * *

In his article, 'Politics in Federal Nepal', Dhruva Kumar looks at the recent conditions under which Nepal adopted federalism as its government structure. He critiques both the Panchayat system and the democratic era after 1990, declaring the former to be the 'most

exploitative' the country has seen while characterising the latter as 'government dysfunctionalism' that contributed to the rise and spread of the Maoist movement. On the political developments after 2006, Kumar faults the Maoist leadership for the failure of the first Constituent Assembly (CA) to consolidate gains made with regard to a more progressive society. He argues that the adoption of the 2015 constitution was possible only through the Maoist capitulation in the face of the resurgence of 'traditionally dominant groups'. He, however, notes that the 2017 elections to the federal, provincial and local governments were a positive step forward since their success demonstrated that the middle ground is still very strong in Nepal despite various forces of dissonance in the preceding years.

The bulk of Kumar's chapter engages with the results of SoNP 2017, examining various indicators that stand as proxy for perceptions mainly about security and governance, arguably the two most pressing issues facing the country in recent years, if not decades. He analyses the SoNP 2017 data disaggregated along three parameters: provincial, ecological region, and the Madhesi–non-Madhesi binary. Kumar's conclusion is that the public's favourable view of both the constitution and the 2017 elections reflects hope about the future of Nepal's politics, and that this is 'the defining moment for the political leadership and their parties...to win back public trust'.

The second chapter by Krishna Khanal is the aptly titled 'State-Society Covenant at the Subnational Level'. Khanal begins with a concise account of the history of local governance in Nepal and the different developments until the time the current political arrangement was adopted. It is clear that compared to the rigidly centralised model of the Panchayat system, attempts had been made in the late 1990s to devolve greater power locally. Implementation, however, faced the twin challenges of bureaucratic intransigence to sharing power with elected authorities and the growing Maoists insurgency whose *raison d'être* could well have been questioned by a functioning and empowered network of local governments.

Khanal gives a detailed account of where local governments fit in the current federal structure. Unlike the earlier practice of keeping local governments under the jurisdiction of the province, the 2015 consti-

tution has adopted the growing trend globally of envisaging them as the ‘third order of the federal structure’ with funds from the central government going directly to these bodies rather than being routed through the provinces. The article then delves into a highly informative description of how federalism has been designed to function at the local level, with details on the roles and responsibilities of local governments and the various sources of funding available to them.

Khanal finds some affirmation of the findings of SoNP 2017 in another survey of local governance he himself was involved in. Both these surveys indicate that the levels of expectations from local governments is quite high, and issues of concern at the local level also quite similar. He is most critical of the lack of preparations for the proper functioning of this important piece of the federal system which ‘brings democracy closer to citizens’ but holds out hope that the initial disarray can be overcome if both federal and provincial governments begin to take the issue of governance seriously.

‘Women in Public Life in Nepal’ by Sanjaya Mahato, Bimala Rai Paudyal and Nandita Baruah look at the women’s movement in Nepal and its contribution to the country’s political and social transformation over the past 70 years. They begin with the argument that the expansion of the public space for women has no meaning unless accompanied by access to political power. After the restoration of democracy in 1990, the situation did not change much for the better. Later efforts boosted women’s numbers in local government. But the Maoist insurgency blocked these governments from functioning properly and prevented the rise of new women politicians. Ironically, it was women’s involvement as combatants in the Maoist movement that changed societal perceptions of what women were capable of. Taken together with the growing demands for better inclusion of all marginalised groups, including women, the stage was set for the changes that came in the first few heady years of post-2006 Nepal.

The authors point out that accomplishments such as the guarantee that women make up at least a third of the national legislature was not easy. Particularly, since most women legislators were beholden to their respective leaderships, their voice could not always be independent of their party preferences. The entrenched patriarchy in Nepali

society time and again also acted as spoilers, but the momentum could not be stopped altogether nor the achievements rolled back. With the 2015 constitution having further advanced the women's case in terms of political representation, Nepal currently has the most gender-diverse government institutions in the region.

Janak Rai and Sara Shneiderman's chapter, 'Identity, Society, and State: Citizenship and Inclusion in Nepal over Time', tackles the somewhat thorny issue of identity and the multiple meanings it has embodied following the democratic transition of 2006 and the demands articulated for creating a more inclusive society and polity. The authors caution against viewing identity only through the lens of identity politics and urge for a more expansive consideration of it given its potential to create a more tolerant and, at the same time, more inclusive society.

Rai and Shneiderman outline the historical processes through which the state used identity to disenfranchise large sections of the population, politically and socially. In reaction, the years before and after 1990 had seen mobilisation by myriad sections of society on the basis of identity. Such movements were given a fillip by the Maoist movement's demands of greater social inclusion in the state, which fitted in neatly with the narratives of exclusion that were increasingly being articulated by various groups marginalised on the basis of gender, caste, ethnicity, language, region and religion. Those were the circumstances in which the spirit of inclusion was embraced by the state after 2006. However, the authors note, despite the rapid advances initially on that score with the adoption of progressive legislations, inclusion became somehow entangled with the concept of ethno-territorialism, and suffered as a consequence.

On the results of SoNP 2017, the authors choose to draw inferences on what the data reveals about the state of Nepali society rather than provide further interpretation. They note the appreciable finding that Nepalis from all social backgrounds stand for granting equal rights to everyone. Yet, the authors argue, the significant minority of survey respondents expressing anathema to the idea of their children entering into inter-caste or -ethnic marriages reflects the enduring role of caste or ethnic identity in Nepali society.

The study of borderlands has received some, albeit growing, interest in Nepal in recent years. Jonathan Goodhand and Oliver Walton's 'Marginal Gains: Borderland Dynamics in Post-War Nepal' introduces a previously unexplored facet – a comparative analysis of relations between the centre and different border regions. In the backdrop of the contestations that arose particularly along Nepal's southern border in 2007 following the promulgation of the Interim Constitution, the authors introduce a compelling storyline about the elite capture of the borderlands agenda. Particularly, the authors point to the complex dynamics at work in these far-flung areas as local elites endeavour to remain relevant nationally while building their own base at home in what the authors call 'new forms of political brokerage'.

The three districts the authors have focused on – Saptari and Bardiya in the eastern and western Tarai, respectively, and Dolpa in the high mountains of the country's northwest – with wide variations in geography, demography, economy and history of mobilisation, together illustrate the complexities that have been added to Nepal's political landscape following the restructuring of the state. From the strong role of Madhesi activism in Saptari to Dolpa's *yarsagumba*-fuelled economic growth and the unresolved issue of transitional justice in Bardiya, Goodhand and Walton are able to provide a window into the equilibrium developing between the centre and the periphery in post-conflict, post-transition Nepal.

In 'Economic Transformation: What Is Holding Us Back?', Yurendra Basnett, Chandan Sapkota and Sameer Khatiwada posit the rhetorical question why a 'Nepali who earns less than a hundred dollars a month, after a four-hour flight to Doha or Kuala Lumpur will earn twice that amount, if not more'. Their article is an attempt to provide answers to this seeming anomaly and the role of the state in driving, or holding back, the national economy.

The authors write that the notion of fatalism that is deeply ingrained in Nepali society has suited the rulers well. That perhaps explains why the government's focus has all along been on the eradication of poverty, with the poor as passive recipients of state largesse, rather than on concerted attempts to make them active participants in the national economy through well-paid jobs in the productive sectors.

They also take issue with the convention of blaming the Maoist insurgency for causing a setback to the economy. Instead, they argue, it was the economic policies instituted by the government in the early part of the 1990s that contributed to economic stagnation and absence of jobs. For the same reason, they disagree that the rapid increase in labour migration was a result of the Maoist insurgency. Their view is: 'People left the country in search of better opportunities, as the domestic economy had simply stopped producing them.'

Basnett et al exude optimism that Nepal can still catch up by building up an industrial infrastructure. That will necessarily be a drawn-out process. What will be required though is a clear idea of what we want to achieve and how we plan to do that, and also be prepared for repeated failures along the way.

There are other themes these articles have at best covered only in passing. Some of these include the country's security situation and the now-forgotten idea of security sector reform; the evolving thrust in Nepal's relations with India, China and the rest of the world; the social and political impact of a new set of individuals entering the class of political elites; the rapid pace of urbanisation, urban poverty and the steadily growing urban middle class; and the effect of the provincial structure on national politics, the economy, and even psyche; among others. Neither do these chapters deal in any specific manner with politics per se in the period since elected governments came into their own, from the federal all the way down to the ward, or how these have affected state-society relations. In fact, it would be premature to make claims to any meaningful insights on that score. Taken together though these six chapters manage to provide an in-depth account of how Nepal has fared in some critical areas in the first few years since the 2015 constitution was promulgated and as the country stands on the cusp of the federalism exercise.

* * *

Finally, a few words of acknowledgements. First of all, I would like to thank all the contributors for joining hands with me in this venture and providing their expertise in untangling some rather complex issues. Thanks are due to the Australian Government–The Asia Foundation Partnership on Subnational Governance in Nepal for

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Politics in Federal Nepal

Dhruba Kumar

Nepal has always been misgoverned rather than governed. Irrespective of the political system Nepalis have lived under over the last two and a half centuries, the question of governance has always loomed large. The crisis of governance initially emerged from the unitary nature of the state and the polity under the monarchical system, pre-ordained to excessive centralisation of state power captured by particular elites, but has extended even into the multiparty democratic years after 1990. Democracy in Nepal, thus, as noted in a similar context elsewhere, 'is not about people, it is about access to state power' (Haq 2000).

It would be appropriate to recall here the conclusion of a nation-wide survey conducted just a few years after the 1990 restoration of democracy. Asserting that the political parties, despite their long struggle for democracy, had become the ultimate disruptor of governance, the survey warned that the simmering discontent towards the political leadership could drive 'the people ultimately from participatory to destructive activities' (Khanal et al 1996), an observation made before the Maoist insurgency began in 1996.

After 10 years of a violent insurgency and an equally long period of political transition, power has become highly personalised and feebly institutionalised, and the political process has been replaced by arbitrary and informal transactions. The Nepali situation is perhaps best summed up by Fukuyama's observation that '[n]eopatrimonialism can coexist with democracy, providing widespread patronage and clientelism in which politicians share state resources with networks of political supporters. In such societies, individuals

go into politics not to pursue a vision of public good, but rather to enrich themselves' (2015).

Polity and Governance

Perspectives on governance vary. Even though current academic debates on the matter remain inconclusive, the term 'governance' is used to scrutinise a government's performance, particularly in relation to how institutions of government relate and respond to society in ensuring their basic needs, securing personal safety and security, establishing law and order, and delivering impartial and equitable justice. Central to understanding the process of governance is leadership – both in its legitimate and illegitimate forms – because it is the ultimate arbiter in the use or abuse of the power and resources of the state.

Describing what he called 'feckless pluralism' in the case of countries like Nepal, Carothers (2002) had noted,

The alternation of power seems only to trade the country's problems back and forth from one hapless side to other...The public is seriously disaffected from politics, and while it may still cling to a belief in the ideal of democracy, it is extremely unhappy about the political life of the country. Overall, politics is widely seen as a stale, corrupt elite-dominated domain that delivers little goods to the country and commands equally little respect. And the state remains persistently weak. Economic policy is often poorly conceived and executed, and economic performance is frequently bad or even calamitous. Social and political reforms are similarly tenuous, and successive governments are unable to make headway on most of the major problems facing the country, from crime and corruption to health, education and public welfare generally.

Although somewhat recent, leadership as an authority legitimised through popular will and performance is quite established in Nepal. Yet, traditionally rooted elitism has continued despite several socio-political upheavals since 1951. This is partly because the group that forms the national elite structure is homogeneous and shares common

experiences and values as well as a similar social background, all of which have helped evolve a cohesive elite community. The function of the national elite in such a situation is to form a power compact with the help of a centralised state authority, and this elitist tendency has long been based on a deliberate policy of social exclusion, particularly in the spheres of participation and representation.

Till the early 1950s, as *raitis* (subjects) rather than citizens, Nepalis had only duties towards not rights over the state (Adhikari 1984). The 1950-51 political movement that ended the century-long Rana monarchy led to some significant changes with the introduction of a polity with a party system that represented the people's aspirations for democracy. But, in hindsight, the 'revolution' was also an anti-climax since it handed authority to the traditional seat of power – the monarchy. The political contention between traditional and modernising forces culminated in the royal putsch of 15 December 1960 and the establishment of the Panchayat system in 1962. Democracy disappeared not because of the withdrawal of popular acquiescence but because of a coup.

The Panchayat polity, begun with the promise of creating an exploitation-free society turned out to be most exploitative. The 1962 Panchayat Constitution vested executive, legislative and judicial authority in the king. The thrust of the Panchayat system was assimilation, including through means of violent suppression of any socio-political opposition to the regime, rather than accommodation of diversity. The polity was nourished by the ultranationalist rhetoric, *Sabai Nepali Pancha, Sabai Pancha Nepali* (All Nepalis Are Panchas, All Panchas Are Nepalis). Pluralism had no space in Panchayat ideology.

The Panchayat system did undertake some reform measures in the socio-cultural spheres. The most remarkable was the elimination of the caste system with the adoption of new Civil Code in 1963. Planned development of physical infrastructure was another intervention, and the roads built for its own administrative and security convenience contributed to accessibility and connectivity. Similarly, the spread of education and its institutionalisation throughout the country inadvertently broadened public awareness in creating a critical mass that worked as a catalyst in ending the Panchayat system itself.

From Crisis to Crisis

After the re-establishment of multiparty democracy in 1990, Nepal saw three parliamentary and two local government elections in the decade that followed. None of the elected governments at the centre could ensure stability though. The Nepali Congress (NC) formed a majority government twice, in 1991 and 1999, and a minority government of the Communist Party of Nepal (Unified Marxist-Leninist) (CPN-UML, hereafter, UML) was in office for nine months in 1994-95. The emerging two-party system was undermined as both the NC-majority governments were felled by intra-party rivalries. Various controversies and corruption scandals discredited the public standing of both the NC and the UML (Thapa with Sijapati 2004).

The political discontent arising from government dysfunctionism was exploited by the Maoist insurgency after 1996. This political drift also led the constitutional monarch to strike again as the king dismissed the elected prime minister, and after appointing a succession of prime ministers, took direct control of the country in February 2005. In hindsight, that coup proved to be the death knell of the monarchy in Nepal as it lost the last vestiges of legitimacy. The king faced both internal and external opprobrium, encouraging forces opposed to the monarchy to gather strength. The People's Movement II of April 2006 compelled the king to bow to popular will, ending an era of political crises – but only for another to begin.

There are more than a few similarities between the democratic interregnum of 1951-1960 and the period after the restoration of democracy, 1990-2005. The earlier period saw 10 governments formed and in the latter, 15, with royal coups ending both experiments in democracy. Ultimately, the unprecedented participation of the people throughout the country changed the political dynamics of the country in each case and the May 2006 declaration by the restored House of Representatives went further and suspended the role of the monarchy from all state enterprises.

In the aftermath of the 2006 People's Movement, despite the uphill task they faced, the political parties' resort to consensus in resolving the many challenges they faced saved the peace process from derailing at the very outset. The peace and political processes stipulated by the

Comprehensive Peace Agreement (CPA) of November 2006, however, were disrupted time and again due to disagreements over a number of issues among the three dominant political parties, the NC, the UML and the CPN (Maoist). It is the Maoists though that have to bear the responsibility for the midnight dissolution of the first Constituent Assembly (CA) in May 2012 since they were the counter-elites at whose initiative the political change was being driven. They were the largest and most dominant political force in the first CA. Had they wanted, they could have steered the country on a new course. But, instead, they were bogged down by revolutionary zeal combined with inexperience and immaturity.

In the run-up to the second CA elections of November 2013, the Maoist strategy seemed crafted by the survival instincts of the party leadership than by their self-proclaimed role as change agents. The

Table 1: Parliamentary and provincial election results – 2017

| Political Party | House of Representatives | | | | Provincial assemblies | | | |
|-----------------------------------|---|--------------------------------|-------------|------------|---|--------------------------------|-------------|------------|
| | First-past-the post (plurality) vote | Proportional representation | Total seats | | First-past-the post (plurality) vote | Proportional representation | Total seats | |
| | Number | Number | Number | % of votes | Number | Number | Number | % of votes |
| CPN (UML) | 80 | 41 | 121 | 44 | 168 | 75 | 243 | 44 |
| CPN (Maoist Centre) | 36 | 17 | 53 | 19 | 73 | 35 | 108 | 20 |
| Nepali Congress | 23 | 40 | 63 | 23 | 41 | 72 | 113 | 21 |
| Rastriya Janata Party Nepal | 11 | 6 | 17 | 6 | 16 | 13 | 29 | 5 |
| Sanghiya Samajbadi Forum Nepal | 10 | 6 | 16 | 6 | 24 | 13 | 37 | 7 |
| Others | 5 | 0 | 5 | 2 | 8 | 12 | 20 | 4 |
| Total | 165 | 110 | 275 | 100 | 330 | 220 | 550 | 100 |

Source: Election Commission Nepal 2017, result.election.gov.np.

result was that the Maoists were pushed to a distant third position behind the NC and the UML. The social composition of the second CA also signified the reassertion of the traditionally dominant groups. And, even though it led to the promulgation of the Constitution of Nepal 2015, it was possible mainly through the Maoist's acquiescence in the agenda set by the other two parties.

In the process of implementing the 2015 Constitution and in accordance with the commitment in the CPA, elections to the local, provincial and federal levels were held in 2017. The behaviour of the voters in this election followed past trends of voting against the incumbent. The largest party in the second CA, the NC, was severely beaten by the left coalition forged by the UML and the Maoists (Table 1). Voting against incumbency not only implies popular distrust and disenchantment with the status quo but is also a sign of rejection of the misuse and abuse of power by the government. Thus, the NC was routed in 2017 as was the case with the Maoists in 2013.

The 2017 elections were noteworthy for several reasons. First, it introduced a number of fresh faces. Of the 165 MPs elected in the first-past-the-post (FPTP) contest, 69 are newcomers. Everyone at the provincial level are by default new since provincial assemblies have been formed for the very first time. Second, the Left Alliance¹ that swept both elections has a distinct majority in six of the seven provinces. Third, the results of the first federal election have confirmed that there is no room for extremism of any kind, including secessionist forces. Fourth, the electorate has shown its undiminished optimism in democracy, with a turnout of 71 per cent in the local elections and over 65 per cent in parliamentary and provincial elections.² Commendable as these electoral outcomes are, it should be remembered that '[t]he problem is not to hold elections but to create organisations', as Huntington has noted, because 'in many, if not most, modernising countries elections serve only to enhance the power of disruptive and often reactionary social forces and to tear down the structure of public authority' (1968).

1 The Left Alliance consisted of the UML and the CPN (Maoist Centre), as the Maoists were then known. The two parties merged in May 2018 to become the Nepal Communist Party (NCP).

2 Election Commission Nepal 2017, result.election.gov.np.

Democracy has indubitably freed Nepalis from the fear of persecution and repression but not from denial and discrimination. How Nepalis have experienced and understood democracy in their lifetime is difficult to ascertain. It can, however, be definitely said that the state has failed to reach the people since politicians have made the process of governance anarchic. Further, the vulnerability of the federal system remains since the necessary political institutions are yet to be created. Nepal has a sordid history of failing to institutionalise the Westminster model of democracy; institutionalising a federal model is by far more complicated.

In January 2016, the government amended the constitution by tinkering with constituency delimitation and adding a provision on inclusion to assuage the protesting Madhes-based parties. The Madhesi leaders' priority is to amend the constitution yet again as per their long-standing demands, which includes separating six Tarai districts from Province 5. The question is whether the central government will be amenable to such a move even though it will have to find a way of dealing with this issue at some point or another. That would prove to be a fair test of its leadership. Democracy with social diversity is certainly difficult to govern.

The new political dispensation also has to contend with the challenge of making the federal structure work. Federalism thrives in the context of an objective centre-state relationship. As federalism has become a reality today, backtracking from it would be socially, economically and politically disastrous. Preventing further polarisation of political differences requires serious dialogue to develop a common vision aimed at protecting democratic institutions. The test case for the leadership is to make federalism functional and also economically viable. The Left Alliance did so well in the elections promising stability and development. One way that can be achieved is by creating employment for the ever-expanding number of youths entering the job market at the rate of more than 500,000 every year (MoF nd). Failure to do so could push the country towards instability once again.

Similarly, the completion of the peace process hangs on the Truth and Reconciliation Commission's imparting justice to the victims and

families of victims of the Maoist insurgency and counterinsurgency. This remains to be addressed despite the TRC and the Commission for Investigation on Enforced Disappearances of Persons having been around since 2015. Unless transitional justice is delivered satisfactorily, the peace process begun with the signing of the CPA will remain incomplete. But, with the merger of the UML and the Maoists into the ruling Nepal Communist Party (NCP), impartial justice is becoming to seem even less likely.

Another crucial challenge for the government is security sector reform that can no longer be ignored. Although the CPA mentions an ‘appropriate number of Nepal Army, its democratic structure and national and inclusive character’ nothing substantial has yet materialised. Nepal continues to maintain an overwhelmingly large army despite no perceived or latent threat to national security. The Nepali leadership’s shift in focus from socio-economic and development priorities to military spending began during the Maoist insurgency when the Integrated Security and Development Programme was introduced with the idea that development would continue with the army providing security (NPC 2002). Gradually though, funds were channelled to military needs rather than development work, a trend that was exacerbated by the 2005 takeover by the king and curbs in the flow of external assistance. Military expenditure is essential to the security of the nation and citizens in the event of state or non-state violence. The problem now is the expanding military expenses along with off-budget allocations to buy military equipment and the army’s involvement in non-military sectors like road-building and rent-seeking. There is a need to rethink the concept of security in Nepal, from an elitist one to serving the interests of the general masses. This has become particularly urgent since the elected government formed under the new constitution differs from its immediate predecessors, which had been forced to compromise in their dealings with the army for the sake of survival.

Evidence from the Survey

The discussion below is a narrative derived from data collected by A Survey of the Nepali People in 2017 (SoNP 2017). The survey was

conducted after the first two phases of the local elections had been completed but before the third phase concentrated in Province 2 and also prior to the federal and provincial elections. The narrative covers three crucial dimensions – security, participation and governance – and, where relevant, also reflects on previous surveys in comparative terms to understand the prevailing situation. It also considers three levels of disaggregation to capture trends at the provincial and ecological levels as well as any difference or similarities that may be evident between Madhesis and non-Madhesis. Data disaggregation along provincial and ecological lines is to be expected since these represent the country's political and geographical demarcations. Likewise, since grievances regarding the 2015 Constitution has been among Madhesis, understanding their views on recent political developments can serve as an indicator of where the country is headed.

For the sake of simplicity, unless otherwise specified, all the figures in the tables denote proportions out of 100. Responses scoring 1 or less than 1 per cent in any of the columns have been removed and duly noted but without any recalculation of the results presented.

The country

Three opinion polls administered in August 2010 and February and June 2011 (IDA 2011) had clearly demonstrated the slowly changing national mood at the time, from 69 per cent of the respondents suggesting that Nepal was moving in the wrong direction in August 2010 to 65 per cent in February 2011 and 59 per cent in June 2011. Yet, only 6 per cent were overtly positive about the country's course in the June 2011 survey. In contrast, respondents in SoNP 2017 were more optimistic. Even though a sizeable 34 per cent still thought the country was headed in the wrong direction, a majority of 53 per cent asserted that the country was on the right path (Table 2). There were, however, clear differences of opinion among respondents from different provinces, most starkly between Provinces 3 (32%) and 6 (78%). Noteworthy was that in Province 2, the citadel of the Madhes Movement, a higher proportion of respondents (38%) than from Province 3 believed the country was moving in the right direction. However, fewer respondents from the Tarai (50%) than the Mountains

Table 2: On country's situation

| | Nepal | Province | | | | | | | Ecological region | | | Pop group | |
|-------------------|-------|----------|----|----|----|----|----|----|-------------------|------|-------|-------------|---------|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Mountain | Hill | Tarai | Non-Madhesi | Madhesi |
| Right direction | 53 | 63 | 38 | 32 | 64 | 63 | 78 | 62 | 66 | 54 | 50 | 55 | 48 |
| Wrong direction | 34 | 26 | 48 | 54 | 22 | 22 | 17 | 24 | 20 | 34 | 36 | 33 | 37 |
| Refused to answer | 13 | 11 | 13 | 13 | 13 | 14 | 5 | 14 | 14 | 11 | 14 | 11 | 16 |

Note: 'Don't know' removed.

(66%) and Hills (54%), and fewer Madhesi (48%) than non-Madhesi (55%) thought the same.

Security

Nepal's security situation deteriorated grossly with the start of the Maoist insurgency in 1996. The volatile political environment during the insurgency derailed every government attempt to maintain any semblance of peace and stability, and that continued even after the success of the second People's Movement, signing of the CPA, and the election of the first CA in 2008. Political instability in the post-2006 period encouraged the emergence of scores of armed groups in the central and eastern Tarai, facilitated by the proliferation of small arms from across the open border with India.

The situation had changed a great deal by the time of SoNP 2017, with most respondents believing there had been considerable improvement in the peace and security situation in the country (Table 3). On personal security, 23 per cent reported feeling 'very safe' while another 71 per cent said they felt 'reasonably safe'. The proportion of those who felt 'very safe' or 'reasonably safe' was high across all the provinces and ecological regions as well as among both Madhesi and non-Madhesi. This change in perception is a great improvement over the past and is consistent with another recent national opinion poll

Table 3: About safety

| | Nepal | Province | | | | | | | Ecological region | | | Pop group | |
|-----------------|-------|----------|-----|-----|-----|-----|-----|----|-------------------|------|-------|-------------|---------|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Mountain | Hill | Tarai | Non-Madhesi | Madhesi |
| Very safe | 23 | 21 | 11 | 10 | 40 | 30 | 29 | 41 | 23 | 26 | 20 | 26 | 16 |
| Reasonably safe | 71 | 70 | 84 | 84 | 55 | 64 | 68 | 51 | 73 | 69 | 73 | 68 | 77 |
| Somewhat unsafe | 6 | 8 | 5 | 6 | 4 | 5 | 3 | 6 | 4 | 5 | 7 | 6 | 6 |
| Very unsafe | 0.4 | 1 | 0.1 | 0.2 | 0.1 | 0.2 | 0.4 | 2 | 0.2 | 0.3 | 1 | 0.4 | 1 |

(Bohara 2018), in which 71 per cent of the respondents agreed that the security situation has improved.

In response to the question asking about the main threats to security in areas where they live, almost half the respondents (44%) said there were no threats at all (Table 4). At the provincial level, from a high 54 per cent of the respondents in Province 4 to a low of 39 per cent in Province 2 said there were no threats. Questions related to political disturbances received insignificant scores as well, even in Province 2. This is indeed a very positive sign of the political process taking shape in the country amid continuing political instability. In fact, the only two threats that registered with more than 20 per cent of the respondents nationally were completely non-political – ‘alcohol abuse’ and ‘natural disasters’ – with the former somewhat less of an issue in Province 2, the Tarai and among Madhesi but natural disasters more pronounced among these very respondent categories.

Tellingly, ‘ethnic, religious or caste-based tensions’ as a threat to security received very insignificant responses. Considering fears of ethnic conflict and possible bloodshed with the problems of various social groups still unaddressed, this positive national mood is indicative perhaps of Nepal’s capacity to moderate any form of extremism. However, it was surprising to note that despite the nationwide data

Table 4: Main threats to security

| | Nepal | Province | | | | | | | Ecological region | | | Pop group | |
|---|-------|----------|-----|-----|-----|----|-----|----|-------------------|------|-------|-------------|---------|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Mountain | Hill | Tarai | Non-Madhesi | Madhesi |
| Alcohol abuse | 21 | 26 | 15 | 19 | 16 | 17 | 31 | 31 | 32 | 22 | 19 | 22 | 17 |
| Natural disasters | 21 | 24 | 31 | 16 | 14 | 16 | 21 | 18 | 12 | 19 | 23 | 18 | 25 |
| Crime | 14 | 21 | 7 | 17 | 11 | 9 | 8 | 20 | 12 | 13 | 14 | 15 | 11 |
| Corruption | 8 | 5 | 18 | 8 | 7 | 6 | 6 | 2 | 8 | 7 | 9 | 7 | 11 |
| Weak rule of law, poor governance, ineffective justice system | 8 | 6 | 11 | 10 | 5 | 7 | 6 | 2 | 5 | 8 | 8 | 7 | 8 |
| Violence against women, domestic violence | 5 | 3 | 3 | 2 | 3 | 7 | 9 | 9 | 6 | 4 | 5 | 4 | 6 |
| Ethnic, religious or caste-based tensions | 2 | 2 | 2 | 1 | 1 | 3 | 2 | 1 | 3 | 1 | 2 | 2 | 2 |
| Poor infrastructure | 1 | 0 | 0 | 2 | 0.3 | 1 | 7 | 1 | 7 | 1 | 0.4 | 1 | 1 |
| Political unrest | 1 | 1 | 2 | 1 | 1 | 1 | 1 | 0 | 0.4 | 1 | 1 | 1 | 1 |
| Terrorist activity by foreign groups | 1 | 0.2 | 0.4 | 0.1 | 2 | 4 | 0 | 1 | 0 | 1 | 1 | 1 | 1 |
| Wild animals | 1 | 0.2 | 1 | 1 | 0.1 | 0 | 0.4 | 5 | 1 | 1 | 1 | 1 | 0.4 |
| Violence and extortion by security forces | 1 | 0.3 | 1 | 0 | 1 | 1 | 0.2 | 1 | 1 | 0 | 1 | 0.4 | 1 |
| No threat at all | 44 | 39 | 38 | 47 | 54 | 49 | 40 | 39 | 39 | 46 | 42 | 44 | 42 |
| Others | 2 | 3 | 3 | 1 | 3 | 2 | 5 | 2 | 1 | 1 | 1 | 1 | 1 |
| Don't know | 1 | 1 | 1 | 2 | 1 | 2 | 1 | 4 | 3 | 1 | 1 | 1 | 1 |

Note: Multiple responses. Responses recording less than 1 per cent nationally have been subsumed under 'Others'.

compiled by human rights organisations such as INSEC (2017) along with frequent media reports on domestic violence and violence against women, including rape, murder and accusations of witchcraft, only a minuscule 5 per cent of the respondents overall, and 6 per cent of the women, thought these constituted major threats. Similarly, while a somewhat significant 18 per cent from Province 2 viewed ‘corruption and corrupt elites’ to be a security threat, the national average was only 8 per cent. The last is a noteworthy finding of SoNP 2017 in light of the fact that Nepal ranked 131st among 175 countries in the latest corruption perception index (TI 2017).

Violence

Since the country had suffered at the hands of both state and non-state parties during the Maoist insurgency, the experience appears to have led Nepalis to forswear violence (Table 5). While just 4 per cent Madhesi and 2 per cent non-Madhesi respondents agreed strongly with the proposition that the use of violence was justified in pursuit of noble goals, 40 and 55 per cent, respectively, strongly disagreed. On the proposition that violence is legitimate to secure equal rights for everyone, the responses from Madhesis were ranged equally along ‘somewhat agree’, ‘somewhat disagree’ and ‘strongly disagree’ with 28, 29 and 28 per cent, respectively, compared to 16, 28 and 46 per cent among non-Madhesis. The comparatively lenient attitude towards the use of violence among Madhesi respondents could be due to their long-held perception of discrimination from the state. Also noteworthy was the smaller proportion of 44 per cent Madhesis who strongly disagreed that the use of violence during elections is justified, as opposed to a high of 61 per cent non-Madhesis.

Participation

Local elections were finally held in 2017 and it was natural for people to be expectant about what local governments would be able to achieve. SoNP 2017 did not ask any questions about voters’ views of elections or about the actual process of elections, only if they had voted, whether they thought the polls were free and fair, and sought their views on how the elections would affect them. (Note: Since local

Table 5: On use of violence

| Proposition | Response | Nepal | Province | | | | | | | Ecological region | | | Pop group | |
|--|-------------------------------|-------|----------|----|----|----|----|----|----|-------------------|------|-------|-------------|---------|
| | | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Mountain | Hill | Tarai | Non-Madhesi | Madhesi |
| Using violence is legitimate when pursuing noble political goals such as ending tyranny | Agree strongly | 3 | 2 | 3 | 0 | 3 | 6 | 2 | 3 | 0 | 2 | 4 | 2 | 4 |
| | Agree somewhat | 10 | 11 | 9 | 4 | 14 | 15 | 3 | 16 | 9 | 8 | 12 | 9 | 13 |
| | Disagree somewhat | 32 | 30 | 38 | 32 | 38 | 27 | 37 | 24 | 47 | 32 | 30 | 31 | 35 |
| | Disagree strongly | 50 | 52 | 42 | 59 | 40 | 48 | 55 | 56 | 39 | 54 | 49 | 55 | 40 |
| | Refused to answer/ Don't know | 5 | 5 | 8 | 5 | 5 | 4 | 4 | 2 | 5 | 4 | 6 | 4 | 8 |
| Using violence is legitimate when securing equal rights for all citizens | Agree strongly | 8 | 11 | 7 | 2 | 8 | 10 | 4 | 15 | 10 | 7 | 8 | 8 | 8 |
| | Agree somewhat | 20 | 22 | 30 | 12 | 18 | 24 | 9 | 18 | 18 | 14 | 25 | 16 | 28 |
| | Disagree somewhat | 28 | 25 | 29 | 30 | 37 | 27 | 34 | 18 | 42 | 28 | 26 | 28 | 29 |
| | Disagree strongly | 40 | 38 | 28 | 51 | 34 | 37 | 50 | 47 | 27 | 47 | 36 | 45 | 28 |
| | Refused to answer/ Don't know | 4 | 4 | 6 | 4 | 3 | 3 | 3 | 2 | 4 | 3 | 5 | 3 | 6 |
| Using violence is legitimate to secure the victory of a political party during elections | Agree strongly | 2 | 2 | 2 | 1 | 3 | 5 | 1 | 0 | 0 | 2 | 2 | 2 | 3 |
| | Agree somewhat | 6 | 4 | 10 | 5 | 7 | 4 | 3 | 5 | 4 | 4 | 7 | 5 | 8 |
| | Disagree somewhat | 32 | 30 | 41 | 32 | 40 | 29 | 32 | 19 | 40 | 32 | 32 | 30 | 38 |
| | Disagree strongly | 56 | 60 | 40 | 58 | 47 | 58 | 61 | 74 | 53 | 59 | 54 | 61 | 44 |
| | Refused to answer/ Don't know | 4 | 4 | 7 | 5 | 3 | 4 | 2 | 1 | 3 | 3 | 5 | 3 | 7 |

Table 6: If local elections were free and fair

| | Nepal | Province | | | | | |
|-----------------------------|-------|----------|----|----|-----|----|----|
| | | 1 | 3 | 4 | 5 | 6 | 7 |
| Yes | 92 | 94 | 90 | 89 | 96 | 87 | 93 |
| Yes, but with violence | 1 | 1 | 2 | 1 | 0.3 | 1 | 1 |
| Yes, but with some problems | 2 | 2 | 5 | 2 | 1 | 2 | 2 |
| No | 1 | 1 | 1 | 3 | 0 | 3 | 1 |
| Don't know | 3 | 2 | 3 | 5 | 3 | 7 | 2 |

elections had not taken place in Province 2, disaggregation in terms of ecological region and population group has not been undertaken in this sub-section.)

In all the six provinces where local elections had taken place, more than 75 per cent of the respondents said they had voted, with the highest proportion being in Province 4 (88%). As for their views on whether the elections were free and fair, a majority (92%) replied positively, with not much variation across the provinces (Table 6).

Asked if they were satisfied with the election results, 89 per cent reported being either very or moderately happy compared to only 5 per cent who were not (Table 7). Only a few (2%) appeared to be indifferent to the results. That was the general view across the provinces, which is encouraging for institutionalising the democratic order and popular participation.

Asked about the perceived impact of local elections, 54 per cent of the respondents nationally were optimistic in stating it that 'will likely improve the quality of life' (Table 8). The one noticeable variation

Table 7: On local election results

| | Nepal | Province | | | | | |
|-----------------------|-------|----------|----|----|----|----|----|
| | | 1 | 3 | 4 | 5 | 6 | 7 |
| Yes, very happy | 37 | 47 | 25 | 34 | 37 | 52 | 40 |
| Yes, moderately happy | 52 | 47 | 63 | 55 | 54 | 34 | 50 |
| No, not happy | 5 | 3 | 7 | 5 | 4 | 8 | 5 |
| No, not happy at all | 1 | 1 | 1 | 1 | 1 | 2 | 2 |
| It doesn't matter | 2 | 0 | 3 | 5 | 3 | 2 | 2 |
| Don't know | 2 | 2 | 1 | 0 | 1 | 1 | 1 |

Note: 'Refused to answer' removed.

Table 8: Impact of local elections

| | Nepal | Province | | | | | | |
|--|-------|----------|----|----|----|----|-----|-----|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Will likely improve the quality of life | 54 | 68 | 50 | 40 | 64 | 50 | 67 | 53 |
| Will likely have no impact | 28 | 21 | 21 | 49 | 21 | 28 | 19 | 22 |
| Will likely decrease the quality of life | 1 | 0.4 | 2 | 1 | 1 | 1 | 0.4 | 0.3 |
| Don't know | 17 | 10 | 27 | 10 | 14 | 21 | 13 | 25 |

Note: 'Refused to answer' removed.

was evident in Province 3 where only a minority (40%) thought so. Respondents who said that the impact would be negative were negligible in number. However, a fairly high proportion said they did not know: 17.2 per cent nationwide, and 25 per cent in Province 7. A significant 28 per cent nationally said that the election was not likely to have any impact, a sentiment also echoed by nearly half the respondents (49%) from Province 3. While such a response can be viewed as driven by general scepticism, it could also be that the respondents were waiting to see how the local governments would perform before passing judgement.

Governance

Political dysfunctionalism has been the norm since the restoration of multiparty democracy in 1990. Despite popular mandates derived through periodic elections, none of the governments the country has witnessed – majority, minority or coalition – has been able to provide any sense of government, let alone governance. Although the parliamentary system has worked in favour of a two-party system, factionalism within parties has weakened the parties. Thus, political leaders have been forced to be on guard against each other rather than focus on governing. Governance has never been taken up as a serious agenda by the political leadership except while drafting election manifestoes. This scenario has continued even after the political change of 2006. In fact, the post-conflict state had become more anarchic as the politics of consensus took precedence over everything else.

The 2015 Constitution has provided for a three-tiered governance structures – at the central, provincial and local levels – a paradigm shift that transformed Nepal from a unitary state into a federal one. It has also included the provision of ‘proportionate inclusion’ in all agencies of the government, with guaranteed representation of 33 per cent women in the federal parliament and provincial assemblies, and at least 40 per cent in the municipalities. Taken together with quotas for different social groups in the federal and provincial legislatures, it has opened up participatory and representational avenues for all Nepali citizens to a large extent.

SoNP 2017 sought views on the new constitution in order to understand the mood regarding the political process (Table 9). A plurality (46%) of the respondents said that the constitution was a step forward compared to 9 per cent who suggested it is not. It was not surprising that the proportion of those who believed that the constitution was a step backward was higher among those from Province 2 (20%), in the Tarai (11%), and among Madhesi (12%) given the discontent among the latter with the Madhes-based parties even having boycotted the constitution-drafting process. A comparable high of 16 per cent of the respondents from Province 3 also thought the constitution was a step backward, and it was significant that a smaller proportion from

Table 9: Views about 2015 Constitution

| | Nepal | Province | | | | | | | Ecological region | | | Pop group | |
|------------------|-------|----------|----|----|----|----|----|----|-------------------|------|-------|-------------|---------|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Mountain | Hill | Tarai | Non-Madhesi | Madhesi |
| Step forward | 46 | 56 | 39 | 33 | 46 | 45 | 72 | 50 | 51 | 47 | 43 | 49 | 39 |
| Step back | 9 | 4 | 20 | 16 | 3 | 3 | 3 | 3 | 3 | 8 | 11 | 8 | 12 |
| Bit of both | 9 | 5 | 9 | 10 | 15 | 9 | 6 | 11 | 13 | 9 | 9 | 9 | 9 |
| Too soon to tell | 17 | 25 | 7 | 23 | 25 | 20 | 10 | 8 | 12 | 21 | 15 | 20 | 13 |
| Don't know | 19 | 10 | 24 | 19 | 11 | 23 | 9 | 28 | 21 | 15 | 21 | 15 | 26 |

Table 10: On changes brought about by 2015 Constitution

| | Nepal | Province | | | | | | | Ecological region | | | Pop group | |
|--|-------|----------|----|----|----|----|----|----|-------------------|------|-------|-------------|---------|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Mountain | Hill | Tarai | Non-Madhesi | Madhesi |
| Transition to secularism | 17 | 21 | 14 | 13 | 24 | 15 | 19 | 18 | 17 | 19 | 15 | 19 | 12 |
| New citizenship rules | 9 | 9 | 9 | 7 | 10 | 10 | 17 | 11 | 8 | 9 | 10 | 9 | 10 |
| Federalism/ change to seven provinces/local body restructuring | 40 | 40 | 38 | 37 | 40 | 40 | 59 | 39 | 33 | 44 | 38 | 43 | 35 |
| Proportional representation for the marginalised | 26 | 22 | 34 | 25 | 25 | 24 | 36 | 19 | 19 | 29 | 25 | 26 | 25 |
| Local elections | 42 | 40 | 17 | 46 | 53 | 52 | 65 | 39 | 54 | 52 | 32 | 48 | 28 |
| Fundamental rights for citizens | 14 | 12 | 15 | 13 | 21 | 11 | 21 | 10 | 12 | 17 | 12 | 15 | 11 |
| LGBTQI rights | 1 | 1 | 0 | 1 | 1 | 3 | 0 | 0 | 1 | 1 | 1 | 1 | 1 |
| Others | 4 | 3 | 5 | 4 | 4 | 6 | 5 | 2 | 2 | 3 | 5 | 4 | 6 |
| Don't Know | 26 | 25 | 27 | 34 | 16 | 22 | 9 | 32 | 28 | 23 | 27 | 24 | 29 |

Note: Multiple responses.

that province (33%) believed the constitution to be a step forward than those from Province 2 (39%).

Asked about changes brought about by the constitution, 42 per cent of the respondents pointed out local elections; 41 per cent said federalism; 26 per cent, proportional representation; and 17 per cent, secularism (Table 10). A considerably high proportion (26%) could not name anything.

With the introduction of federalism, 44 per cent of the respondents agreed that it would make life better for themselves and

Table 11: Impact of federalism on family and self

| | Nepal | Province | | | | | | | Ecological region | | | Pop group | |
|---------------------------|-------|----------|----|----|----|----|----|----|-------------------|------|-------|-------------|---------|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Mountain | Hill | Tarai | Non-Madhesi | Madhesi |
| Will lead to improvements | 44 | 48 | 49 | 33 | 45 | 38 | 66 | 51 | 51 | 45 | 43 | 45 | 43 |
| Will make things worse | 12 | 7 | 16 | 28 | 4 | 5 | 6 | 3 | 4 | 15 | 10 | 13 | 10 |
| Doesn't matter that much | 4 | 5 | 2 | 4 | 11 | 1 | 1 | 3 | 3 | 4 | 3 | 4 | 3 |
| Too soon to tell | 25 | 30 | 14 | 21 | 35 | 33 | 20 | 21 | 27 | 25 | 24 | 27 | 20 |
| Don't know | 15 | 11 | 18 | 14 | 6 | 23 | 7 | 21 | 14 | 10 | 19 | 11 | 24 |

their families while a full quarter said that it was yet too soon to tell (Table 11). Respondents from Province 6 were most optimistic (66%) about things becoming better compared to a dismal 33 per cent from Province 3. Interestingly, 28 per cent of the respondents from Province 3 said things will be worse, much higher than those even from Province 2 (16%).

With the Local Governance Operation Act (2017) defining the roles, responsibilities and authority of municipalities and rural municipalities, there are both challenges and opportunities for self-governance. Meeting public expectations on the delivery of service is how governance performance is measured. However, only 35 per cent of the respondents were of the view that the new local governments would have a better capacity to deliver, with fewer Madhesi respondents than non-Madhesi saying that would be the case (Table 12). Only in Province 6 did a majority agree that service delivery would be better.

Trust in government institutions

The electorate's views about state institutions reflect a clear trust deficit. Asked about the federal government and the federal parliament, a majority expressed only a moderate level of trust towards these institutions (Table 13). Nationally, just 7 per cent of the respondents said

Table 12: Capacity of local governments on service delivery

| | Nepal | Province | | | | | | | Ecological region | | | Pop group | |
|----------------------|-------|----------|----|----|----|----|----|----|-------------------|------|-------|-------------|---------|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Mountain | Hill | Tarai | Non-Madhese | Madhese |
| It is an improvement | 35 | 40 | 33 | 31 | 35 | 26 | 58 | 37 | 41 | 39 | 31 | 37 | 29 |
| It made it worse | 6 | 3 | 12 | 11 | 3 | 1 | 2 | 1 | 3 | 6 | 6 | 5 | 7 |
| Neither | 20 | 9 | 21 | 27 | 24 | 15 | 20 | 27 | 19 | 24 | 16 | 21 | 18 |
| Too soon to tell | 27 | 39 | 16 | 22 | 32 | 38 | 13 | 22 | 24 | 23 | 30 | 28 | 24 |
| Don't know | 13 | 10 | 18 | 9 | 6 | 19 | 8 | 14 | 13 | 8 | 17 | 9 | 21 |

they completely trusted the federal government and an even leaner 5 per cent, the federal parliament. Even more disquieting was the fact that around 30 per cent said they did not quite or at all trust either the government or the parliament. These are probably expressions of frustration among the people, reflecting their disillusionment over the functioning of the governments and the constituent assemblies-cum-legislature parliaments formed after the high expectations engendered by the success of the People's Movement of 2006. A majority of the respondents, however, had not given up totally on these institutions, with 57 per cent expressing a moderate level of trust in the government and a somewhat smaller 54 per cent in the federal parliament.

There are now 753 local government units in the country and it is at these institutions that citizens are in direct contact with elected representatives, particularly of their respective wards. Thus, the perception of common citizens about their interactions with them is crucial to understanding how this new arrangement is working. Complete trust in the ward chairperson was higher (21%) than in the municipal mayor (18%) and rural municipal chairperson (16%) (Table 14a). Only 9 per cent of the respondents said they fully trusted local political leaders, an indication that the political leadership had eroded their image

Table 13: Trust in government and parliament

| | Nepal | Province | | | | | | | Ecological region | | | Pop group | |
|--------------------|-------|----------|----|----|----|----|----|----|-------------------|------|-------|-------------|---------|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Mountain | Hill | Tarai | Non-Madhesi | Madhesi |
| | | | | | | | | | | | | | |
| Federal Government | | | | | | | | | | | | | |
| Fully trust | 7 | 4 | 8 | 2 | 5 | 10 | 14 | 13 | 10 | 6 | 8 | 6 | 9 |
| Moderately trust | 57 | 56 | 59 | 51 | 62 | 55 | 58 | 61 | 59 | 55 | 58 | 56 | 58 |
| Don't quite trust | 20 | 23 | 18 | 30 | 20 | 14 | 17 | 11 | 18 | 23 | 18 | 22 | 16 |
| Don't trust at all | 9 | 8 | 7 | 11 | 12 | 9 | 7 | 6 | 7 | 11 | 7 | 10 | 6 |
| Don't know | 7 | 8 | 8 | 6 | 2 | 12 | 4 | 9 | 7 | 5 | 10 | 6 | 11 |
| Federal Parliament | | | | | | | | | | | | | |
| Fully trust | 5 | 3 | 6 | 1 | 4 | 6 | 9 | 8 | 7 | 4 | 5 | 4 | 6 |
| Moderately trust | 54 | 57 | 53 | 42 | 60 | 55 | 59 | 63 | 56 | 51 | 56 | 53 | 56 |
| Don't quite trust | 21 | 23 | 18 | 33 | 19 | 15 | 20 | 13 | 21 | 25 | 18 | 23 | 16 |
| Don't trust at all | 9 | 8 | 7 | 11 | 13 | 9 | 8 | 7 | 7 | 12 | 7 | 10 | 6 |
| Not applicable | 3 | 0.1 | 8 | 5 | 0 | 2 | 1 | 0 | 0 | 2 | 4 | 2 | 4 |
| Don't know | 8 | 8 | 8 | 8 | 3 | 13 | 4 | 10 | 10 | 6 | 10 | 7 | 12 |

Note: 'Not applicable' for federal government removed.

down to the grassroots. Having said that, these same leaders retained a moderate level of trust of 61 per cent of the respondents even though complete trust was also the lowest towards them, at 8 per cent.

Disaggregated data on complete trust of local government institutions and political leaders showed it to be the lowest in Province 2, the Tarai and among Madhesis across the board (Table 14b). It should be kept in mind that elections to the local bodies had not yet taken place at the time of the survey in Province 2, which constitute only eight of the 20 Tarai districts but is home to a large proportion of Madhesis (with 85% of the provincial population being Madhesi). Hence, the responses from Province 2 probably reflect respondents' views about whoever they thought would be elected to those offices or an expression of their past experience.

Table 14a: Trust in local government

| | Fully trust | Moderately trust | Don't quite trust | Don't trust at all |
|-----------------------------------|-------------|------------------|-------------------|--------------------|
| Municipal/Rural municipal council | 16 | 66 | 9 | 3 |
| Mayor/Rural municipality chair | 18 | 51 | 7 | 3 |
| Ward chair | 21 | 52 | 6 | 2 |
| Ward citizen's forum | 11 | 58 | 13 | 3 |
| Local political leaders | 9 | 61 | 19 | 8 |

Political parties are considered to be the vehicle of democracy. Yet, they are also accused of being self-centred power mongers, corrupt and untrustworthy, and their failure to deliver public goods has mired the entire democratic political process. It is thus not surprising that public perception of political parties has never been altogether positive in Nepal. Numerous opinion polls have shown political parties in a poor light. Even in one the earliest of its kind, 88 per cent of the respon-

Table 14b: Complete trust in local government

| | Nepal | Province | | | | | | | Ecological region | | | Pop group | |
|-----------------------------------|-------|----------|---|----|----|----|----|----|-------------------|------|-------|-------------|---------|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Mountain | Hill | Tarai | Non-Madhesi | Madhesi |
| Municipal/Rural municipal council | 16 | 19 | 6 | 13 | 23 | 16 | 24 | 26 | 29 | 19 | 12 | 18 | 12 |
| Mayor/Rural municipality chair | 18 | 22 | 0 | 15 | 28 | 21 | 28 | 32 | 37 | 23 | 12 | 22 | 10 |
| Ward chair | 21 | 23 | 1 | 19 | 36 | 22 | 31 | 36 | 40 | 28 | 13 | 26 | 10 |
| Ward citizen's forum | 11 | 17 | 3 | 10 | 15 | 11 | 11 | 10 | 26 | 12 | 8 | 12 | 7 |
| Local political leaders | 9 | 14 | 4 | 8 | 13 | 10 | 11 | 10 | 23 | 10 | 7 | 11 | 7 |

Table 15: Trust in political parties

| | Nepal | Province | | | | | | | Ecological region | | | Pop group | |
|--------------------|-------|----------|----|----|-----|----|----|----|-------------------|------|-------|-------------|---------|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Mountain | Hill | Tarai | Non-Madhesi | Madhesi |
| Fully trust | 7 | 10 | 4 | 6 | 7 | 10 | 9 | 6 | 15 | 7 | 7 | 8 | 6 |
| Moderately trust | 57 | 67 | 54 | 48 | 59 | 50 | 70 | 67 | 57 | 56 | 58 | 58 | 54 |
| Don't quite trust | 24 | 15 | 28 | 34 | 22 | 24 | 14 | 14 | 21 | 26 | 22 | 23 | 24 |
| Don't trust at all | 10 | 6 | 12 | 10 | 12 | 14 | 6 | 10 | 5 | 10 | 12 | 10 | 12 |
| Don't know | 2 | 1 | 2 | 2 | 0.2 | 2 | 1 | 2 | 1 | 1 | 2 | 0 | 0 |

Note: 'Not applicable' and 'Refused to answer' removed.

dents expressed disgruntlement with the political parties (Khanal et al 1996). The 2011 IDA survey had found political parties regarded with the lowest levels of public trust among several other institutions and organisations (IDA 2011). A poll in 2018 showed that only 10 per cent of respondents fully trusted the political parties (Bohara 2018). In SoNP 2017, only 7 per cent said they trusted the political parties completely, while a higher 10 per cent said they did not trust the parties at all.

The judiciary

The principle of separation of powers in a liberal democratic order means that the highest faith among the people should be commanded by the judiciary. The delivery of impartial justice to the people is the main function of this apex institution while protecting and preserving the fundamental rights of the people provided by the constitution are other important roles of the judiciary. It is an independent judiciary that distinguishes democracies governed by the rule of law from other regimes. But, the judiciary in Nepal has also been tainted due to many controversial decisions, and the general perception among the people that the judiciary is corrupt, driven by political interests, and manipulated by money power has tarnished its image. And, although in a democracy no institution is above the constitution, the court has a

powerful weapon in the concept of ‘contempt of court’, which has been wielded quite readily in Nepal to shield itself from public opprobrium.

According to SoNP 2017, nationally, 24 per cent of the respondents evinced full trust in the justice system (Table 16). There were notable variations among the provinces with 34 per cent from Province 7 expressing full trust compared to only 19 per cent in Provinces 1 and 2. Likewise, respondents from the mountain region expressed full trust at almost twice the rate (38%) than those from the Tarai (20%).

Security sector

Though the provision of public safety and security are among the first of the state’s essential services, the police in Nepal has been found wanting. The police are mostly seen as insensitive, inefficient and corrupt. Even though the majority of the low-ranking officials hail from a similar socio-economic background they treat their poor compatriots not with humility but very unfairly (IDA 2010). Such a public perception has led victims and victims’ families to hesitate in seeking help from the police since they believe they will not have equal access to police protection. In particular, a majority of the poor, Dalits and women feel they do not have access to police service (USIP 2011). Despite this, SoNP 2017 showed that trust in the police is high,

Table 16: Trust in the courts

| | Nepal | Province | | | | | | | Ecological region | | | Pop group | |
|--------------------|-------|----------|----|----|----|----|----|----|-------------------|------|-------|-------------|---------|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Mountain | Hill | Tarai | Non-Madhesi | Madhesi |
| Fully trust | 24 | 19 | 19 | 22 | 25 | 26 | 31 | 34 | 38 | 26 | 20 | 26 | 20 |
| Moderately trust | 59 | 61 | 63 | 58 | 61 | 57 | 50 | 56 | 47 | 56 | 63 | 58 | 62 |
| Don't quite trust | 9 | 9 | 12 | 14 | 7 | 6 | 7 | 4 | 8 | 10 | 9 | 9 | 10 |
| Don't trust at all | 3 | 2 | 2 | 3 | 2 | 4 | 3 | 2 | 2 | 3 | 3 | 3 | 3 |
| Not applicable | 1 | 1 | 1 | 1 | 2 | 1 | 5 | 0 | – | 2 | 1 | 1 | 1 |
| Don't know | 4 | 8 | 3 | 2 | 3 | 5 | 5 | 3 | 5 | 3 | 5 | 4 | 5 |

Note: ‘Not applicable’ and ‘Refused to answer’ removed.

with nearly 90 per cent of the respondents saying they trust the police either fully or to some extent, figures that extend to the armed police as well as the army (Table 17). Given that Madhesis have always complained about the discriminatory behaviour towards them by the state security apparatus, it is no surprise that complete trust in these institutions is the lowest among Madhesis, and among those living in Province 2 and the Tarai (with the exception of the army about which respondents from Province 2 expressed higher levels of trust than those living in Province 1).

Media and nongovernmental sectors

The media has played a pivotal role in Nepal's political evolution. Having entered the period of professionalism after 1990, the press has been able to project itself as the vanguard of democracy by protecting the fundamental right of the people to freedom of expression in times of violence as well as peace. Thus, public trust in the media – radio, television and newspaper – is higher compared to the political parties, the judiciary and the security forces (Table 18a). Among other non-government entities respondents were asked about, a comparable level was trust was mentioned about community-based organisations (CBOs) such as women's groups and savings and credit groups, which is understandable since these organisations work most closely with people at the grassroots on an everyday basis.

Disaggregation of the level of complete trust along the three domains of analysis show some variations (Table 18b). While complete trust in the media and CBOs is comparatively quite high, it is noteworthy that both NGOs/human rights defenders and ethnic or sectarian organisations do relatively badly, with only 6 per cent of the respondents from Province 3 expressing full trust in NGOs/human rights defenders.

Some Observations

The data from SoNP 2017 contributes significantly to understanding public perceptions on political developments in Nepal. This chapter has dealt with the survey findings that deal with political developments rather than socio-economic and political problems like corruption, economic development and unemployment. Thus, its focus has been

Table 17: Trust in security agencies

| | Nepal | Province | | | | | | | Ecological region | | | Pop group | |
|--------------------|-------|----------|-----|----|----|----|----|----|-------------------|------|-------|-------------|---------|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Mountain | Hill | Tarai | Non-Madhesi | Madhesi |
| Police | | | | | | | | | | | | | |
| Fully trust | 25 | 21 | 17 | 23 | 27 | 26 | 32 | 36 | 43 | 28 | 19 | 27 | 19 |
| Moderately trust | 62 | 63 | 70 | 58 | 66 | 61 | 59 | 53 | 46 | 58 | 67 | 60 | 67 |
| Don't quite trust | 10 | 12 | 10 | 15 | 5 | 7 | 5 | 6 | 8 | 10 | 9 | 10 | 10 |
| Don't trust at all | 3 | 2 | 2 | 2 | 1 | 5 | 2 | 3 | 2 | 2 | 3 | 3 | 3 |
| Don't know | 1 | 2 | 0.4 | 1 | 1 | 0 | 1 | 2 | 1 | 1 | 1 | 1 | 1 |
| Armed Police | | | | | | | | | | | | | |
| Fully trust | 24 | 21 | 21 | 25 | 24 | 26 | 30 | 24 | 38 | 26 | 20 | 26 | 20 |
| Moderately trust | 62 | 64 | 68 | 57 | 63 | 61 | 57 | 62 | 47 | 58 | 67 | 60 | 67 |
| Don't quite trust | 9 | 10 | 7 | 13 | 7 | 7 | 7 | 5 | 9 | 10 | 7 | 9 | 8 |
| Don't trust at all | 3 | 2 | 1 | 3 | 1 | 5 | 2 | 6 | 5 | 3 | 3 | 3 | 2 |
| Don't know | 2 | 3 | 2 | 1 | 5 | 1 | 3 | 2 | 1 | 2 | 2 | 2 | 3 |
| Army | | | | | | | | | | | | | |
| Fully trust | 29 | 22 | 26 | 33 | 30 | 30 | 31 | 32 | 43 | 32 | 25 | 31 | 25 |
| Moderately trust | 59 | 64 | 64 | 53 | 60 | 59 | 58 | 55 | 44 | 55 | 64 | 57 | 64 |
| Don't quite trust | 7 | 9 | 7 | 9 | 4 | 6 | 6 | 4 | 7 | 8 | 6 | 7 | 7 |
| Don't trust at all | 2 | 2 | 1 | 3 | 0 | 4 | 1 | 6 | 5 | 2 | 2 | 3 | 2 |
| Don't know | 2 | 3 | 1 | 2 | 5 | 1 | 3 | 2 | 1 | 2 | 2 | 2 | 2 |

Note: 'Not applicable' removed.

limited to an analysis of the structural dimensions of the national polity.

The most significant finding of the survey is about what the public thinks about where the country is headed. The absence of riots, bandhs, trade union movements, political protests and violence leading up to

Table 18a: Trust in media and nongovernmental sectors

| | Fully trust | Moderately trust | Don't quite trust | Don't trust at all |
|--|-------------|------------------|-------------------|--------------------|
| Media (TV, radio, newspapers) | 30 | 63 | 6 | 1 |
| NGOs/Human rights defenders | 13 | 66 | 11 | 2 |
| Religious/Caste- or ethnicity-based organisations | 14 | 63 | 13 | 4 |
| Community-based organisations (CBOs)/ Women's groups/Savings & credit groups | 26 | 66 | 5 | 1 |

the survey could have influenced the general mood. But, it is equally significant that respondents were more confident about their personal safety and security. This is definitely a dramatic change experienced by people who have witnessed armed conflict and violence for more than a decade. Freedom of speech and expression and press freedom also

Table 18b: Complete trust in media and nongovernmental sectors

| | Nepal | Province | | | | | | | Ecological region | | | Pop group | |
|---|-------|----------|----|----|----|----|----|----|-------------------|------|-------|-------------|---------|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Mountain | Hill | Tarai | Non-Madhesi | Madhesi |
| Media (TV, radio, newspapers) | 30 | 29 | 27 | 25 | 31 | 30 | 39 | 38 | 42 | 32 | 26 | 31 | 26 |
| NGOs/Human rights defenders | 13 | 14 | 12 | 6 | 14 | 18 | 11 | 16 | 13 | 12 | 13 | 12 | 13 |
| Religious/Caste- or ethnicity-based organisations | 14 | 12 | 11 | 15 | 20 | 18 | 9 | 8 | 7 | 17 | 12 | 14 | 12 |
| Community-based organisations (CBOs)/Women's groups/Savings & credit groups | 26 | 26 | 19 | 31 | 30 | 31 | 30 | 19 | 30 | 32 | 22 | 29 | 21 |

remain unimpaired despite occasional attempts to stifle them as when national emergencies were declared twice in the early 2000s. But, in other governance attributes such as effectiveness of government, rule of law, regulatory capacity, and control of corruption, the situation is far from desirous. This was obviously evident in the respondents' relatively low levels of trust in various government agencies.

A crucial question related to the governance is the corruption that has mired government agencies for long. The impact of corruption in national life and the failure of the corruption prevention mechanisms are facts not hidden from the people. But, there was no reference to this malaise in the survey. Similarly, given that the welfare of the people is an integral part of governance, it is jarring that no inquiry was made into the employment status of respondents or of their views on the country's developmental situation. State institutions and their functions merit scrutiny in their own respect, but the quality of governance is based on people's perception of the government's performances as well, another aspect that was missing from SoNP 2017.

In the systemic context, proportional representation is meant for those from marginalised and backward communities not in a position to contest elections independently or fight for party positions. But, the concept of proportionate representation has been distorted by the political parties, a fact that is evident by the nomination of multimillionaires under various reserved categories. This signifies the extent to which the state is prone to capture by power elites and private interests. Likewise, in almost all cases, women were denied the opportunity to contest for the top executive posts in local governments and provincial assemblies. Thus, women were confined to being deputy mayors and vice-chairperson of municipalities and rural municipalities, and deputy speakers in all the seven provincial assemblies and the two houses of the federal parliament. However, given the country's past history and the fact that Nepal is just beginning its journey towards an inclusive, federal state, the achievements so far in terms of ethnic and gender representation should definitely be taken as a laudable move towards further liberalisation of the national polity.³

3 Dhruba Simkhada and Rajesh Mishra, 'Indreni pradesh sabha,' *Kantipur*, 17 February 2018.

One significant aspect of the SoNP 2017 data is the positive public view of the 2015 Constitution and federalism, and on the 2017 elections. A significant proportion of the population has expressed a generous attitude towards the future political process. The political leadership and the parties need to be aware of this public sentiment since it is the same people who have expressed very low levels of trust in all institutions of government as well as political parties, a direct outcome of citizens' experience of nearly three decades of party politics after 1990. This is thus the defining moment for the political leadership and their parties to seriously interrogate their role in the political process and come up with new initiatives in the days ahead to win back public trust.

State-Society Covenant at the Subnational Level

Krishna Khanal

The Maoist insurgency, which had shaken Nepali society to its core, was followed by the mass uprising of April 2006 unleashing a strength decisive enough to bid farewell to the monarchy. Then came the Madhes Movement of January 2007 that speeded up the federalisation of the country. Together, these two events rendered redundant the understanding of the Kathmandu-based political elite about the state as well as democracy as state restructuring came to the fore as the country's major agenda.

Following the Constituent Assembly (CA) elections of March 2008, Kathmandu-centric politics witnessed a new class of, mostly rural, non-elites enter the mainstream political domain, heralding a fresh beginning that was expected to reflect a closer dynamic between politics and governance. The enthusiasm did not last all too long since the drawn-out transition and constitution-making process succeeded in diluting that original spirit. The 2015 Constitution of Nepal did, however, formally shift the country from a centralised and unitary structure of governance to a multi-tiered federalised system, marking a fundamental departure from the past. For, although local governance has a long history in Nepal, the new constitutional arrangements provided extensive autonomy to local government units, complete with legislative and executive powers, and transferred many of the central government's functions performed at the district level.

Federal, provincial and local governments, with their respec-

tive jurisdictions are now operating in the country. The structure, functions and powers of each level are codified in the constitution and cannot be altered easily, requiring the approval of a two-third majority in both houses of the federal parliament. And, since members of the provincial assemblies and the heads and deputy heads of local governments constitute the electorate for the National Assembly, the upper house of the federal parliament, in principle, that provides local representatives with an opportunity to lobby for and consolidate their interests in the national legislative process.

Elections were held in 2017 to the subnational levels of government consisting of seven provinces and 753 local governments. With that, Nepal brought an end to the political transition and can fairly be said to have entered into a full-fledged constitutional regime. It is now up to the political leadership to translate their promises into action and meet the people's expectations of receiving government services at their doorstep.

This article focuses on local government in the backdrop of this heightened expectations of the people, i.e., from the perspective of the state-society covenant. What constitutes such an agreement? Does it even exist or have any meaningful linkage with the system of governance? There is a lack of information on how societal feedback is undertaken and reflected in the governance system of Nepal. Various interest groups articulate their voices but there exists no clear mechanism to trace how these articulations enter into the policy process. In such a context, conceptualising the state-society covenant itself has several limitations. But, for the purpose of this piece two major perspectives have been taken into consideration. With regard to the state, it has examined constitutional provisions and subsequent legislations; formal government policies and programmes; and election manifestos of political parties. As for views from society at large, it has analysed opinion polls, media reporting, op-eds, and so on.

Surveys seeking to understand public opinion have been a somewhat regular feature since the restoration of democracy in 1990. 'Nepalese Voter' (POLSAN 1991) is the first opinion poll in Nepal's recent history. Since then, surveys have been conducted by many professional groups

(SEARCH 1994, Khanal et al 1996, Hachhethu 2004, Sharma and Sen 2006, Sharma and Sen 2008, Hachhethu 2008, Hachhethu 2013). These surveys have focused mostly on the national political situation and other issues facing the country with only occasional references to matters related to local governance.

This article considers the findings from the survey conducted by the Nepal Centre for Contemporary Studies (NCCS 2017) in conjunction with A Survey of the Nepali People in 2017 (SoNP 2017) (TAF 2017) in order to understand what a 'state-society covenant' means for Nepal. It begins with a historical perspective on the tradition of local governance in Nepal to assess how it has been evolved over successive regimes. Finally, it attempts to project how the current local governance scheme under the new structural and functional dispensation has evolved and the constraints it has faced so far.

Historical Background of Local Government

As everywhere in the world, the tradition of community governance has existed in Nepal since the very dawn of history. In a country very diverse in terms of ethnic composition and cultural traditions, many communities have seen the evolution of their own traditions of community governance, some of which continue till today. Such forms of governance, however, are limited to maintaining social norms, cultural practices, settling disputes, taking care of community practices and relationships, etc. The institutions of local self-governance in the modern legal and formal sense, on the other hand, are part of an integrated structure of the state and apply to all communities, and as such are considered to be neutral.

The *panchali* under the Lichchhavi regime as early as the 6th century is considered the most ancient institution of local governance in Nepal, later evolving as panchayats in the mediaeval and succeeding periods (Vajracharya 1996, Regmi 1979). In the 1920s, the Rana regime had taken some initiatives that took the form of municipalities and panchayats in urban and rural areas, respectively. This system was later extended to other parts of the country, in the hills as well as the Tarai, resulting in more than 100 panchayat institutions (LDTA 2002). The Village Panchayat Act and Village Adalat

[Court] Act were enacted in 1949 and the Municipality Act in 1950, allowing for the election of representatives at those levels (Dhungel et al 2060 BS).

After the overthrow of the Rana family regime and introduction of democracy in 1951 these acts were revised to be attuned with the spirit of democracy. A scheme of rural development known as the Tribhuvan Village Development Programme was introduced in 1952. But, local government institutions did not take shape and neither were elections held. Under the Panchayat System (1960-1990), a two-tier structure, district panchayat in the districts and village/town panchayats below it, were established as local government institutions and elections held periodically. Efforts were made to empower them through power decentralisation under various schemes from 1963 till the early 1980s, when the Decentralisation Act (1982) was introduced in a landmark development that institutionalised decentralised local governance.

These Panchayat experiments, however, suffered due to the authoritarian foundations of monarchical politics. The heavily centralised polity meant that the bureaucracy continued to prevail over elected representatives. Thus, district panchayats, conceived as the mainstay of the decentralisation scheme, always functioned under the shadow of central government agents – the zonal commissioner and the chief district officer (CDO).

The restoration of democracy in 1990 did not change much in the local government structure or the decentralisation scheme. Village/town panchayats and district panchayats were simply renamed village development committee (VDC)/municipality and district development committee (DDC) without any modification in terms of structure or functions. However, the Eighth Five-Year Plan (1992-97) did mention decentralisation as the basis for ‘empowering the village and towns, not the centre’ in order to give ‘freedom of operation’ to local bodies (NPC 1992). The government directed donor agencies and NGOs to coordinate their assistance with district plans while the democratic atmosphere encouraged development partners to engage in local development projects (Martinussen 1993). The Ninth Five-Year Plan (1997-2002) further stressed ‘limiting the role of government as a facil-

erator' and making local self-governance 'strong, people-oriented and fully responsible for the local development' (NPC 1998).

There were other significant moves aimed at strengthening local government over the years. As the term of the local bodies elected in 1992 came to a close, a High-Level Decentralisation Coordination Committee (HLDCC) was formed in 1997 under the prime minister. The HLDCC provided substantial recommendations on transferring political, administrative and judicial powers as well as resources to the local bodies (HLDCC 2053 BS). That same year the government issued an ordinance revising the structure of VDCs and municipalities which included the mandatory election of at least one woman in each ward and nomination of additional women in village and municipal councils. Consequently, the new elections saw a significant increase in the representation of women in local governance.

In the same spirit, the Local Self-Governance Act (LSGA) was passed in 1999, vesting more power and authority in local government institutions. The government also formed the Local Body Fiscal Commission, which, for the first time, came up with a detailed report on the financial and resource situation of local bodies. The Commission gave recommendations on expanding the areas of taxation, on revenue sharing, and on provisions for central grants (HMG 2057 BS).

Taken together, these steps constituted a serious attempt to move towards decentralised governance and a substantive basis for grass-roots democracy by ensuring devolution of power, participatory planning, community and private sector involvement, accountability, and public service delivery. Unfortunately, the LSGA could not institutionalise the essence of its content, and local governments remained heavily dependent on guidance from the central government through the Ministry of Local Development. Officials such as the local development officer (LDO) in DDCs and executive officer (EO) in municipalities continued to wield authority over local development issues and priorities. The central bureaucracy was thus the key factor preventing local accountability and ownership from taking strong root (TAF and ESP 2012).

The newly elected governments also faced serious threats from the Maoists insurgency, which had begun targeting local political workers,

including people's representatives (Thapa with Sijapati 2003). The end of tenure of the local bodies in 2002 coincided with the derailment of democracy in the country due to the monarchy's assertive role while the Maoists increasingly took over government functions, including declaring parallel governments at the local level after 2004 (Khanal 2006). The Maoist conflict also seriously affected the local governance system, leading to the withdrawal of many government institutions such as VDC offices from remote areas to the district headquarters or other relatively safer locations.

The political vacuum created by the absence of elected local governments prevailed for more than 15 years. Several makeshift arrangements were introduced between 2002 and 2017, namely, politically nominated authorities, all-party mechanisms, and granting charge to civil service personnel. After the peace process began in 2006, the government and international development partners formulated a comprehensive project called the Local Governance and Community Development Programme (LGCDP) aimed at bridging the gap of elected representation and enhancing community participation (MoLD 2008). LGCDP succeeded in mobilising citizens through such semi-formal platforms like ward citizens' forums and citizens' awareness centres in all DDCs, municipalities and VDCs. More than 40,000 such citizen-centric institutions were created and mobilised between 2008 and 2017 (MoFALD 2017). But, these initiatives were designed to enhance service delivery to the local people and did not constitute a governance system per se.

Local Government under the 2015 Constitution

Local self-governance in democracy has two major features. First, it brings democracy closer to citizens since they find their representatives in the neighbourhood and also share a lot of commonalities with them. This physical and emotional proximity provides elements of direct democracy. Second, it provides greater space to civil society, citizens groups, NGOs and the private sector in local development processes. But, chances of jurisdictional overlaps and conflicts, particularly with the provincial level, are also high in a federal system.

In older federations, local governments were generally placed under the jurisdiction of provinces but recent decades have seen a move towards establishing local governments as the ‘third order of the federal structure’, with federal funds flowing directly to the local units (Kincaid and Chattopadhyay 2008). The 2015 Constitution of Nepal has followed this trend in recognising local governments as a distinct third tier of governance.

The structure of local government outlined in the constitution provides for: *nagarpalika* (municipality) in urban areas and *gaunpalika*¹ (rural municipality) in the rural areas along with ‘special’, ‘protected’ or ‘autonomous’ regions for the socio-cultural protection or economic development of marginalised communities. In keeping with the constitutional provision (Article 295.3), the government formed the Local Level Restructuring Commission in February 2016 with a year-long tenure to determine the number and boundaries of local government bodies, including special, protected and autonomous regions. The Commission recommended a massive restructuring of local governments but did not touch upon the special structures on the grounds that it did not have enough time. The Commission’s report to the government in January 2017 recommended a total of 719 local government institutions – 257 municipalities and 462 village municipalities. The government later added 34 more units, taking the number to 753 (293 municipalities and 460 village municipalities), as part of a political deal to ensure that all the major political parties participated in the local elections.

The restructuring drastically reduced the number of local government (LG) units from the erstwhile 3374. These LG units are divided into wards, ranging from five to 33 in number, depending on population and size. There are thus 6743 wards (3527 in municipalities and 3216 in rural municipalities) forming the lowest unit of governance and service delivery. The municipalities are further classified as

1 *Nagarpalika* is generally understood as ‘municipality’. Although there is no specific English term for *gaunpalika*, the government has begun using ‘rural municipality’. The English version of the Constitution published by the Government mentions ‘village institution’ in one place and ‘village body’ in another (GoN 2015), neither of which connotes the exact meaning.

metropolitan cities, sub-metropolitan cities and municipalities on the basis of population, level of development and available facilities. Accordingly, there are six metropolitan cities, 11 sub-metropolises, and the remaining 276 are municipalities (MoFALD 2074 BS).

Each LG unit elects a local legislature known as the municipal/rural municipal assembly for a period of five years. The assembly consists of the mayor and deputy mayor/chairperson and vice-chairperson along with the chairpersons and members of all the ward committees in the LG unit. Each ward committee itself has five elected members, consisting of the ward chairperson, and four members. Two of the ward members are women, of whom one is a Dalit woman.

LGs consist of an executive headed by a mayor in municipalities and a chairperson in rural municipalities, supported respectively by a deputy mayor and vice-chairperson. The rest of the municipal executive consists of all the ward chairs, five women elected by the municipal assembly from among their women members, and three others elected by the municipal assembly from among Dalits or minority groups identified through government notification. In the rural municipal executive, the rural municipal assembly elects four women members from among themselves along with two Dalits or members of minority groups.

Powers and functions of local governments

LGs exercise the power to legislate and execute functions as listed in Schedules 8 and 9 of the constitution. Schedule 8 is the exclusive jurisdiction of LGs while Schedule 9 deals with ones concurrent among the federal, provincial and local governments. There are 22 subjects listed in Schedule 8, covering local-level developments plans and projects, school education, basic health and sanitation, local roads, agriculture and irrigation, protection of the environment and watersheds, management of cooperatives, disaster management, etc. Municipal councils have the power to draft legislation on these subjects provided they do not conflict with federal and provincial laws. They have the power to levy taxes on wealth, house rent, land and building registration, vehicle tax, land tax, entertainment tax, tourism fee, service

charge, etc. The concurrent list in Schedule 9 provides 15 subjects such as cooperatives, education, health, agriculture, electricity, water supply, sharing of royalty from natural resources, etc. There appear to be many overlapping areas of jurisdictions but that is only because there needs to be a certain level of commonality and standards to be maintained across the three tiers.

Local governments operation and functional transfer

The federal parliament has passed a number of laws necessary for LGs to operate and also to ensure the transfer of functions as prescribed by the constitution. The most important of these are discussed below.

- The Local Government Operation Act 2017 (LGOA)² is a comprehensive law that stresses distributing the benefits of democracy in an inclusive, proportionate and just manner while also developing local leadership. It details the functions, powers, roles and responsibilities of LG institutions in order to enable them to exercise the rights granted to them in Schedules 8 and 9 of the constitution. It also outlines the roles and responsibilities of all the elected LG officials while also transferring all district-level offices and functions to LGs as mentioned in Schedule 8.
- The Inter-Government Fiscal Management Act³ determines the fiscal activities to be shared among the three tiers of government.
 - It classifies the revenue types to be collected by each level; the ratio of revenue distribution from the federal to the provincial and the local, and from the provincial to the local; and the types of grants to be distributed to the provincial and local levels – financial equalisation, conditional, supplementary, and special.⁴

2 'Sthaniya Sarkar Sanchalan Ain, 2017', www.lawcommission.gov.np.

3 'Antar-Sarkari Bitta Byabasthapan Ain, 2017', www.lawcommission.gov.np.

4 Financial equalisation grants are meant to bridge the gap between the expenditure needs and the potential to generate revenue by provincial and local governments; conditional grants are awarded to implement projects of the federal, state or local governments in accordance with national policies and programmes; supplementary grants are meant provide extra resources required to implement projects related to infrastructure development; and special grants focus on specific projects.

- The federal government is to collect revenue through value added tax (VAT) and excise duty on internal production and distribute it among the federal, provincial and local levels at the ratio 70:15:15, and likewise with royalties earned from natural resources at 50:25:25. The funds are to be distributed to provincial and local governments on a monthly basis.
- The Act grants only the federal government with the authority to receive foreign assistance. But, the federal government can provide permission to provinces and LGs to borrow from foreign sources provided repayment is their own responsibility.
- The National Natural Resource and Finance Commission Act⁵ guides the constitutionally mandated National Natural Resource and Finance Commission to determine the modalities of revenue distribution among the three tiers of government, and make recommendations on equalisation grants to be provided to provinces and LGs. The Commission can also determine the modality for revenue distribution between the provinces and LGs.
- The Administrative Personnel Adjustment Act⁶ deals with the assignment of personnel on local and provincial administrative duty. It enables the federal government to depute any administrative personnel to the lower levels as per need. This though is only an interim measure since the constitution provides for separate cadres of civil servants for the provinces.

Functional transfer

As per the provisions of the constitution, many functions performed by the central government through district-based line agencies are to be transferred to LGs. The new arrangement does not provide any role for district agencies in governance and development although a district coordination committee (DCC) has been given some limited coordination authority at the district level.

5 'Rashtriya Prakritik Shrot tatha Bittaya Ayog Ain, 2074', www.lawcommission.gov.np.

6 'Prashasanik Karmachari Samayojan Ain, 2074', www.lawcommission.gov.np

Inter-governmental relations

During the constitution-drafting process there were apprehensions whether the new structure, especially federalism, would be able to maintain harmony among various levels of governance. Questions were raised about the free flow of people and goods across provinces. However, as the constitution has envisaged it, the federal system in Nepal is based on the principle of 'cooperation, coexistence and coordination' between and among all the levels of government. Equal treatment, facilities and security of citizens, irrespective of their province of origin or residence, are guaranteed together with uninterrupted flow of supplies and inter-provincial trade. The federal parliament can draft laws to maintain coordination between and among the centre, the provinces and LGs, and the federal council of ministers can issue directives on matters of national importance that would be binding on the provinces as well as LGs. Further, the federal government can also suspend or dissolve both the provincial government and provincial assembly for flouting constitutional provisions. Such actions cannot be arbitrary though and are subject to ratification by a two-third majority of the federal parliament within 35 days.

The constitution has provisioned for an Inter-State Council (ISC) headed by the prime minister, with the federal home minister, the federal finance minister and chief ministers of the provinces as members in order to settle disputes that may arise between the centre and provinces and among provinces. Likewise, the LGOA provides for the formation of the Province Coordination Council (PCC) in each province headed by the provincial chief minister and the heads and the deputy heads of all the LGs as members. The function of the PCC is to help ensure consistency in policy among LGs, facilitate the exercise of rights concurrent to the province and LGs, and provide LGs with strategic partnership during planning, among others. The final authority to settle all disputes between and among the centre, provinces and LGs lies with the Constitutional Bench of the Supreme Court.

The constitutional arrangements and the legislation enacted to manage sub-national governance appear to favour a very centralised structure. Despite enumerated jurisdictions and grant of autonomy, both provinces and LGs are required to comply with and follow

federal directives. The fiscal basis of sub-national government, which is key to autonomy at the provincial and local levels, is very weak and heavily reliant on central grants. Since the country has only just begun its journey on federalism, much will depend on how federal practices evolve in days to come.

Elections and Political Parties' Promises

Elections for LG units were held in three stages, in May, June and September of 2017. The first phase of elections was held in Provinces 3, 4 and 6, all of which are based exclusively in the hills (with the exception of Province 3 in which the district of Chitwan is geographically in the Tarai but politically with the hills due to its heavily non-Madhesi population). Many parts of the Tarai had been in agitation ever since the new constitution was enacted since the Madhes-based parties believed it did not accommodate the concerns of Madhesis, particularly over the demarcation of provincial boundaries, and had threatened to boycott the polls if conducted without meeting their concerns. The government's strategy seemed to be to hold elections wherever possible even as it tried to take the Madhes-based parties into confidence. The latter did not participate in the first phase of elections. In the second phase, elections were held in Provinces 1, 5 and 7, which included a good number of Tarai districts, in fact, more than the eight in the exclusively Tarai-based Province 2. The Sanghiya Samajbadi Forum Nepal (SSFN), a major Madhes-centric party took part in that phase even as the other major Tarai-based force, the Rastriya Janata Party Nepal (RJPN), did not. With elections held smoothly in all the other six provinces and with a high voter turnout, the RJPN was forced towards reconciliation as well. As a face saver for the RJPN, in August 2017, the government added nine local units in Province 2 and also introduced a constitution amendment bill that would have met some of the RJPN's demands. Though the amendment bill was defeated, it received nearly 60 per cent of the votes,⁷ and, as per its stated commitment, the RJPN agreed to take part in the September polls. And, with the third phase over, elections to all 753 LG units were complete.

7 A two-third majority is required for any constitutional amendment.

Election promises

Political parties had published election manifestoes for the 2017 local election, proclaiming their plans and programmes for LGs. Given their near-total dominance of Nepali politics, this article refers to only the five major parties: the Nepali Congress (NC), the Communist Party of Nepal (Unified Marxist-Leninist) (CPN-UML, or UML) and the Communist Party of Nepal (Maoist Centre) (MC), along with the SSFN and the RJPN, mainly in the context of the Tarai.

The NC, UML and MC had many points in common even if expressed differently. For instance, the NC stressed democracy, human rights and moderation between rightist and leftist extremism while promising to establish a 15-bed hospital in each urban/village municipality (NC 2074 BS); the UML focused on nationalism and socialism, and promised a 25-bed hospital in each urban/village municipality (CPN-UML 2074 BS); and the MC highlighted the achievements of the ‘people’s war’ and inclusive local self-government, and used the slogan ‘*Gaun, gaunma Singha Durbar*’ (Singha Durbar⁸ in the villages) (CPN-MC 2074 BS). The Madhes-based parties focused on discrimination against Madhesis and on Tarai-specific programmes, including agriculture-related services (SSFN nd, RJPN 2074 BS).

The following could be found in the manifestoes of the NC, the UML and the MC:

- transport network in each LG,
- one-door integrated services from LG,
- remittance-based development of hydropower, housing and infrastructure to attract the youth returning from foreign labour migration,
- free and quality school education,
- 100 per cent literacy for the 15-24 age group,
- clean drinking water in every house,
- internet connectivity,
- light and clean energy for every house,
- healthy environment and clean rivers,

8 Singha Durbar is the complex in Kathmandu that serves as the seat of Nepal’s government. ‘Singha Durbar’ is thus commonly used as a metonym for the government.

- corruption control,
- end of malnutrition,
- 15- to 25-bed hospital in each village/municipality,
- one bank branch in each village (i.e., rural municipality) and bank accounts for everyone,
- a disaster management and shelter centre in each village and municipal ward, and
- a helipad in each village and municipal ward for disaster management.

The manifestoes of the RJPN and the SSFN promised the following:

- flood control in the Tarai by protecting the Chure hills from erosion,
- making fertiliser, seeds and veterinary services available,
- library, Wi-Fi and internet services in each LG unit,
- deep well/tube well for irrigation,
- housing for Dalits and people below the poverty line,
- campaign against dowry,
- load-shedding-free Madhes,
- control of mosquito-borne diseases,
- education in the mother tongue at the school level, and
- employment for each household and bring back youth from foreign labour.

Apart from these promises, contesting candidates had also made their own appeals and commitments to impress voters, which, however, cannot be covered here.

Altogether, there were 35,221 seats on offer, ranging from mayor/chairperson, deputy mayor/vice-chairperson to ward chairpersons and ward members. A total of 35,041 representatives were elected; 180 seats remained vacant because nobody filed nominations for those seats. No nominations were filed in one ward⁹ for its five seats while for the other 175, no nominations were filed for the Dalit women quota.

⁹ Voters from Tingla, a ward in Necha-Salyan rural municipality in Solokhumbu district, who had been demanding that their ward be placed in a different municipality did not participate in the elections in protest.

Table 1: Political parties' scorecard in local elections

| Political party | Mayor/ Chair | Deputy Mayor/ Vice-Chair | Ward Chair | Member | Total seats | % of seats |
|--------------------------------|-----------------|--------------------------------|---------------|---------------|----------------|---------------|
| CPN (UML) | 294 | 331 | 2,559 | 10,915 | 14,099 | 40.2 |
| Nepali Congress | 266 | 223 | 2,287 | 8,680 | 11,456 | 32.7 |
| CPN (MC) | 106 | 111 | 1,103 | 4,121 | 5,441 | 15.5 |
| Sanghiya Samajbadi Forum Nepal | 34 | 32 | 262 | 1,111 | 1,439 | 4.1 |
| Rastriya Janata Party Nepal | 25 | 30 | 194 | 862 | 1,111 | 3.2 |
| Nepal Loktantrik Forum | 9 | 8 | 88 | 356 | 461 | 1.3 |
| Rastriya Prajatantra Party | 5 | 7 | 59 | 214 | 285 | 0.8 |
| Rastriya Jana Morcha | 3 | 4 | 33 | 146 | 186 | 0.5 |
| Naya Shakti Party | 2 | 1 | 22 | 85 | 110 | 0.3 |
| Nepal Majdoor Kisan Party | 1 | 1 | 22 | 75 | 99 | 0.3 |
| Others | 2 | 0 | 14 | 63 | 79 | 0.2 |
| Independent | 6 | 5 | 91 | 131 | 233 | 0.7 |
| Total | 753 | 753 | 6,742 | 26,793 | 35,041 | 100 |

Source: Election Commission Nepal 2017 (results from Phases I, II and III compiled by author).

A total of 45 political parties and a number of independent candidates had contested the elections. But only 18 parties and some independent candidates were able to win the seats. The UML was the biggest winner, having bagged 40 per cent of the total seats, with the NC and the MC second and third, winning 33 and 16 per cent, respectively, making LGs effectively a 'three-party regime'. In Province 2, the only province where the UML lagged, the NC emerged as the single largest party followed by the SSFN and the RJPN in positions such as mayor/deputy mayor and chairperson/vice-chairperson. However, in terms of the elected total, this province, too, could not prove to be an exception to this three-party trend. The NC won 26 per cent of the seats, followed by the UML (19%) and the MC (17%), trailed by the RJPN (17%) and the SSFN (16%).

People's Expectations and Local Governments

The local election of 2017 restored politically accountable governments, ending the prolonged period of non-elected officials handling local governance. The elected eldership of the newly restructured LGs is expected to ensure good governance, establish an efficient system of local self-governance, provide quality service delivery, and accelerate local development based on citizens' participation in the planning process. This section looks at how LGs have fared vis-à-vis people's expectations using media reports and findings from the NCCS and SoNP 2017 surveys.

Both the surveys were conducted around the same time, August-September 2017. The NCCS survey purposively selected seven local government units, one from each province, and covered a total of 1100 respondents, whereas the SoNP 2017 was a national survey with 7202 respondents across the country. Thus, the variables covered by the two surveys differed substantially. However, from the perspective of local governance both asked many questions in common.

General conditions

According to the two surveys, people in general seem happy. The NCCS survey showed that nearly two thirds of the respondents (63%) believe the condition of social harmony is better. Likewise, a majority of respondents in SoNP 2017 said that things were moving in the right direction (55%) and that their household economy, measured in terms of financial condition, physical environment, health, community relation, access to electricity, etc, was improving. Almost 80 per cent were hopeful of improvement in the next five years, 78 per cent had access to mobile phones, and 23 per cent used the internet. Worsening conditions in areas such as drinking water (21%), electricity (17%), health (15%) and financial situation (13%) also persisted but, overall, 57 per cent said that their working/living areas were better (57%). There were those who said it had become worse, mostly from Provinces 2 and 3 (55% and 49%, respectively), which is noteworthy since while Province 2 lags in the development index, Province 3 is the most developed among the provinces. Bad roads and problems with drinking water supply seemed to have

contributed to such responses in both provinces, with floods an additional factor in Province 2.

Current political changes

SoNP 2017 showed that people were positive towards the constitution, the new local structures, and local elections. Nearly half the respondents (48%) thought the 2015 constitution to be a step forward and recognised the conduct of local elections (43%), federal arrangements (41%) and secularism (17%) as some of the measures contributing to that view. As for local restructuring, while a sizeable 26 per cent said it was too early to tell, 55 per cent expressed satisfaction, and 21 per cent they were not satisfied. There was also general apprehension that reducing the number of LG units might lead to a distancing of the people from local government. However, SoNP 2017 showed that people do not have to cover that great a distance to reach the new urban/rural municipal centres compared to earlier: it was the same for 41 per cent of the respondents, shorter for 37 per cent, and longer for only 21 per cent. Likewise, in the NCCS survey, while it was up to 3 km for 66 per cent of the respondents previously, that was true at present only for 51 per cent; the distance having increased for the rest.

Expectations from elections¹⁰

People's expectations have always been moderate and generally nothing more than what the political parties and candidates have promised: employment, roads, electricity, drinking water, health services, schools and quality education, and so on. That was also manifested in the NCCS survey and SoNP 2017. The major problems identified by citizens in the NCCS survey were roads/bridges (36.8%), drinking water (22.8%), electricity (10.4%) and waste management (5.5%). In SoNP 2017, it was finding work (28%) followed by natural disasters (22%), bad roads (17%) and the rising price of basic goods (11%). To make LGs more efficient, control of corruption (38%),

10 SoNP 2017 was conducted before the local elections in Province 2 and the NCCS survey was conducted afterwards. Thus, only 73 per cent of the respondents in SoNP 2017 had voted in the local elections compared to 94 per cent in the NCCS survey.

accountability (17%) and service delivery (13.2%) were identified by respondents as necessary. Interestingly, while 50 per cent of the respondents thought the tax rate was too high, 78 per cent were ready to pay more if the quality of service were to improve.

Trust and hope

SoNP 2017 recorded that 39 per cent of the respondents believed they were now better represented as opposed to 18 per cent who thought otherwise. Similarly, 55 per cent said life was likely to improve while 25 per cent said there would be no impact. Of the former group, their response was based on the belief that people can better hold their representatives to account and elected officials were likely to address the needs and concerns of the community.

Respondents' trust towards LGs was high in both surveys. The NCCS survey showed that elected officials were trusted 'very much' by 33 per cent and 'somewhat' by 61 per cent while in SoNP 2017, 16 per cent of the respondents said they 'fully trust' their municipal councils and 66 per cent, 'moderately trust'. However, the NCCS survey showed that people's belief in LGs being able to solve their problems was very low: only 21 per cent believed it was very likely compared to 61 per cent who said it was less likely, and 15 per cent who said it was not likely.

Capacity, Constraints and Prospects

A rationale provided by the Local Level Restructuring Commission for reducing the number of LG units was to create viable and sustainable local self-governing institutions capable of managing administrative affairs, mobilising resources and delivering services compared to the earlier smaller LG units. As mentioned earlier, LGs are supposed to take over the functions of district-based government offices dealing with education, agriculture, livestock and veterinary, cottage and small industry, soil erosion, tourism, land reform, women and children affairs as well as all development committees and projects. As per the LGOA, all these offices are to be abolished after transferring their functions to LGs. Offices and functions related to law and order, the police, district attorney, intelligence, financial controller, jail, and the

district coordination office will, however, remain under either the federal government or the provincial.

Elected officials had to take office even as the newly restructured LGs were yet to be properly set up with even the most basic paraphernalia such as office space, equipment and administrative personnel. Experts have projected that the government will have to spend an estimated NPR 1500 billion in the coming three to five years for the roll out of federalism, at an average of NPR 300 billion a year. Of that, NPR 1000 billion will be required for LGs and NPR 500 billion for the provincial governments. These expenditures exclude the regular budget and are meant only to meet the cost of infrastructure, institutional capacity building, and enhancing the capability of elected representatives and LG staff.¹¹

Depending on population, territorial size and level of development, each LG unit is slated to receive a minimum of NPR 100 million in the case of rural municipalities and a maximum of NPR 1.24 billion in the case of the metropolitan city of Kathmandu.¹² In 2017/18, the first full financial year after the elections, the government allocated a total of NPR 225 billion (i.e., 17.6 per cent of the national budget) to LGs, of which 66 per cent was in the form of 'financial equalisation grants' and the remaining 34 per cent as 'conditional grants' (GON 2017).¹³ LGs do not have any freedom in how they spend conditional grants since they are already apportioned to sectoral programmes such as education, health and agriculture, including for salaries and administrative costs. In expending the equalisation grant though, LGs can select projects of their choice.

There have, however, been too many glitches for LGs to assume their normal functions. The most prominent of these can be summed up as follows.

11 Annapurna Post, 'Pradesh ra sthanya tahaka lagi 15 kharba ko budget prakshepana', *Annapurna Post*, 29 January 2018.

12 Khimlal Devakota, 'Sthanya tahako anudan bitaranama truti', *Kantipur*, 25 October 2017.

13 The budgetary allocation to LGs in 2018/19 was NPR 195 billion (i.e., 15% of the national budget), with the share of financial equalisation grants having gone down to 44 per cent.

- *No transition planning:* The crux of the problem stems from a lack of any serious planning during the transition for both the political and administrative takeover by LGs after the elections. The restructuring of the LGs and the elections, in fact, took place simultaneously and there was no time even for basic preparation. The new structure was announced on 10 March 2017 and the first phase of election took place two months later, on 14 May. When elected representatives assumed office, the LGs had only new signboards and apart from the municipalities carried over from the previous system, there was zero administrative preparedness. Even in such already established municipalities, district offices were yet to be transferred.
- *Functional transfer and staffing:* The government had estimated that there would be an immediate need of 36,415 administrative personnel to run LGs, ranging from joint secretaries¹⁴ to non-officer level junior staff. There were only around 13,000 civil servants at the local level,¹⁵ a deficit of almost two times that number. The lack of personnel appears to be the single major challenge for LGs to function properly.¹⁶ It was not only problems with staffing but also in terms of handover of responsibilities. For instance, such vital offices dealing with sale of land and houses were in a state of confusion because LGs were not equipped to handle these functions, in terms of human resources or established procedures.
- *Lack of office space:* Another major constraint in the smooth functioning of LGs was the lack of adequate office space.¹⁷ As a result, offices of several wards were operating out of one room and many of the activities were still confined to the district headquarters. Even ward secretaries were found working from there and citizens faced difficulties accessing services such as

14 Third-ranking bureaucrats below the chief secretary and secretaries.

15 Sagar Pundit, 'Sthaniya tahama 36 hajar darbandi', *Annapurna Post*, 5 January 2018.

16 Keshab Sharan Lamichhane, 'Karmachari abhab gaunpalikako mukhya chunauti', *Annapurna Post*, 14 January 2018.

17 Bhim Bahadur Singh, 'Eutai kothama 7 karyalaya', *Kantipur*, 16 January 2018.

recommendations for citizenship certificates and registration of births, deaths, marriages and migration.¹⁸

- *Lack of training and orientation:* Since the restructuring of LGs was a massive change politically as well as administratively, both elected and administrative officials required a thorough reorientation of their roles and responsibilities. In the name of orientation, the Ministry of Federal Affairs and Local Development (MoFALD) organised some speech-type events where bureaucrats made presentations. MoFALD also issued executive orders and instructions, which were severely criticised by elected leaders as being against the constitutional provision of autonomy for LGs. Elected officials had not been able to understand the new structure and processes even months after the elections.¹⁹
- *Differing party priorities:* No one party was able to make a clean sweep of the local elections. The UML, the NC and the MC were the major winners in most of the LGs. And, now, although the UML and the MC have merged to become the Nepal Communist Party (NCP) (henceforth, NCP), in most of the LGs (except in Province 2), it is still the case that either the NCP or the NC is in the majority. In some cases, the mayor/chairperson of an LG is from one party and the majority of the members from another. As a result, deadlocks and delays have become the norm in some of the LGs.²⁰ The treasury-opposition divide at the federal and provincial levels is likely to influence the LGs as well.

A State of Disarray

Although local governments in Nepal have a history going back more than six decades, elected officials in the newly restructured LGs have had to start from scratch. Some of them had served in similar capacities previously but their past experience has not been of much help in the changed context. Delays in the transfer of district-based functions to LGs, a civil service with a traditional mind-set, representatives new to

18 Kantipur, 'Karmachari khojdai sadarmukam', *Kantipur*, 6 January 2018.

19 Janak Nepal, 'Naya samrachanama almaliye janapratinidhi', *Kantipur*, 7 January 2018.

20 Agandhar Tiwari, 'Nagarsabhakai tungo chhaina', *Kantipur*, 20 December 2017; Keshar Roka, 'Gaunpalika kendra pariwartan bibad', *Annepurna Post*, 9 January 2018.

development and planning, and sluggishness in development activities have marred the LGs. There is also a lack of common understanding at the level of the political leadership, particularly in LGs with a divided membership. The 58 'older' municipalities are in a relatively better position due to their prior experience and also adequate office set-up and staff.²¹ In contrast, in some districts the activities of most of the LG officials were limited initially only to signing recommendation letters, attending formal programmes, and meeting party workers.²²

There were problems with setting development priorities and allocating the required budget. Most of the funds were set aside for road construction and small projects.²³ Allocations were made on a very random basis without clearly outlining the scope of work. The federal government had handed over health centres to the LGs but many village and municipalities had not been able to procure medicines and ensure health services.²⁴ People in some parts of Nepal were not getting medicines due to conflicts between LGs and the district health offices.²⁵

Misuse of resources and corruption also began to appear. Elected officials were criticised for seeking facilities for their personal use. The decision to distribute mobile phone sets to elected officials of the Kathmandu Metropolitan City became headline news.²⁶ In many LGs, particularly in urban municipalities, purchasing or hiring of vehicles became the priority.²⁷ With more than 300 hundred elected officials from the contracting business, widespread conflicts of interest were noted.²⁸

21 Tulsi Subedi, 'Stahniya tahama budget kharcha garnai hammehamme', *Annapurna Post*, 8 January 2018.

22 Rajendra Manandhar, 'Sipharismai byasta wadadhyachhya', *Kantipur*, 5 January 2018.

23 Kantipur, 'Andhadhunda kam sadak khanna ra gravel halna', *Kantipur*, 25 December 2017; Keshar Roka, 'Jathabhabi sadak khnadai janapratinidhi', *Annapurna Post*, 28 January 2018.

24 Prakash Singh and Tularam Pande, 'Health on Hold', *Nepali Times*, 28 December 2017.

25 Kantipur, 'Swasthya sansthama rittindai aushadhi', *Kantipur*, 31 December 2017.

26 Makar Shrestha, 'Ke gardai chhan mahanagarka mayor', *Kantipur*, 23 December 2017.

27 Kantipur, 'Gadi bhadamai lakhaun kharcha', *Kantipur*, January 2018.

28 This is based on information from the Federation of Contractors' Association of Nepal (Mukesh Pokharel, 'Thekedar sarkar', *Himal Khabarpatrika*, 4-10 February 2018). Although the article does not say what posts these contractors were elected to, it

The Constitution has provided for a three-member Judicial Committee (JC) in all municipalities, headed by the deputy mayor/vice-chairperson²⁹ to deal with a specified number of disputes.³⁰ The JCs have been receiving cases like disputes within the family relating to problems faced mostly by women for marriage/birth registration and recommendations for getting citizenship certificates.³¹ However, the JCs have also faced severe constraints in discharging their duties. There were no procedures and rules to look into the cases; most JC members do not have a legal background or any training in it; and LGs did not have lawyers. Elected representatives also found it difficult to take sides while delivering decisions, and even if they were able to find resolutions to some cases, the problem of execution remained.³²

Corruption, conflicts of interest and irregularities will be difficult to control but the present state of confusion and disarray can be overcome provided both the federal and provincial governments get their acts together. LGs require adequate legislation, clarity in terms of policies, resources, and adequate staff, while elected and administrative officials require proper training. Failing that, the entire tenure of the elected LGs may be marked by more confusion and disarray, causing frustration and worsening the delivery of public services.

Conclusion

Local self-government is a constituent part of the constitutional regime. As the third level of governance, LGs are considered to be centres of local authority and have been entrusted with delivering the basic services common citizens expect from the state. Federal and

appears that at least a majority of them were in positions of influence such as municipal mayors/chairpersons and ward chairpersons.

29 Two other members are nominated by the municipal council from among their members.

30 The JCs have two functions: i. dispute resolution, and ii. mediation. It can decide on 13 types of disputes relating to the use of water for irrigation, damage of farm and crops, construction and fencing affecting neighbours, obstruction of public places and roads, etc, while in 11 issues relating to divorce, beating, abuse and dishonour, use of other's land, etc, JCs can only mediate and seek a resolution only if the disputants agree.

31 Hari Sharma, 'Sthaniya tahama muddako chap', *Annapurna Post*, 24 January 2018; Yubaraj Puri, 'Nyayik samiti kambihin', *Annapurna Post*, 25 January 2018.

32 Hari Sharma, 'Sthaniya tahama muddako chap', *Annapurna Post*, 24 January 2018.

provincial governments cannot interfere in local affairs or unduly provide instructions to the autonomous LGs. Building local-level infrastructure and other development activities also fall under the jurisdiction of LGs, and the federal government is obliged to provide funds to meet their regular and development expenses. LGs can also generate their own resources if need be.

It is too early to make a comprehensive assessment of LGs in Nepal or about the quality of governance. This article did not set out to do that but was merely an attempt to link the aspirations of the people with LGs. Local government is a permanent institution and governance a continuous process. But, in order to build strong roots at this stage, LGs still require a lot of support from the federal and provincial governments by way of adequate legislation, policy direction, own administrative cadre, and necessary physical facilities. Only then can LGs move along a more predictable course. Much will therefore depend on how practices evolve, and the surveys considered in this article are useful for providing a peek into the very beginning of this evolutionary process.

In democracy, governance is looked at from the perspective of the governed. Citizens' opinions collected through such surveys are one of the key instruments to understanding state-society dynamics. How state agencies use the feedback from such opinion polls is not clear. However, this is still a one-way traffic, lacking the mutuality to make for a 'covenant'.

As a national opinion survey, SoNP 2017 did not adequately cover specific issues related to local governance. The NCCS survey, on the other hand, was part of a study of LGs but it could have been more focused on local issues. Both surveys concentrated strongly on broad constitutional provisions and did not take other factors into account such as understanding people's expectations with reference to the government's commitments, policies, targets and programmes regarding local services and development. Only when such surveys become more relevant and the findings made widely available to local governments can this form of feedback contribute to the evolution of a covenant acceptable to both citizens and their elected representatives.

Women in Public Life in Nepal

Sanjaya Mahato | Bimala Rai Paudyal | Nandita Baruah

Introduction

The visible and tangible presence of women in public life is an indicator of inclusive and equitable social development. This space is often hugely contested from a gender perspective though, and women tend to be largely excluded from wielding influence in public affairs. In the context of Nepal, women have been active participants in epochal moments of the country's political and social transformation since at least the 1950s. But their involvement has not actually translated into access to substantial representation in politics. Women's under-representation in public life as well as the causes and consequences have been well documented (Hachhethu 2002, Lama-Rewal 1995, Pandey 2017). Both formal and informal institutions are at work to exclude women, whereby the electoral system represents the formal and the patriarchal social structures comprise the informal (Lawoti 2010, Malla [Dhakal] 2015, Tamang 2000).

There was a noticeable increase in the visibility of women after the restoration of democracy in 1990, but it took more than a decade and a half for the major breakthrough that came with the Interim Constitution of Nepal 2007 guaranteeing women's representation in varying degrees in all state structures, starting with the national legislature itself (GoN 2007). In keeping with that progressive spirit, the Constitution of Nepal 2015 has also ensured the presence of at least 33 per cent women in the national parliament and provincial assemblies, and at least 40 per cent in local governments (GoN 2015).

While these numbers are very encouraging, the question of

women's meaningful representation in terms of being part of major decision-making processes remains quite open. For, unless women are mainstreamed in politics, they will not be able to reach decision-making positions. And, until women are able to influence decisions, good intentions alone cannot be translated into economic and development plans and actions that foster gender equality.

Yet, there is now a measure of general consensus that the presence of women in public life is desirable, and that it is an indicator of inclusive and equitable social development. It perhaps explains why A Survey of the Nepali People 2017 (SoNP 2017) has recorded highly positive views to the idea of women's presence in the public sphere (TAF 2017). SoNP 2017 showed that most Nepalis reported being more than comfortable with the idea of gender equality: 86 per cent of the survey respondents disagree with the idea that it is more important to have a son than a daughter; an even larger 90 per cent think higher education is equally important for both girls and boys; almost 90 per cent agree women should be encouraged to work outside of the home; and a substantial 80 per cent think they should engage in politics as well. But, as a reminder of the challenges facing women, the survey also highlighted the kind of obstacles they have to contend with such as one in eight women reporting taking precautions while going outside of the home, and a significant one in 10 not feeling safe even at home.

In the backdrop of this seemingly favourable context at present vis-à-vis the role of women in public life, this article situates the progress Nepali women have made in expanding their access and agency in the political space. It briefly examines the historical trajectory of women's engagement with political and social processes; the legal, policy and institutional changes that resulted from their involvement in the public discourse and movements; and the obstacles that continue to hinder their meaningful engagement in ensuring equitable access to power and resources.

Determinants of Women in Public Life: A Conceptual Framework

The role of women in public life is still contested in many societies. Even in advanced democracies, women are still under-represented in

decision-making bodies. In principle, democracy provides equal space to everyone, irrespective of gender, ethnicity, religion, etc, but, in practice, this has been a myth. Minority groups, including women, still struggle for equal representation in politics mainly because success is contingent on many social, economic, cultural and educational factors that work against them.

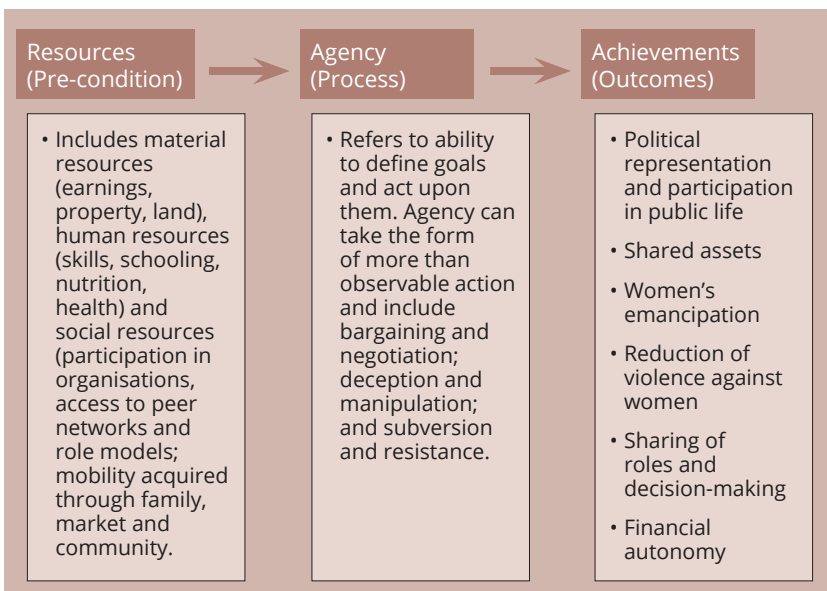
The long worldwide campaign for equal participation of women in politics has led, albeit relatively recently, to the adoption of pro-women policies in many parts of the world. In the 1990s, the UN and the Inter-Parliamentary Union pushed for women to comprise at least a third of the national legislature in order to promote women-friendly laws and policies. The 1995 Beijing Plan of Action (BPA) set a goal of achieving 30 per cent parliamentary representation of women by the year 2005 (UN 1996). That target was based on the principle that having a critical mass of women in parliament will lead to a higher probability of more pro-women policies (Britton 2002, Childs and Krook 2009, Jones 1997). Even though the numerical target did not cover leadership positions, it did help pave the way for women lawmakers to be elected in substantial numbers.

Following the 2008 Constituent Assembly (CA) election, Nepal became one of 46 countries to satisfy the BPA of having at least 30 per cent women in the national legislature. With women comprising 32.8 per cent of the first CA, Nepal ranked 16th at the time (IPU 2008). Its ranking slid to 36th, when women's representation went down to 29.5 per cent in the second CA elected in 2013 (IPU 2014). And, although the figure went up to 32.7 per cent in the House of Representatives elected in 2017, Nepal's position remained unchanged because other countries had caught up by then (IPU 2018). In sum, however, this points to a marked improvement over the situation that prevailed in the 1990s and earlier.

A larger presence of women in legislative bodies, however, does not necessarily increase interactions among themselves or result in higher policy inputs from them (Yoder 1991). Equally important are women's agency and political commitments to introducing inclusive, women-friendly provisions (Crook 2009, Phillips 1994, Tinker 2004, Yoder 1991). Women's substantive participation in politics is also an

outcome of empowerment determined by several inter-related factors, most importantly, by their access to resources. But, access to resources only enables and does not necessarily translate to empowerment. Gender norms and social settings help or hinder the ability of women to benefit from access to resources and develop voice (the capacity to articulate preferences) and agency (the capacity to make decisions to fulfil their own aspirations) (Figure 1) (Kabeer 1999). Hence, while an increase in the number of women legislators is one indicator of women's empowerment, it is also crucial for women to be able to raise their voice, for their voice to be heard, and for them to influence decisions, including those that lead to an increase in women's access to resources and services. In order to understand this complementarity, a study of historical processes is therefore important, and Nepal's case presents an important insight into women's agency to influence laws, not only to increase their participation in public life but also to improve access to resources and services.

Figure 1: Resource, agency and achievement: Framework for measuring empowerment



Source: Kabeer 1999.

It needs noting here that a further complication is added when women's problems are considered in isolation without regard to other vectors that determine their freedom to act. Friedan (1981) urged women to work with men for 'the concrete, practical, everyday problems of living, working and loving as equal persons'. The current feminist discourse on women's participation in public life is thus heavily influenced by the principle of equality alone (Tamang 2009). This discourse treats women as a single category and does not recognise the diversity among women in terms of caste and ethnicity, class or settlement (Mohanty 1988, Cixous and Kuhn 1981), and, hence, privileges women already advantaged by virtue of their social location. The fact that women as a 'category' is a heterogeneous group requires exploring the multiple challenges faced by women of different social groups in public life, and also the adoption of multiple strategies and approaches of empowerment for effective and equitable achievements. In this regard, Nepal's experience presents an example of dealing with the heterogeneity among women and the application of disaggregated criteria for the inclusion of women of different social groups.

Overview of Women in Nepal's Public Life

Yogmaya and her campaign against inequality

The history of Nepali women's struggle and their contribution to the country's political and social change is almost entirely missing from most contemporary accounts (Pandey 2017). It is generally acknowledged that the initial stirrings of a women's movement began in 1917 with the formation of the Nari Samiti (Women's Committee) advocating for women's education. But, it was Yogmaya Neupane from Bhojpur district in eastern Nepal who initiated the first organised movement against injustice and discrimination against women during the Rana period (Karki 2017). She raised a voice against inequality between rich and poor, caste discrimination, the *sati* system of widow self-immolation, slavery, corruption, high interest rate, and gender discrimination.¹ Yogmaya submitted a list of 26 demands to the government calling for

1 Lekhnath Bhandari, 'Sahasi sudharak' (Courageous reformer), *Kantipur*, 13 July 2013.

social reforms.² In return, the Rana regime ordered her arrest, making her perhaps the first woman to be arrested for a political act against the state (Chapagain as cited in Hutt 2013). Later, in 1941, in an extreme act of defiance, Yogmaya committed suicide with a group of 67 followers by jumping into the swollen Arun River. This act of Yogmaya's and her followers drew attention for the first time to issues of gender inequality and discrimination.

The 1950s

Women were involved in the anti-Rana movement during the years leading up to the 1950-51 revolt. Most of them were family members of political leaders. They set up organisations such as the Adarsha Mahila Samaj (Ideal Women's Society) in 1947 and the Nepal Mahila Sangh (Nepal Women's Association) in 1948, both aimed at raising political and social awareness among women. These early women leaders continued with their political engagements even after the fall of the Rana regime and were able to force the interim government formed after the ouster of the Ranas to allow women to vote in the municipal elections of 1951. However, no women were included in the 35-member Advisory Assembly, the body formed to take up legislative business in the post-Rana period. Following protests from women's groups, five women were nominated when the Advisory Assembly was reconstituted in 1954, and six women in the reshuffle of 1956 (Women's Caucus et al 2011). But, for nearly a decade women remained invisible at the highest level of government – the cabinet. It was only after the first parliamentary election of 1959 that one woman was finally given a ministerial berth. Appointed Deputy Minister of Health and Self-Governance, Dwarika Devi Thakurani from Dadeldhura district in Nepal's far-west has since become a symbol of women's representation in politics.

The Panchayat era

The Panchayat system (1960-1990) established by the king set aside at least three seats for women in the national legislature, the Rastriya

2 Ibid.

Panchayat, through the Nepal Women's Organisation.³ Women's representation increased somewhat after the introduction in 1981 of the adult franchise. The 1981 Rastriya Panchayat had six women (two elected, four nominated by the king) out of a total 140 members, while the 1986 Rastriya Panchayat had seven (three elected, four nominated) among 137 members,⁴ amounting to just 4 and 5 per cent, respectively. Women were almost invisible in the cabinets formed throughout this period. Over the course of the Panchayat system's 30-year run, a total of 24 governments were formed but only seven included *one* woman each (Risal and Pokhrel 2018, Simkhada 2017).

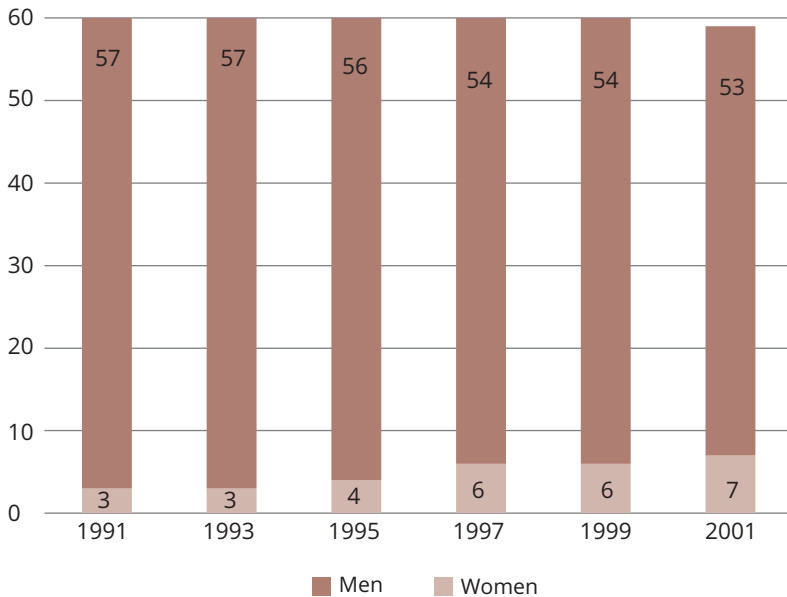
The 1990s

Following the global trend starting in the 1970s of including women in development activities and the adoption of the International Development Strategy for the Third UN Development Decade in 1980, many foreign-funded projects in Nepal also began providing space to women. Participation in development did result in greater awareness about the need to increase the visibility of women in the public sphere but was not sufficient in itself given the inconducive political structure of the time. It was only with the transition to democracy in 1990 that women began to openly push for greater rights. After their strong contribution to the popular movement that toppled the Panchayat system, women began another struggle for a larger role within the political parties and in the government.

Their representation at the legislative level continued to remain dismal. The 1990 Constitution required that women had to comprise at least 5 per cent of the candidates put up by political parties for the House of Representatives, the lower house of parliament. In only one of the three elections under that constitution did more than 5 per cent women get elected: in 1999, 12 women (6 per cent) compared to 7 (3.5 per cent) in both 1991 and 1994. All the elected women were

3 There were six such 'class' organisations set up by the regime, catering to the elderly, ex-servicemen, labour, peasants, women, and youth. Hayes (1976) has described these organisations as 'a substitute for associational groupings like parties and unions'.

4 Although the Rastriya Panchayat was supposed to have 140 members (112 elected and 28 nominated by the king), in 1986, the king nominated only 25 members.

Figure 2: Gender distribution in the National Assembly (1991-2001)

Note: The tenure of the NA members was six years, with a third of them retiring every two years. For the first NA, lots were drawn to decide which 20 would retire after two years, after four years, and after completing the full term. The NA in 2001 had only 59 members.

Source: Election Commission of Nepal (ECN 2016, Risal and Pokhrel 2018).

exclusively from the two major parties – the Nepali Congress and Communist Party of Nepal (Unified Marxist-Leninist) (CPN-UML) – and all belonged to Hindu ‘upper-caste’ or well-off Newar backgrounds (Kumar 2010, Shrestha 2001).

The 1990 Constitution had also provisioned for three reserved seats for women in the 60-member National Assembly (NA), the upper house. It was no surprise that the parties did little more than meet the basic minimum (Figure 2). The few women in the National Assembly in the 1990s was due to this quota system, indicating that despite women’s significant contribution in the fight for democracy, they were treated as no more than tokens – not as change agents even in a democratic system. There were thus no significant improvement in the status of women even after the restoration of democracy.

Yet, the pressure from women’s groups was unceasing. The govern-

ment had no choice but to take heed of this increasingly strong voice for gender equality. Reforms began with the local level. The law at the time had provisioned only for a head and a deputy along with a representative each from the wards in municipalities or village development committees (VDCs) (HMG 1992a, 1992b). That changed in 1997, when the composition of local bodies was expanded at the ward level from one to five members and one of those five positions was set aside for women⁵ (HMG 1997).

The impact of this reservation policy became immediately apparent since, for the first time, it thrust tens of thousands of women into public life throughout Nepal. The difference was clearly visible in the numbers. In 1992, at the municipal level, there were only five women ward chairpersons, and no woman either as mayor or deputy mayor in the 36 municipalities of the time. There were seven chairpersons, 15 vice-chairpersons, and 190 ward members in all the VDCs combined. Even with the new rules in effect in 1997, no woman was elected mayor or deputy mayor and only three were elected ward chairperson in the 58 municipalities,⁶ but the number of ward members shot up to 806. In the VDCs the picture was quite different: 20 women were elected VDC chairperson; 17, vice-chairperson; 240, ward chairperson; and an unprecedented 35,208, ward members; while 3913 more women were nominated to VDC councils (Table 1).

The more than 40,000 women acting as people's representatives at the local level did represent a significant jump in women's direct participation in politics and governance in Nepal. Although their role and influence remained limited due to the strong patriarchy in Nepali society, it was the delay of two decades before local elections could be held again as a result of the Maoist insurgency and the transition

5 Representation from wards under the new system consisted of one ward chair, one mandatory woman ward member, and three ward members (who could technically be women as well) in both municipalities and VDCs. Provisions were also made for the formation of village councils in VDCs. These councils were made up of a chair, a vice-chair, all the elected members of each ward (i.e., five members each), and six individuals nominated from marginalised communities, with at least one woman among the six.

6 As Nepal has urbanised, the number of municipalities has been gone up, with the current number standing at 293 urban centres, consisting of metropolises, sub-metropolises and municipalities.

**Table 1: Number of women elected to local governments
(1992 and 1997)**

| Local body | Position | 1992 | | 1997 | |
|--------------|-----------------------|--------|-------|---------|--------|
| | | Total | Women | Total | Women |
| Municipality | Mayor | 36 | 0 | 58 | 0 |
| | Deputy Mayor | 36 | 0 | 58 | 0 |
| | Ward Chairperson | 521 | 5 | 803 | 3 |
| | Municipal Ward Member | 0 | 0 | 4146 | 806 |
| VDC | VDC Chairperson | 3993 | 7 | 3917 | 20 |
| | VDC Vice-Chairperson | 3993 | 15 | 3917 | 17 |
| | VDC Member | 35,883 | 190 | 50,857 | 3913 |
| | Ward Chairperson | NA | NA | 35,253 | 240 |
| | Ward Member | NA | NA | 176,265 | 35,208 |
| | VDC Council Member | NA | NA | 183,865 | 3913* |

* This is the number of women nominated directly to the VDC council and does not include women who would be members of the council in their ex-officio capacity (see Footnote 5).

Source: Women's Caucus et al 2011.

period thereafter that severely affected the development of women's leadership at all levels.

Maoist movement and women's agency

The small presence of women parliamentarians or the much more significant entry of women into municipal and VDC councils was not enough to have much influence over policy. Nor did it have any impact on how society viewed women and their roles. It was only after the Maoist insurgency began and women's contribution to its spread that a fundamental shift was seen. War often changes gender roles and provides the space for some women to emerge as leaders irrespective of their status (Turshen 2001). The same was true in the case of Nepal as well with both educated and illiterate women equally involved and coming into their own as leaders.

One of the Maoist women leaders has rightly claimed that the movement questioned and greatly succeeded in changing perceptions on gender roles (Yami 2007). The Maoists raised the issue of women's empowerment, but the conflict also transformed the traditional view

of women as passive, primarily home-bound, care-providers. The exploits of women in the battlefield and the sight of women carrying guns in the countryside questioned the 'submissiveness' of women and managed to shift societal attitudes towards women's roles and abilities. Not only did that further encourage women to seek gender equality in different domains of social life – domestic, communal and political – it also challenged the idea that political leadership is the preserve only of highly educated, rich and powerful men (Dahal 2015).

The 2006 Movement

Prior to and after the king's takeover in February 2005, there were a number of women's groups demanding gender equality and the need for higher levels participation of women in decision-making. Yet, when the Seven-Party Alliance (SPA), formed in opposition to the king's move, came up with their agenda, the only mention of women was in the somewhat vague commitment to 'just reservations' for women (along with other marginalised groups). In March 2006, women political leaders from the SPA formed the Inter-Party Women's Alliance and agreed on a common agenda which included the long-standing demand regarding citizenship being transferable through women, proportionate representation in political parties and state bodies, the right over reproduction, putting an end to violence and discrimination against women, and inclusion in education and employment (Pandey 2017).

Despite the Maoist insurgency's challenge to women's traditional roles and the success of the 2006 People's Movement, which saw women involved in large numbers (Sijapati 2009), and which itself was premised on creating a more inclusive society, the post-conflict period did not immediately lead to greater representation of women in positions of power. The historic 18 May declaration of the reinstated parliament rendered the monarchy powerless and restored the sovereignty of the people. But it remained silent on the four demands from women's groups and various affiliates of the political parties such as student unions, youth organisations and trade unions – equal rights for women to pass on citizenship to their offspring, to property and to participation as well as repealing laws discriminatory to women.

Almost as a desperate measure, the current President of Nepal, Bidhya Devi Bhandari, then a parliamentarian representing the CPN (UML), moved a motion for resolution with cross-party and cross-gender support,⁷ calling for a guarantee of a minimum of one third participation of women in all state mechanisms; for children to be able to claim citizenship either through the mother or the father; the repeal of anti-women laws; and an end to violence against women. As Pandey (2017) writes, it was a ‘shame to any citizen of a civilised society that she was not only discouraged, but also had to bear more humiliating behaviour from some of the senior leaders in the parliament’. However, perhaps given the mood of the times, the resolution was adopted unanimously by the parliament on 30 May, marking a landmark achievement of the collective action of women and paved the way for increased participation of women in the public space.⁸

In less than a month, however, the entrenched patriarchy was revealed again with the creation of the six-member, all-male Interim Constitution Drafting Committee. After intense criticism, the Committee was expanded a month later with four women among the nine new members inducted.⁹ That was perhaps the key moment when it became clear that it was no longer possible to ignore the aspirations of women. Thus, even though no women were included from either the Maoist or the government side in the final negotiations that led to the

7 The motion was seconded by Kamala Panta and N.P. (Narayan Prakash) Saud of the Nepali Congress and Navaraj Subedi of the United People's Front.

8 This parliamentary commitment was followed by a number of legislations designed to fulfil its intent. First, the 2007 Interim Constitution guaranteed women at least one-third representation in the Constituent Assembly, a precedent that was continued in the 2015 constitution in the federal parliament and provincial assemblies, and also 40 per cent at the local level. The Civil Service Act amended in 2007 to provide quotas to different marginalised sections of the population, however, set aside only 15 per cent of the seats to women in the reserved category. Second, the Nepal Citizenship Act of 2006 granted the right to women to pass on citizenship to their children, albeit with some caveats. Third, the Gender Equality Act of 2006 (formally, An Act to Amend Some Nepal Acts for Maintaining Gender Equality) was enacted to amend provisions in Nepal's existing laws that discriminated against women. And, finally, the Domestic Violence (Crime and Punishment) Act was passed in 2009.

9 The committee as originally formed was also criticised for not being socially diverse either and the expansion of the committee brought in representation from other groups as well.

Table 2: Reserved PR quotas in the CA elections

| Group | | Per cent |
|-------------------------------|-------|----------|
| Women | | 50 |
| Dalit | Women | 6.5 |
| | Men | 6.5 |
| Janajati | Women | 18.9 |
| | Men | 18.9 |
| Madhesi | Women | 15.6 |
| | Men | 15.6 |
| Residents of backward regions | Women | 2 |
| | Men | 2 |
| Others* | Women | 15.1 |
| | Men | 15.1 |

Notes: 1. The total adds to more than 100 per cent since some individuals can belong to more than one group.

2. 'Others' mean all other groups not mentioned in the schedule.

3. For the 2013 election, 'Others' was redefined as 'Khas Arya and Others'.

Comprehensive Peace Agreement and the Interim Constitution of 2007, the new constitution established the principle of proportionate participation of women in all state structures at every level (GoN 2007).¹⁰

The Interim Legislature-Parliament¹¹ formed after the Interim Constitution came into force portended the future in terms of women's representation. The presence of women increased almost five fold compared to the 1999 Parliament to reach 57, or 17 per cent of the total strength. The largest number of women came from the three major parties – the CPN (Maoist), 31, followed by 12 from the CPN (UML), 10 from the Nepali Congress – and four from other parties.

10 Under the chapter 'Fundamental Rights', Article 21 deals with 'Right to Social Justice', which stated: 'Women, Dalits, indigenous ethnic groups [Adivasi Janajati], Madhesi communities, oppressed groups, the poor farmers and labourers, who are economically, socially or educationally backward, shall have the right to participate in state structures on the basis of principles of proportional inclusion.'

11 The Interim Legislature-Parliament consisted of members of the parliament elected in 1999 and dissolved in 2002, and included new members from the Communist Party of Nepal (Maoist) along with some nominees from the Nepali Congress and the UML. Political parties that had opposed the 2006 People's Movement were barred from that body..

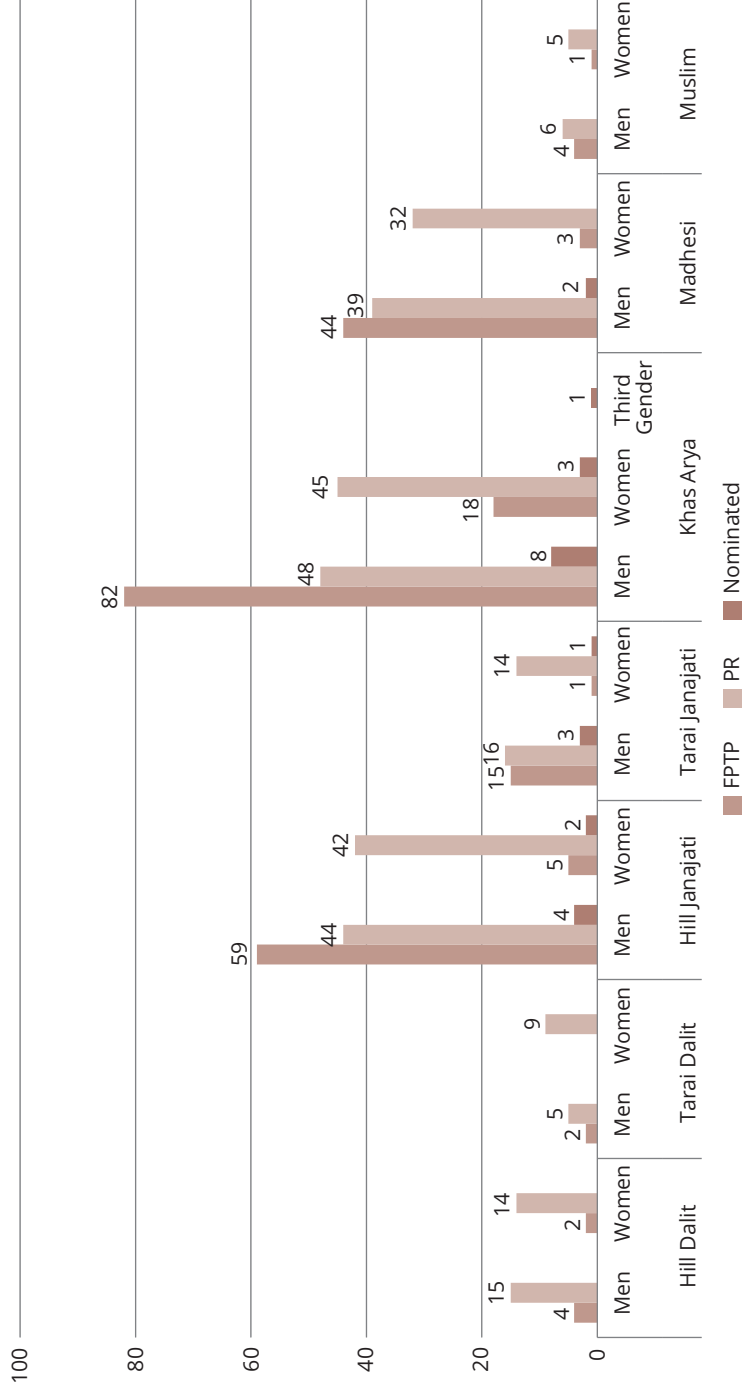
Larger gains were foreshadowed by the Interim Constitution, which adopted a mixed electoral system for elections to the CA. Under this system, 56 per cent of the 601 legislators were to be elected through the proportional representation (PR) system and the rest through the plurality (first-past-the-post) system. Further, the allocation of the PR seats had to be done proportionately in order to address the likely under-representation of women from the marginalised groups (Table 2). Thus, the Interim Constitution not only ensured 33 per cent representation of women in the CA but also diversity among them.

A total of 197 women were elected to the first CA elected in 2008, a number that represented 33 per cent of the full house of 601. Thirty of the women were elected through the first-past-the-post (FPTP)¹² system, 161 came in via PR, and a further six were nominated by the cabinet. Just like the actual numbers, the social diversity of the women was also unprecedented (Figure 3).

A major departure in the first CA compared to the earlier legislatures was the formation of the Women's Caucus with all women in the CA as members. Formed a year after the CA was elected, the Caucus provided a space for women to discuss common issues and push for women-friendly policies (IPTI 2016; Women's Caucus 2009, 2011). The CA, however, did not grant formal recognition to the Caucus even though facilities such as office space was provided. Despite their common interests, the Women's Caucus failed to bridge other differences that had become more salient at the time such as the priority of Dalit women being caste-based discrimination whereas for Janajati women it was ethnic identity (Kanel 2014, Upreti and Kolås 2016). They also faced the dilemma of having to choose between loyalty to the party and to their gender. Since party loyalty among the CA members nominated via PR was higher than among those directly elected, and most of the women had been elected through PR, the Women's Caucus did not prove all that effective in standing up to the all-male leadership in all the parties in terms of policy lobbying even though they had some success, most notably in getting the Domestic

12 This represents the highest number of women ever elected directly, either before or since.

Figure 3: Gender and caste/ethnic distribution in the 2008 CA



Source: Electoral Control Project: Nepal Data 2015 (Mahato nd).

Violence (Crime and Punishment) Act 2009 passed. That same leadership disallowed the formation of even this informal grouping in the second CA.

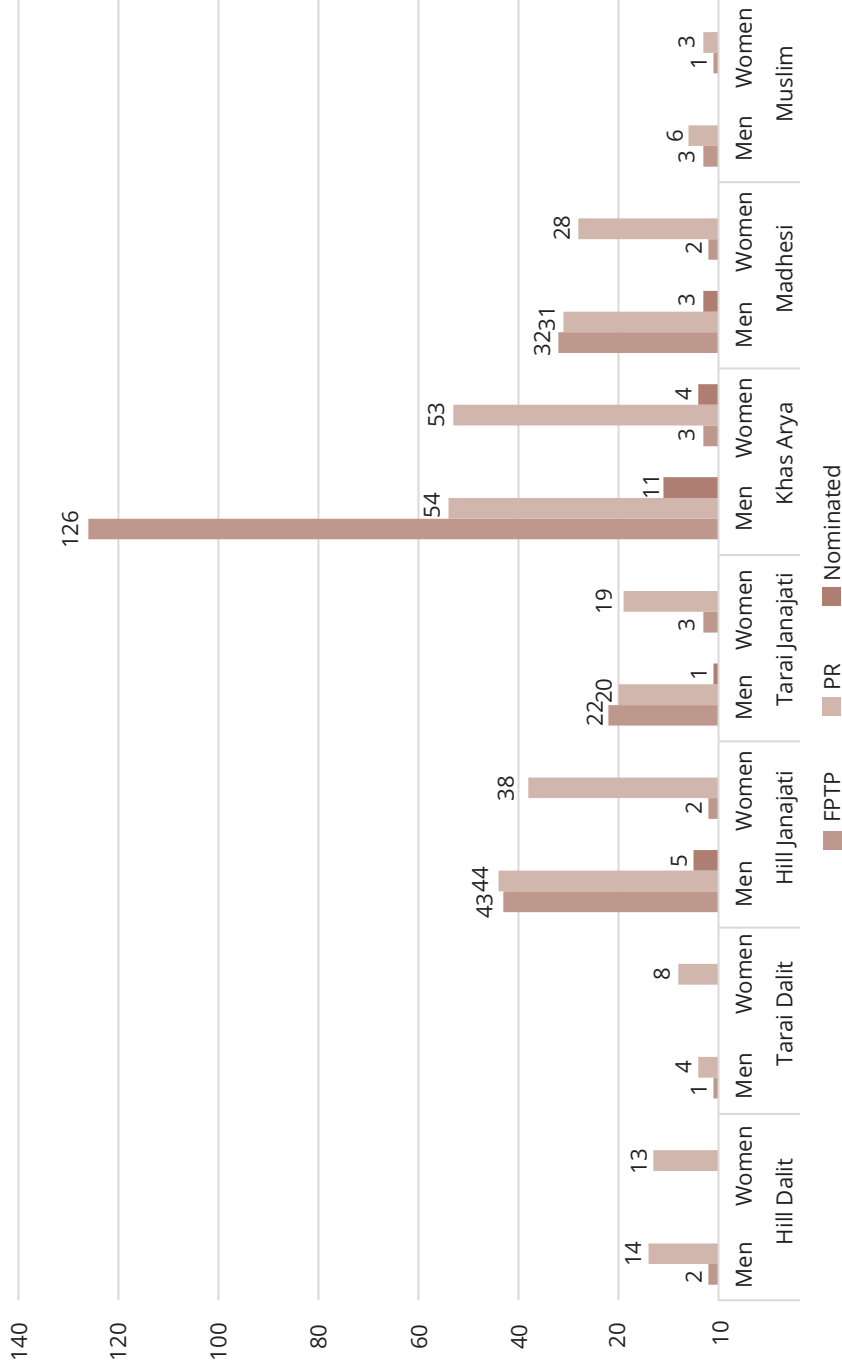
After the dissolution in May 2012 of the first CA without promulgating a new constitution due to disagreement mainly over the issue of federalism, a second CA was elected in November 2013. The mixed electoral system was given continuity but with one major difference – the Constituent Assembly Election Ordinance 2013 issued through consensus by the three main parties for the election granted political parties with flexibility of up to 10 per cent in either direction while listing women for PR, and then also in selecting women elected from that list. That effectively meant that although required to field 50 per cent women in the PR section, a party could get away with submitting a list consisting of only 45 per cent women (or, 55 per cent, if it were so inclined). And, after the election, it could choose to fill only 90 per cent of the women's quota allocated to it with women from the PR list. As a result, the 2013 CA had 20 fewer women compared to the first CA – only 177 (29.5%) (11 from FPTP, 162 PR and four nominated) (Figure 4).

The 2015 Constitution and Women's Representation

The Constitution of Nepal 2015 provides an elaborate set of fundamental rights to citizens, including the right to employment, food, housing, social security and education in the native language (GoN 2015). These rights are based on the principle of equality and serve as the means to ensure inclusion and equitable sharing of the benefits of democracy, which, in turn, would help achieve equality in the long run. Gender equality has been central to this idea and the constitution has established equal rights for men and women over parental property, reproductive rights to women, and violence against women has been recognised as a crime with a provision for the right to compensation as well.

The 2015 Constitution retained the mixed electoral system at the federal and provincial levels although the share of the PR part went down to 40 per cent from the 56 per cent in the two CA elections. At the local level, however, the election was based only on plurality

Figure 4: Gender and caste/ethnic distribution in the 2013 CA



Source: Electoral Control Project: Nepal Data 2015 (Mahato nd).

vote (i.e., FPTP) with 40 per cent of the seats in the ward committees reserved for women in all the municipalities, both urban and rural (half for Dalit women and the other half for women in general).¹³ Most importantly, when parties file candidacies for the top two positions at the local level (mayor and deputy mayor in municipalities, and chair and vice-chair in rural municipalities), at least one of them has to be a woman. (This provision of having at least one woman candidate for the top two positions also applies to the country's president and vice-president,¹⁴ the speaker and deputy speaker of the House of Representatives and provincial assemblies, and chairperson and vice-chairperson of the National Assembly, the upper house of the federal parliament.) Seats have also been set aside for women in (rural) municipal assemblies and executives as well as in district assemblies and district coordination committees. Elections were held in 2017 under the new constitution to all three levels of government – federal, provincial and local. And, as envisioned, it led to a significant increase in the number of women all around.

Women in the federal parliament

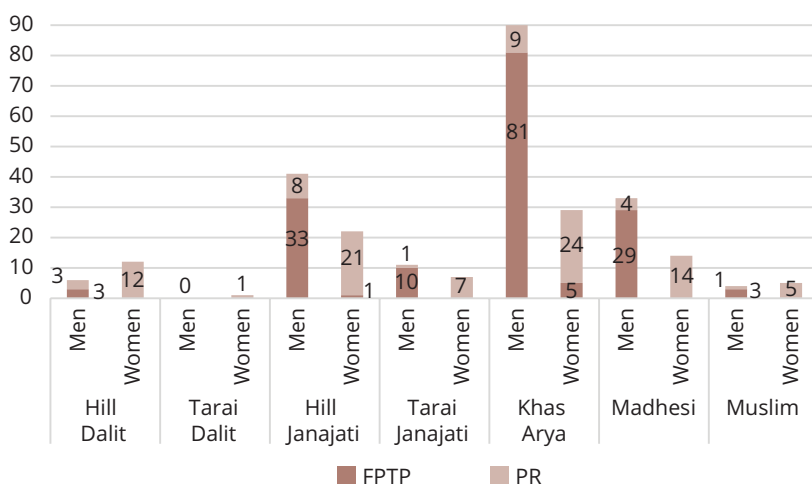
There were a total of 146 (7.5%) women among the 1944 candidates competing in the FPTP part of the election for the lower house of the federal parliament, the House of Representatives. None of the three major parties – the Nepali Congress, the UML or the Maoist Centre – nominated any sizeable number of women, having capped it at 9 (5.5%), 5 (3%) and 4 (2.5%), respectively. Only six women were elected through FPTP,¹⁵ representing just 3.6 per cent of those elected, a significant climb-down from the high of 12.5 per cent in 2008, and even lower than the 4.5 per cent in 2013. With the PR included, however, the total number of women in the House of Representatives is 90 (33%) out of the total strength of 275 (Figure 5). Women's representation is

13 These municipalities are of two kinds: municipalities (covering urban areas) and rural municipalities.

14 Article 70 of the Constitution of Nepal states that the president and the vice-president have to represent a different gender or a different ethnicity.

15 These six consisted of two from the UML, three from the Maoist Centre, and one from the Rastriya Jana Morcha.

Figure 5: Gender and caste/ethnic distribution in the 2017 House of Representatives



Source: Election Commission of Nepal 2018a.

slightly better in the indirectly elected National Assembly, where the 22 women make up 37.3 per cent of its 59 members.

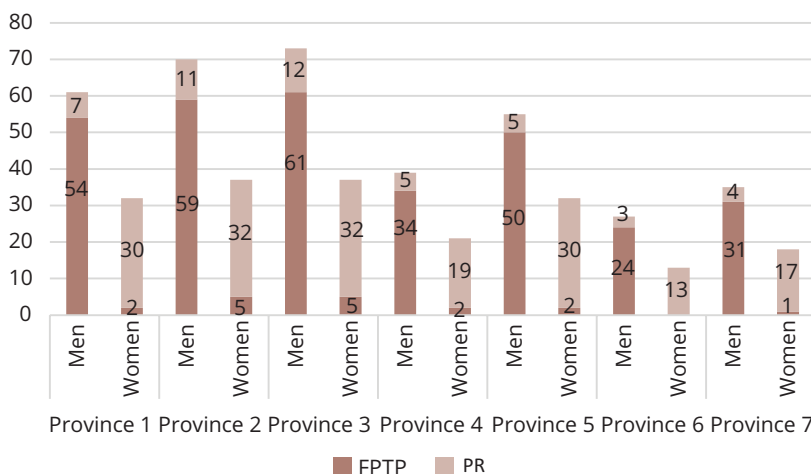
Women in the provincial assemblies

In terms of women's representation in the provincial assemblies, their presence has exceeded the constitutional mandate of at least 33 per cent in all the provinces except one (Table 3), Province 6, where it is exactly 33 per cent. Here, too, the impact of PR is clearly evident. Of the combined total of 190 women in the seven provincial assemblies, only 17 (3.4 per cent of the total 550 members) were elected through FPTP, almost the same proportion as in the federal parliament (Figure 6).

Table 3: Women in the 2017 provincial assemblies (%)

| Province | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---------------------|----|----|----|----|----|----|----|
| Proportion of women | 34 | 35 | 34 | 35 | 37 | 33 | 34 |

Source: Election Commission of Nepal 2018b.

Figure 6: Gender distribution in the 2017 provincial assemblies

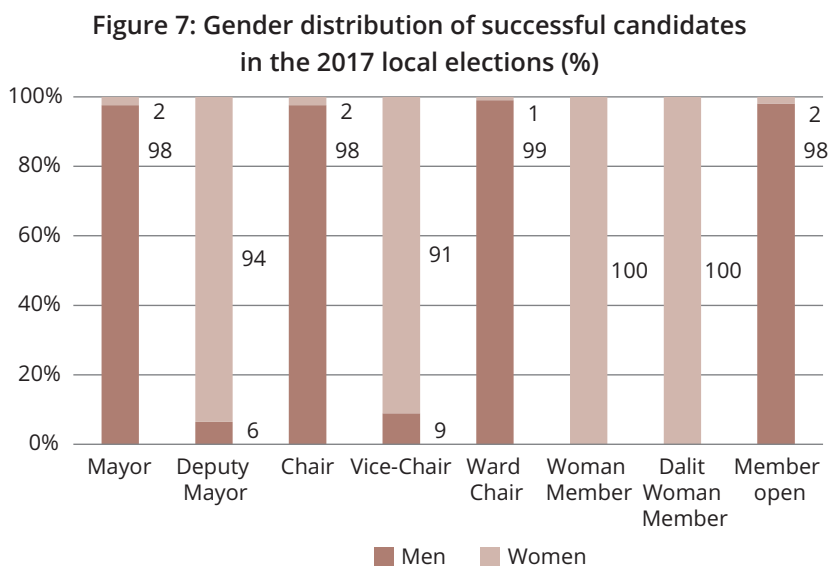
Source: Election Commission of Nepal 2018c.

Women in local governments

Women elected to local governments in 2017 consist of seven mayors and 274 deputy mayors in municipalities; 11 chairpersons and 419 vice-chairpersons in rural municipalities; 64 ward chairs, 6742 ward members (from the women-only category), 6567 Dalit women ward members¹⁶ (from the Dalit women-only category), and 265 (from the category open to everyone) in the 753 local bodies, consisting of both municipalities and rural municipalities.

With 41 per cent of all elected positions in local bodies filled by women, this is an historically unprecedented presence of women at any level of government. However, nearly all of them (95 per cent) are ward members (elected in the women-only, Dalit women-only, and open categories), and thus not in decision-making roles (Figure 7). Women have been relegated to the seemingly secondary position

¹⁶ Due to reasons to do with the absence of Dalits in certain wards, lack of citizenship certificates, or voter registration papers, 175 wards did not see any contest for the Dalit women members' position. In some wards in the hills and the mountains, there are no Dalits and even where there were, they were not registered to vote. In the Tarai wards, it was generally because Dalit women did not have citizenship papers (Paswan 2018).



Source: Election Commission of Nepal 2018 (ECN 2018c)

of deputy mayors and vice-chairpersons for they constitute only 2 per cent of the municipal mayors, 2 per cent of rural municipality chairpersons, and only 1 per cent of perhaps the most important functionary in local government, the ward chairperson.

In sum, the number of women has reached the constitutional mandate in elected bodies at all levels. But, as the figures presented in this section make clear, the inclusion of women in the House of Representatives and provincial assemblies has been achieved mostly through PR. The fact that only a few women were allowed to contest in the FPTP part of the election reflects the attitude of the political leadership. It fosters the perception that women are less competitive than their male counterparts. More important perhaps is that since selection through PR depends to a high degree on the discretion of party leaders, women elected through that route tend to be more loyal towards the leadership. Since they are thus less likely to take stances at variance with the position espoused by the leaders, they would not be well placed either to negotiate or push for gender and socially inclusive policies and programmes. Hence, if women's representation continues to depend on PR, the level and quality of their participation

in legislative affairs are going suffer, a fact that became evident when women followed their party line to vote en masse for the adoption of the 2015 Constitution despite having expressed strong reservations about some of the provisions during the drafting process.

Quantitative versus Qualitative Changes

The real status of women in Nepali society is affected by a number of factors, not least of which is the continuance of gender relationships that have been defined by the state for decades, if not centuries. For instance, the Muluki Ain (National Law) of 1854 lumped all of the country's social diversity into a rigid hierarchy of caste and outlined the parameters for intra- and inter-caste sexual relations (Höfer 2004). Similarly, the emphasis on Hindu culture during the Panchayat era further reified gender roles – domestic vs public, private vs political, inside vs outside – and shaped social norms and values that ultimately became part of the national culture (Ortner 1972; Rosaldo and Lamphere 1974).

Since public life is an aspect of social life but one that takes place in the open as opposed to more private interactions within families, the discourse on public life is associated with the concept of the public versus the domestic space. This framework has also been used to measure the status of women in Nepal (Acharya and Bennett 1981). Thus, women who participate in jobs, politics and cultural activities are said to have high status, with status measured in terms of their access to engagements outside of the domestic sphere (Acharya et al 2016, Bennett et al 2013). But, this model pays little attention to other complex dynamics such as the division of labour that disfavour women or the out-migration of males that burden women with extra responsibilities (Enslin 1992).

The number of women working outside of home does not provide an accurate picture of women's status in a society (Bennett et al 2013). In Nepal, a significant proportion of women in rural areas spend a lot of time outside the house – collecting fodder and firewood, engaging in agriculture, taking up daily wage work, etc. Figures from 2008 show that 77 per cent of women were involved in agriculture compared to 56 per cent men (Nepal Labour Force Survey 2008, in Bennett et al

2013), and with higher out-migration now increasingly the norm, that proportion is likely to be even higher at present. The domination by women of sectors such as nursing and lower-level banking cannot be taken as evidence that the status of women has changed either.

Even though it is not possible to measure the status of Nepali women only by enumerating how many of them are active in the public arena, one way to measure the institutionalisation of women's rights is by looking at the increase in the number of women in politics. However, it is almost as an afterthought that there is any examination of their meaningful engagement in policy discussions. Women are also required to grapple with the representational dilemma – of having to work for the party agenda while at the same time under pressure to represent women and their interests (Phillips 1994), a situation that is more pronounced among women legislators appointed through the PR system (Malla [Dhakal] 2015).

Having a sizeable number of women in a legislature though can help to push for more women-friendly policies despite differences between the interests of women and the positions of political parties. A prominent example of this in Nepal was the passage of the Domestic Violence (Crime and Punishment) Act 2009 that might not have been possible but for the large presence of women in the first CA¹⁷ (Women's Caucus et al 2011). The 'Rights of Women' mentioned in Article 38 of the 2015 Constitution, which provisions for women to pass on citizenship, rights over inherited property, and also over reproductive health was also possible only due to the sizeable number of women in the second CA.

There have been other achievements as well. Women have reached positions of authority in the period after 2006. In particular, despite there being no legal requirement at the time, women were elected deputy chairperson in both the first and second CAs. The deputy chairperson in the second CA went on to serve as the first speaker of parliament after the promulgation of the 2015 Constitution. Women headed four of the 14 committees in the first CA, and three of 13 in the second. The role of both chief whips and whips of various parties

17 The CA also functioned as the Legislature-Parliament in its legislative role.

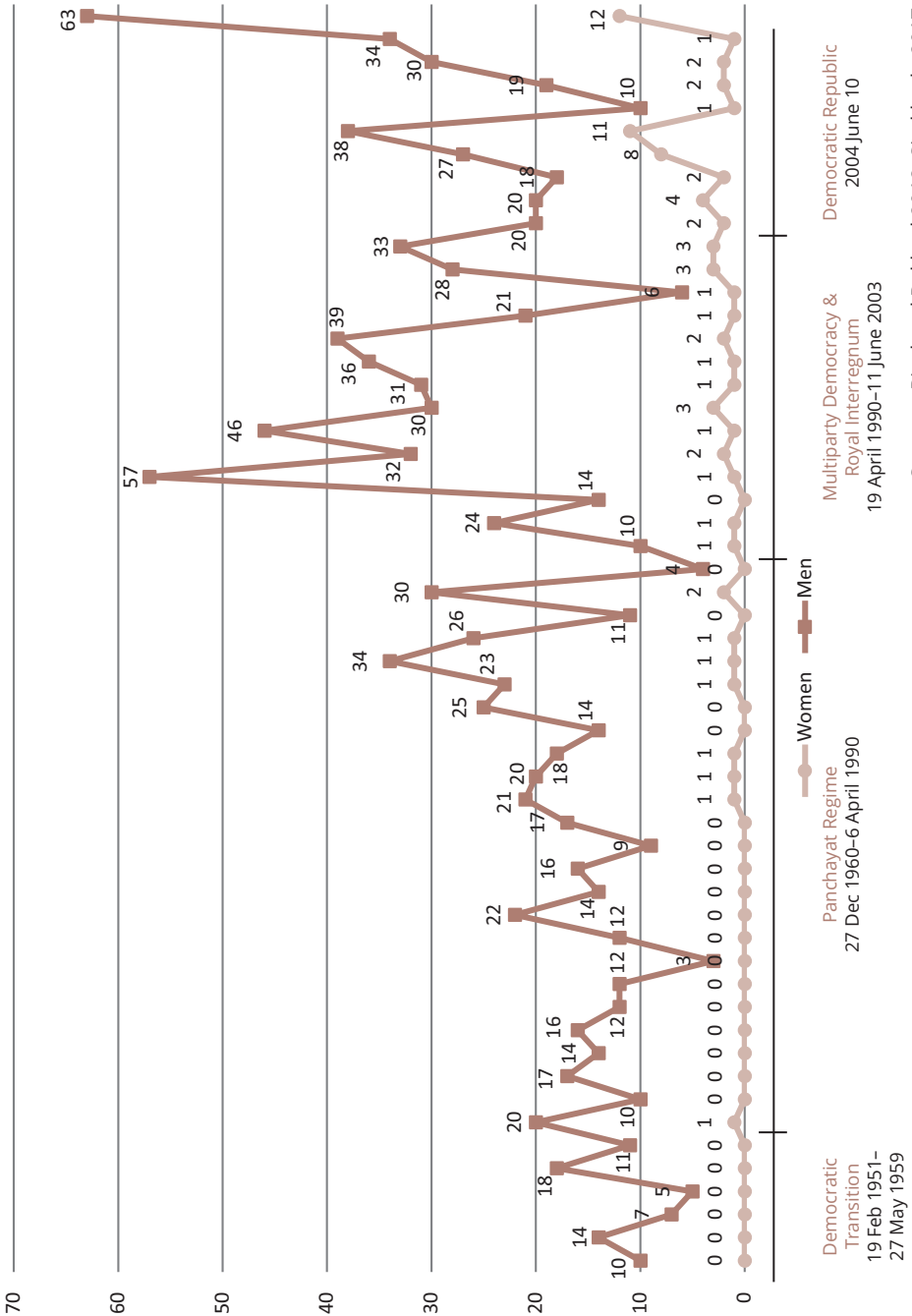
in the CA have been held by women. And, in the federal parliament elected in 2017, women head nine of the 16 parliamentary committees, and not only the more obvious ones such as those dealing with women and children but significant ones such as those looking after foreign affairs and the national interest.

But, the patriarchal mind-set clearly on display for much of Nepal's modern history becomes apparent in different ways even after the great political transformation following the 2006 People's Movement. The representation of women in the cabinets has improved somewhat in the aggregate in the post-2006 period. But, this has not been a consistent gain, and there has even been one instance when there was only one woman in a council with 34 ministers (in 2016) (Figure 8). There are also highly public examples of disregard for the constitutional requirement that there be at least 33 per cent women in all state mechanisms. The first government of federal Nepal formed after the 2017 parliamentary elections had only four women among the 25 ministers. At the party level, too, things do not appear all that different. In the central committee of the ruling Nepal Communist Party (NCP) only 16 per cent are women, while in the case of the Nepali Congress, of the 77 district committees, only two are headed by women.

The social construction of gender roles has not changed and women are still viewed as incapable of taking the lead, a fact that became very evident in the run-up to the 2017 local election. The parties put up very few women candidates to contest the position of the head of the local bodies, relegating them mostly to positions of the deputy (Figure 9). Even that appears to have been because the law required that at least one of the top two candidatures goes to a woman. Even smaller in proportion were women who stood for the post of ward chairperson.

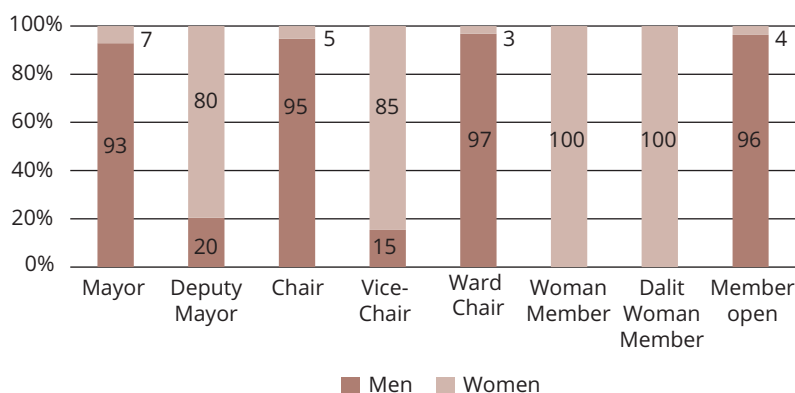
An important, but less-publicised, factor hindering the participation of women in politics could also be the prevalence of gender-based violence in Nepal – up to the highest levels. A survey of all the 197 women members from the 2008 CA showed that 70 per cent reported facing some form of violence due to their political activities. That is a rather high figure, and is partly explained by the fact that 40 per cent of the women CA members were Maoists and many, if not all, would

Figure 8: Gender distribution in Councils of Ministers (1951-1917)



Sources: Risal and Pokhrel 2018; Simkhada 2017.

Figure 9: Number of male and female contestants in the 2017 local elections (%)



Source: Election Commission Nepal 2018 (ECN 2018c).

have experienced violence from the security forces during the insurgency. But, women from other political parties also reported violence (Women's Caucus et al 2011). A similar survey was conducted with women members of the second CA, in which 22 per cent of them said they had faced violence within their own parties during the 2013 election, with almost all the respondents (96%) reporting psychological violence, and more than half (54%) reporting 'fear, terror and intimidation' (Malla [Dhakal] 2015).

Gendered Opportunities and Challenges for Women in Public Life

The federal, provincial, and local elections held in 2017 have been observed as a milestone for the implementation of the Constitution of Nepal 2015. It has also been of great significance in enhancing the role of women in public life. The large number of women elected at all three levels has led to many hopes and expectations. Although much will depend on how well they make use of the privileges conferred on them, it has definitely opened up the path to many opportunities.

Since the 2015 Constitution has granted many important policy-making, executive and judicial roles to local governments, the presence of women in strength at the local level thus provides great potential for them to push for gender equitable policies and budgets.

Further, in almost all cases, women occupy the position of the deputy in the executive, which comes with the responsibility of chairing judicial committees in local bodies, and coordinating development plans and budgets. It is there that women have the opportunity to leave a definite mark on issues such as women's access to assets and services but also on violence against women.

The high levels of engagement of women in local politics provides them with the opportunity to rise up the ladder within the political parties and also within the different layers of governance, which will ultimately lead to their gradual elevation to higher office at the provincial and central levels. The experience gained in local government will also contribute to more effective levels of participation in politics in general. Women's involvement in politics locally can also lead to higher bargaining power for them within their political parties, families and society, all of which can help them become more responsive to differential gender needs.

There remain several factors working against women's effective participation in the public space. Many of these are institutional as well as structural, but all having to do with social and cultural norms and values. Gender norms that define what women are supposed to do and when have a large impact on their ability to be effective. For example, women are not expected to go out of the home too frequently and also not supposed to come back home late in the night when they do go out. Experience shows that most of the negotiations in the public sphere take place in informal settings, early in the morning or late in the evening, and require meetings and discussions with different informal actors. Ingrained societal perceptions about gender roles prevent women from engaging in these informal settings, affecting their overall performance.

The majority of Nepali women have limited control over financial resources and means of production.¹⁸ Election campaigns are becoming increasingly more expensive and women are not able to afford this extra financial burden since they do not control the financial resources in the family and neither do they have easy access to external fundings – formal or informal. This is more challenging for

18 Only 20 per cent women own property (CBS 2012).

women from economically weaker backgrounds and where she is not supported by other family members. There is also a significant literacy gap between males and females, with the 2011 Census reporting a difference of 17.7 per cent in favour of males. It is more pronounced for Muslim, Madhesi and Dalit women and the gap increases with level of education (CBS 2012).

Due to the historically defined gender division of labour and the custom of gender seclusion, women have had limited access to social and political networks as well, a fact that privileges men in many different ways. The involvement of a large number of women in cooperatives and community forestry activities has indeed contributed to expanding their social outreach, but the possibility of their converting that kind of capital into political success is quite slim. There is also the tendency to underestimate women's capacity and performance. As a result, women are compelled to deliver more compared to their male counterparts. This creates tremendous time and mental pressure on women in leadership roles.

Nepali women are not a homogenous category, divided as they are by caste and ethnicity, class, place of residence, language, and, most importantly, by party affiliation. The last has been observed as the most challenging for collective action by women (Malla [Dhakal] 2015). The system of party whips do not allow women to easily cooperate for pro-women policies, and thus, are required to work harder, first, to forge alliances beyond party lines, and second, to negotiate and convince their own leaderships.

Conclusion

This article discussed women's status in public life, drawing particularly on data showing the involvement of women in politics from the 1950s until the local, provincial and federal elections of 2017. The democratic transition in 1990 paved the way for the gradual entry of women in the legislature and the institutionalisation of the push for policies for women's rights. The involvement of women in the Maoist 'People's War' and the People's Movement II provided the impetus for the inclusion of women in public life, much of which was codified in the Interim Constitution of 2007. With constitutional guarantees,

women's presence in the national legislature increased dramatically to 33 per cent in the CA elected in 2008 and to a slightly lesser extent in the second CA. The Constitution of Nepal 2015 has also ensured that women will make up at least 33 per cent of the federal and provincial legislatures and 40 per cent in local bodies.

The presence of women in the public space has changed from a token few to a highly visible many. This shift has been possible largely due to women's struggle and collective agency. History shows that though few in number, Nepali women have individually and collectively fought against gender inequality and discrimination to widen the political space not only in terms of participation but also through laws and policies targeted towards economic and social empowerment of women in general. The constitutional responsibility of deputy mayors and vice-chairpersons of municipalities and rural municipalities, almost all of whom are women, as ex-officio chairs of judicial committee provides them with an arena where they can make a highly meaningful contribution to women's issues. Although women still have to overcome various social barriers, their increasing number is a hopeful sign that the constitutional and legal provisions in place will provide greater opportunity to create an equitable future for all genders in society.

Gender equality must begin somewhere, and greater female representation in the political and governance structure is a positive place for that start. Gender equality requires upending millennia of patriarchy and other factors that have kept Nepali women out of participation in public life. It will take time for Nepali women representatives to learn how to make use of their political power. However, it will not be wrong to expect the record number of Nepali women elected into public office in 2017 to create the much needed momentum for change. Nepal's transition to federalism ensures that local and regional political representation will be much more meaningful than has been in the past. The transition to federalism also provides a regime change, which requires unlearning old ways of doing business as well as learning how to adapt and respond to new alliances and meaningful partnerships. This will hopefully translate to teaching both men and women on renegotiating their private and public boundaries and roles.

Identity, Society, and State

Citizenship and Inclusion in Nepal over Time

Janak Rai | Sara Shneiderman

Introduction¹

How does the state seek to regulate belonging and membership in Nepal's diverse, multicultural polity? How do political identities relate to other aspects of identity for citizens across the country's spectrums of gender, ethnicity, caste, religion, language, region, and class? Do Nepali citizens feel that Nepal's processes of post-conflict and post-disaster restructuring and reconstruction have adequately accommodated the country's full range of diverse identities?

Since 2006, public debates over these questions of inclusion have significantly shaped laws, policy, practice, and political mobilisation at various levels. However, these recent debates build upon a much longer history which dates back to the emergence of the Nepali nation-state in the 18th century. This chapter suggests that in order to understand the concept of 'identity' in Nepal's particular national context, we must see it as a category that has been defined processually over time. It has been negotiated through a series of relationships between diverse Nepali citizens, the Nepali state, and a range of non-state social formations, such as political parties, ethnic

1 The authors gratefully acknowledge contributions to this chapter from Subin Mulmi and other participants at the 'Contested State' workshop in May 2017 organized by Aditya Adhikari and Prashant Jha, where several of these arguments were first presented. We are also thankful for support from our institutions, Tribhuvan University and University of British Columbia, and Deepak Thapa as volume editor.

associations, NGOs and community-based organizations. Claims and discourses of identity are also shaped by global political-economic transformations, which can be understood as conditioning circumstances, rather than independent drivers, of dynamics in Nepal.

As two anthropologists with long-standing engagements in understanding identity in Nepal, in this chapter we seek to outline the *longue durée* historical, cultural, and political contexts surrounding recent debates over citizenship, inclusion and identity. We also present a review of the process of federal restructuring between 2006 and 2017, which leads into an analysis of the data dealing with the themes of identity and inclusion in *A Survey of the Nepali People in 2017* (SoNP 2017). We make several overarching observations: i) that ‘identity’ must be understood beyond the narrow frame of ‘identity politics’ with which it is often conflated; ii) that ‘identity’ is a fluid and multi-layered concept describing something that all Nepalis possess, yet define in highly varied ways;² iii) that this fluidity and difference have been manipulated by the Nepali state for a range of strategic purposes over time, including the present; and iv) that despite such manipulations, for the most part, diverse Nepali citizens have managed to live together amicably with tolerance in ways that speak to the success of Nepali state integration over time, yet leave open areas for more inclusive and equitable future policies.³

Citizenship

Nepal has always faced challenges in recognising and defining its own citizens. This is in part due to the country’s ethnolinguistic diversity: Nepal is home to over 100 languages and at least 64 indigenous nationalities (*Adivasi Janajati*) in addition to 58 Hindu caste groups.⁴ Given

2 Here, we use fluidity to indicate a potential for change in the way entities are defined over time, rather than the lack of clearly defined entities. As Shneiderman (2015) has suggested elsewhere, identity may be simultaneously both fluid like a river and solid like a rock; it is in this sense that we use the term.

3 See Shneiderman (2018) for further discussion of the notion of tolerance in Nepal’s process of political transformation.

4 An indication of how identity has become increasingly salient in the lives of Nepalis can be gleaned from the results of the three censuses since democracy was reinstated in Nepal in 1990 and disaggregated data along caste and ethnic lines began to be published.

this complexity, many Nepalis share cultural and linguistic practices with those across the country's national borders, both southwards in India and northwards in China's Tibetan Autonomous Region. While this diversity is sometimes positively highlighted in nationalist visions of Nepal's unique identity vis-à-vis its two neighbours, it is more often portrayed as a negative attribute that challenges the homogeneous vision of the Nepali nation-state unified around the concepts of the Hindu religion, the Nepali language, and cultural practices of the dominant hill communities. The fact that Nepal and India have shared one of the longest open borders in the world for centuries means that mobility between the two countries is widespread, creating at once great openness and a constant need (from the state's perspective) to segregate Nepali and Indian citizens. While the border between Nepal and China's Tibetan Autonomous Region is subject to greater regulation, there are still possibilities for cross-border mobility for residents of border areas regulated by a series of bilateral Sino-Nepali treaties since 1956 (Shneiderman 2013a).

Nepal's 1854 Muluki Ain (Country Code), as promulgated by the Rana oligarchy, first distinguished between citizens and non-citizens, mainly for the purpose of registering land and other fixed assets. It also legalised the unequal status of individual ethnic communities through the Hindu ideology of caste (cf. Höfer 2004), recognising inequality as the lawful 'basis of the state' (Onta 2006). While we might therefore date Nepal-internal concepts of 'differentiated citizenship' (Young 1989) to the 1850s, there is no evidence that formal legal provisions existed to regulate citizenship in relation to its external borders before the 1950s. At that historical moment – coinciding both with India's emergence as an independent post-colonial state, and China's occupation of Tibet – historically more fluid understandings of how people enter and leave citizenship began to narrow.

Hence, where the 1991 census enumerated a total of 60 groups (30 caste groups, 26 ethnic groups, and four 'others'), the 2001 one showed 100 (51 caste, 45 ethnic, and four 'others'), and the 2011 one, 125 (58 caste, 64 ethnic, and three 'others'). Likewise, it is instructive that the 2011 census recorded 10 new languages that had earlier been subsumed within Nepali, indicating that linguistic identity formation is also ongoing among the hill caste groups.

The Rise and Fall of ‘Inclusion’

Ironically, the constriction of citizenship in terms of ethnicity and nationality occurred just at the moment that citizenship in terms of broad-based political participation was expanding in Nepal in the 1950s, albeit only for a limited elite. In other words, while Nepali state actors began to treat their population as citizens rather than subjects within an emergent democratic framework, they sought to limit the category of legitimate citizenship itself through direct and indirect strategies of exclusion based on gender, ethnicity and other vectors of inequality. The Panchayat system of governance (1960-1990) legitimised the singular identity of the male, Hindu, Nepali-speaking, hill caste elites as the national ideal. This resulted in a sense of exclusion, as full political citizenship was available only to members of those communities who could epitomise this ideal. There were attempts made even during the Panchayat period to seek greater recognition of Nepal’s immense socio-cultural diversity, but given the autocratic nature of the political system of the time, it had to be done very subtly. After 1990, however, demands for a more inclusive state could be made openly, and began to be voiced consistently and powerfully. Whether expressed in the terms of the global indigenous human rights movement, or the rallying cries of the equally global communist discourse of the Maoist People’s Liberation Army, or the recent resurgence of the regionalist Madhesi movement, the notion that a future Nepal had to somehow break away from the limited definitions of citizenship that had dogged its past and create a more inclusive future was central to a range of political mobilisations that crystallised after 2006.

The escalation of the Maoist ‘People’s War’ (1996-2006), and the support and participation it received from members of historically marginalised communities compelled the Nepali state and political leaders to accept ‘inclusion’ as a national agenda during the late 1990s and early 2000s (see Thapa 2017). The period preceding and during Nepal’s first Constituent Assembly (CA) (2008-2012) heralded an era of change that sought to redress past histories of ‘unequal citizenship’ (World Bank 2006) with new social and legal strategies to ensure inclusion, namely, quotas for elections and in the civil service and

higher education sectors. The subsequent period from the collapse of the first CA to the present has seen a more clearly regressive shift that has impeded past achievements, resulting in the resurgence of Nepali nationalist visions of a state built on policies of exclusion. This aligns with new populist movements founded on exclusionary principles elsewhere in the world (Britain, USA, India). Thus, some of the provisions introduced to address unequal citizenship have become counter-productive, such as the 2015 Constitution's redefinition of groups eligible for affirmative action to include 'high-caste' hill groups previously classified as simply 'Others' (i.e., the rest of the groups not eligible for entitlements) for such purposes.

The donor community also had a hand in drawing attention to the need for 'social inclusion', translated as *samavesikaran* in Nepali, through several targeted initiatives after 2006 (Drucza 2017a). In the run-up to and following the dissolution of the first CA, however, state actors warned the international community to retreat from this agenda. Projects were quickly reframed to focus on 'economic marginalisation' or 'highly vulnerable' populations, and the concept of inclusion that had gained such rapid currency was despatched with equal speed. However, let us make clear at the outset: neither donors nor anthropologists introduced the concept of exclusion to Nepal's marginalised communities. Perhaps they used different terms to describe their experiences (*soshan gareko*, *hepeko*, *chepeko*) but we want to emphasise that deep-seated desires on the part of historically marginalised communities for greater participation and recognition from the state arose out of the particular history of Nepal's exclusive citizenship, not through externally introduced ideas.

Vectors of Identity

The complex concept of 'identity' requires some definition before proceeding. Identity may be understood in both collective and individual terms. The former aspect is perhaps more familiar in Nepal: the notion that certain groups of people possess distinguishing features which bind them together as a collectivity. These features may include shared ancestry, gender, language, religion, territorial attachment, cultural practice, class, caste or ethnicity (this term often being

understood as a combination of all of the above), and even shared life experiences, for instance, through certain educational pathways or associational affiliations.

At the individual level, identity is unique to each of us: we each draw upon various aspects of our own life history and experiences in an intersectional manner to produce a singular personal identity – a statement about who we are and what is meaningful in our lives. Individual identities may emphasise different strands of collective identity, but each person may foreground some aspects and background others in unique ways. For example, one Gurung woman may find gender to be the central defining feature of her identity, while another experiences speaking her own language as primary, while a third finds her regional affiliation as someone who grew up in the Tarai to be most important. Similarly, one Bahun man may experience his religion as a key feature of identity, while for another political affiliation is most important. These differences in experience may play a significant role in determining each of these individual's personal opinions, everyday practices, and life pathways.

These simple examples are intended to clarify that despite the power of collective identity formations within Nepal's political context over time, 'identity' itself must be understood as a quality that each individual possesses. Starting with this understanding enables us to move beyond the notion that 'identity' is either a purely political construct, or something that only members of certain groups can lay claim to. Rather, identity is a central feature of human subjectivity, recognition of which at the interpersonal level provides an important experience of psychological validation for all of us.

Histories of Identity Formation in Nepal, 1769-1990

This section covers a long sweep of time in short form. Despite multiple political and economic shifts to which we cannot give full attention here, this timespan is characterised by the primarily non-democratic nature of the Nepali state. For more than two centuries, people who happened to live within the territorial boundaries of the state (which shifted over time) were treated as subjects rather than citizens. The specific conditions of individual subjecthood were determined by

features of collective identity, through a series of practices codified in the 1854 Muluki Ain, although likely in use much earlier (see Rupakheti 2016 and Warner 2015 for recent historical scholarship).

Processes of Nepali state formation and their historical relationships with national and ethnic identity have been covered in depth elsewhere (see Burghart 1984, Gellner et al 1997; Höfer 2004, Levine 1987, Michaels 1997, Mishra 2007, Sharma 2004). Here, suffice it to say that Prithvi Narayan Shah's mid-18th century territorial integration (variously termed 'unification' or 'colonisation', depending upon whom you ask) of previously independent Himalayan polities into a centralised hierarchical Hindu kingdom (the House of Gorkha) – the precursor to the present-day Nepali nation-state – first created the imperative to distinguish between national and other forms of collective identity. In other words, prior to that historical moment, there was no sense of an overarching set of practices (linguistic, religious, or otherwise), that defined a 'Nepali' or 'Gorkhali' (another term in use, with reference to the origins of the Shah dynasty in Gorkha) individual in the national sense.

People would have maintained identities forged primarily around commonalities of language, religion, cultural practice, and territorial attachment, with localised circumstances determining power relations between groups differently in each region. This is not to say that inequalities did not exist, but rather that the hegemonic cultural forms were not necessarily those that we identify with the contemporary Nepali state. Some principalities were ruled by Newar, Kirat or Tibetan dynasties, while other areas had less centralised hierarchies and relied on traditional modes of civic organisation through village headmen and councils. These structures of governance produced their own regionally-specific vectors of identity, which collided with the Hindu caste hierarchy in the 19th century, and, later, with the notion of 'Nepaliness' at the turn of the 20th century. When the House of Gorkha annexed other principalities into its kingdom by the turn of the 19th century, these Hindu rulers claimed sovereignty over the conquered territories, considered the subjugated people as tenant subjects, and ranked different cultural groups along a continuum of relative 'purity' (more civilised) and 'impurity' (less civilised) under

the Hindu caste hierarchy. When such cultural politics of transforming diversity into inequality interfaced with the political economy of an extractive land tenure system in which the Hindu king was at the apex and the tenant subjects at the bottom (see Regmi 1971, Rai 2013), state-led inclusion and exclusion based on caste, ethnicity and region became ‘not the state of exception but the rule’ (Benjamin 1955) throughout the 19th century.

The previous paragraph primarily describes the experience of hill principalities. The experience of state incorporation in the Tarai was further shaped by the experience of British imperial expansion across the subcontinent (Michael 2012). Much of the Eastern Tarai was enveloped by the Gorkha state in the early 1800s through a series of negotiations and treaties with the British. Large parts of western Nepal, which are now the districts of Banke, Bardiya, Kailali and Kanchanpur, remained under the British East India Company’s control until 1860. This presents an anomaly in Nepal’s nationalist narrative of noncolonisation, and Nepal’s prime minister, Jang Bahadur Rana, finally only gained control of these regions in exchange for his complicity in helping the British subdue the 1857 Sepoy Mutiny. He bestowed the label ‘Naya Muluk’ – or ‘new possessions’ – on the area. This term highlights the historical lack of integration into the central polity that the region has always experienced – circumstances that still shape identities there today.

As a region whose history is shaped by cultural flows across boundaries (see Lal 2002), the regional history of the Tarai is as ancient and rich as that of any other region of Nepal. The Tarai had ‘nourished’ hill principalities (Krauskopff and Meyer 2000) long before the region became part of the current state of Nepal in the mid-19th century. Nepal’s hill rulers had considered the Tarai to be the most important ‘state space’ (Scott 2009)⁵ for land, forest resources, labour, and political control in the past. While they used the Tarai as an extractive colony – as a resourceful region to be exploited – the Tarai people

5 ‘State space,’ according to James Scott, is an ideal space for appropriation in order to ensure a reliable supply of labour, revenue, rents, food, tradeable goods and other means for the state and its rulers. (Scott, 2009: 40-63); Also see see Rai (2013) on the Tarai as ‘state space’.

were always considered a liability (Lal 2002). In other words, Nepal's ruling elite indulged in the exploitation of the Tarai 'while withholding integration of the region and its people on an equal footing' (Sijapati 2013). Nepali rulers, who exclusively came from the hills, fostered the 'geographical imagination' (Harvey 1990; see also Rai 2013) that the, 'hills contain the soul of Nepal' (*Himal*, Sep/Oct, 1990) an idea that discriminated against the Tarai, its peoples and their histories.

Since the mid-18th century, then, individuals across what we recognise as the contemporary nation-state of Nepal have been grappling with how to possess multiple identities at any given time: as residents of particular locales, speakers of diverse languages, practitioners of multiple religions, members of caste and ethnic collectivities, and overarching all of these, subjects and eventually citizens of an integrated 'Nepali' state. The features of this latter identity were clearly articulated in the 1962 constitutional provisions which framed Nepal as a Hindu state with a single national language – Nepali – proficiency in which was a prerequisite for citizenship.⁶ This clarified beyond doubt that the hegemonic Nepali national identity consisted of the Nepali language, the Hindu faith, and deference to the divine Hindu monarch. This was not so much a new identity imposed at that historical moment, but rather a distillation of existing principles in legislative form.

These provisions built upon the earlier Muluki Ain, which was in essence a codebook for legally sanctioned state exploitation of human resources and punitive orders to enforce it. Using Hindu hierarchical notions of purity and pollution, this legal act classified each of Nepal's groups according to whether they were 'touchable' or 'untouchable', whether they were 'alcohol-drinkers' or not, and further whether the former were 'enslaveable' or 'unenslaveable'. By attaching legal rights (or lack thereof) to collective identities, the Nepali state itself reified identity as a crucial category of recognition from the mid-1800s onwards – especially for marginalised groups deemed enslaveable by the state. With experiences of corvée labour and other forms

6 The Constitution of Nepal, 1962', http://www.constitutionnet.org/sites/default/files/constitution_1962.pdf, accessed June 2, 2018.

of agrarian exploitation linked to specific ethnic identities, such as Murmi or Tamang (cf. Holmberg, March and Tamang 1999), the cultural content of those identities became inextricably linked with their place in the political hierarchy.

Another way in which such linkages was enforced was through the practice of *kipat* (Regmi 1976, Forbes 1999, Limbu n.d.). Historian Mahesh Chandra Regmi explains that 'rights under *Kipat* tenure emerged not because of a royal grant, but because the owner, as a member of a particular ethnic community, was in customary occupation of lands situated in a particular geographical area' (1976: 87). Beginning in 1774, a series of royal decrees issued by the Shah kings formalised these rights for several groups who now identify as Janajati. With this move, the fledgling Nepali state reified in legal terms what was until then a circumstantial link between ethnicity and ancestral territory. Over time, however, as the state sought to exploit both the natural resources embedded in *kipat* lands and the labour of its inhabitants, *kipat* rights were gradually undermined through a series of land confiscations. By 1968, all legal distinctions between *kipat* and *raikar*, the generic form of state land ownership, had disappeared (Regmi 1976), although *kipat* was only legally abolished through the cadastral survey of 1994 (Forbes 1999).

While those in positions of power may not have recognised their own collective identities as such – members of dominant groups who perceive themselves as 'unmarked' rarely do – for those at the other end of the spectrum, identity was a crucial feature of their relationship with the early Nepali state. This point is worth emphasising because it clarifies that 'identity' is not a newly emergent category of self-production, nor one that has come into being in opposition to recent state forms – but rather a very old category that has been produced over time in a dialectical process of articulation between marginalised subjects (and later citizens) and the ever-changing Nepali state as it has sought to classify its populations for purposes of enumeration and exploitation.

After a brief first period of democracy from 1951 to 1960, King Mahendra introduced the Panchayat system of government in 1960, which remained in place until 1990 (under King Birendra's rule from

1972 onwards). During this period, the ideology of ‘one nation, one language, one people’ was rigorously enforced, through education programmes that promoted Nepali as the national language and a narrowly defined form of Hindu modernity as the correct cultural posture for all aspiring subjects (see Onta 1996, Pigg 1992). After the 1950s, the Nepali state was further successful in concretising aggressive hill-centric nationalism, or *pahade rastrabad*, through education, the administration, the media, and use of the *daura suruwaal* and *topi* as the national dress under the rubric of *bikas* (the Nepali term for ‘development’) and ‘national integration’. Until recently, because of the region’s geographical proximity to the bordering regions of India together with existing cultural-linguistic similarities, kinship and economic ties between communities across the borders, people of Tarai origin were often looked down upon as ‘Indian in disguise’ or for being ‘less Nepali’ than the hill people (see Gaige 1975; Thapa and Mainali 2006). Hill migrants were encouraged to systematically resettle in the Tarai region to promote a programme of assimilation of the region into a singular Nepali national identity defined by the dominant norms of hill communities (see Elder 1976, Gaige 1975).

These conditions, along with ongoing economic exploitation led to a series of indigenous peasant movements throughout the second half of the 20th century in areas like Chintang (Gaenszle et al 2013) and Piskar (Shneiderman 2009), located in Dhankuta and Sindhupalchowk districts respectively. These movements emerged in a context of increasing communist mobilisation, with class serving as a category that could express experiences of inequality without using the taboo language of ethnic identity. However, most of these movements were brutally suppressed by the state, generating further mobilisations along both ethnic and class lines.

Some of Nepal’s earliest identity-based organisations were established in the 1920s (such as the Newar literary associations described by Gellner [1986]) and the early 1940s such as the Tharu Kalayankari Sabha (see Gunerante 2002). However, as Hangen (2007) has documented, many ethnic organisations were established around the period of the 1979 referendum on the Panchayat government which heralded a brief period of liberalisation around these issues. Although

these organisations had to retreat underground after the referendum determined that the Panchayat system would be extended, organisational foundations remained in place, and were quickly activated after the 1990 People's Movement successfully compelled the country's return to democracy.

Democratic and Revolutionary Identities, 1990-2006

In the post-1990 democratic period, 'identity' quickly became an anchor for a wide variety of gender, religious, linguistic, ethnic and caste-based mobilisations. It was suddenly possible to speak openly about social inequalities in terms of identity in a way that had been inconceivable during the Panchayat era. Among the first to mobilise were ethnic activists who formed what is now known as the Nepal Federation of Indigenous Nationalities, or NEFIN – originally Nepal Federation of Nationalities, or NEFEN. It was registered in 1990 as an umbrella organisation for ethnic associations. NEFEN advised the framers of the 1990 Constitution, and, for the first time, Nepal was explicitly recognised as a multicultural, multilingual state.⁷

The heightened public awareness of and deployment of the concept of identity in the Nepali public sphere happened to coincide with deepening global interest in the related concept of indigeneity. The UN promoted the Year of Indigenous Peoples in 1993-1994, and further issued the Declaration of the Decade of Indigenous Peoples in 1994. Several authors (Gellner 2007, Hangen 2007, Onta 2006) have noted how these global developments worked to promote the category of indigeneity as a particular kind of identity worthy of political recognition in Nepal. By 2002, the Nepali government had formed the National Foundation for the Development of Indigenous Nationalities (NFDIN), created through an Act by the same name that offered recognition to a set list of communities (originally 59, but which has fluctuated over time as some communities have asked for removal and others have sought inclusion).⁸ Nepal's 2007 ratification

⁷ See Malagodi 2013 for details of the 1990 constitutional process.

⁸ See Shneiderman (2013b: 45) on a 2010 High-Level Task Force for Revision of the Official List of Nationalities, which recommended that the list be expanded from 59 to 85. To date, this has never been implemented.

of the International Labour Organisation (ILO) Convention 169 on the Rights of Indigenous Peoples (making it the only Asian country to do that) cemented the country's global reputation as a progressive leader on indigenous issues. This was particularly so in contrast to its South Asian peers, notably India, which has yet to recognise indigeneity as a legal category.

Another category of identity that received a reboot in the early 1990s was that of religiosity. While Nepal remained a Hindu state even after the transition to democracy, the newly open discursive domain encouraged the growth of a secularist movement, led initially by Newar Buddhist activists (Leve 2007). While Buddhism had always been understood as part of Nepal's religious landscape in terms of ritual practice, it began to become a plausible political identity in a new way. Further, Nepal's Muslim and Christian minorities, as well as the many indigenous groups (Janajati) who practise forms of shamanism and animism, began to feel more comfortable bearing their religious identities in public.⁹ Early definitions of indigeneity included the term 'non-Hindu', but it eventually became clear that while this might be a useful distinction at the level of political identity, many Nepalis from Janajati groups had, in fact, experienced centuries of Hinduisation, and at the level of practice were both Hindu and non-Hindu at once.

Nonetheless, the increasing comfort that many people from a range of marginalised backgrounds – whether defined in religious, linguistic, ethnic, caste or regional terms – felt in displaying the content of their specific identities in the public domain created a heady environment in the late 1990s and early 2000s for new and lively displays of cultural difference. Language revitalisation programmes, cultural museums, and other forms of 'identity strengthening' (Shneiderman 2013b) received funding through programmes like the Janajati Empowerment Project (JEP). These donor investments were in part intended to counter the power of the Maoist movement, which will be described in some detail below. Some (although not all) of

⁹ For further scholarship on the processes and politics of secularisation in Nepal, see Gellner et al 2016 and Shneiderman 2018; on Nepali Muslim identities, see Sijapati 2011.

these cultural mobilisations became part of more explicitly political projects that sought to demand territorial, linguistic and other forms of identity-based rights.

The Maoist movement developed concurrently with these identity-based mobilisations. With its antecedents in the early peasant insurgencies (whose protagonists often belonged to marginalised groups) such as those described above, the People's War launched in 1996 foregrounded the category of identity from the outset. The Maoists' original 40-point ultimatum included the following points that addressed a series of identity-related grievances:

- Nepal should be declared a secular nation.
- Patriarchal exploitation and discrimination against women should be stopped. Daughters should be allowed access to paternal property.
- All racial exploitation and suppression should be stopped. Where ethnic communities are in the majority, they should be allowed to form their own autonomous governments.
- Discrimination against downtrodden and backward people should be stopped. The system of untouchability should be eliminated.
- All languages and dialects should be given equal opportunities to prosper. The right to education in the mother tongue up to higher levels should be guaranteed.
- Regional discrimination between the hills and the Tarai should be eliminated. Backward areas should be given regional autonomy. Rural and urban areas should be treated at par.¹⁰

The hotly debated question of whether the Maoists only used identity tactically as opportunities arose, or believed ideologically in its power and integrated it into their core strategy, remains open (see Ismail and Shah 2015, Lawoti 2003, de Sales 2000, Tamang 2006, Thapa 2014). The answer may depend as much upon locally disparate

¹⁰ '40 Point Demand', <http://www.satp.org/satporgtp/countries/nepal/document/papers/40points.htm>, accessed June 2, 2018.

circumstances and leadership as centrally-mandated ideology. The point worth emphasising here is that contra to global presumptions that a communist revolution militates against the reification of collective identities other than class, in Nepal, the decade-long Maoist conflict worked to greatly heighten emergent awareness of gendered, linguistic, ethnic, caste and regional identities.

This fact has led some authors (see Paudel 2016) to suggest that Nepal's Maoists strayed from their ideological path to lead the country down the path of 'neoliberal multiculturalism' (a term borrowed from Latin America, courtesy of Charles Hale 2005) through an emphasis on cultural rights rather than political and economic rights. Such recent critiques build upon earlier arguments (see Sharma 2004, Mishra 2007, 2012) which suggest that the turn towards identity derailed a focus on class issues; and, further, that since ethnic boundaries are known to be constructed (Barth 1969), the stuff inside them cannot be a legitimate basis for political claims. We refute this line of reasoning by recalling that it was the early Nepali state which rendered the content of identity politically salient through its own processes of classification, making it imperative for subjects, and later citizens, of marginalised communities to render their own identities recognisable in the terms set by the state. For many Nepali citizens, identity (whether indigenous, religious, regional or otherwise) is a key facet of their relationship with the state. This is not because such citizens asked for it to be so, but because the state has over time required them to identify with certain categories. These have subsequently become inextricably linked with the 'substantive content of ethnic consciousness' (Comaroff and Comaroff 2009) itself. For this reason, it is difficult to imagine a pathway to rectifying Nepal's political and economic inequalities that does not also engage with the full spectrum of its diverse identities.

Transitional Identities, 2006-2017

As the decade of Maoist-state conflict came to an end with the 2006 Comprehensive Peace Agreement (CPA), both Janajati and Madhesi leaders signed agreements with the interim government to set basic conditions for inclusion as part of the newly restructuring

state.¹¹ For example, the legitimacy of Madhesi claims to historical injustice, and the need for rectification was acknowledged in a 2007 agreement made between the government and the then-leadership of the Madhesi parties as part of the peace process. It is worth citing several points from the 2007 agreement in full to remind readers exactly what the state committed itself to during this early phase of the restructuring process:

- To ensure balanced proportional representation and partnership of Madhesis, indigenous peoples/janajatis, dalits, women, backward classes, disabled people, minority communities and Muslims who have been excluded for generations, in all organs and levels of government and in power structures, mechanisms and resources.
- To immediately establish a commission for state restructuring and ensure that it comprises of experts in an inclusive manner.
- Arrangements will be made for a federal state with regional autonomy while the sovereignty, national unity and integrity of Nepal will be kept intact during the restructuring of the state. The rights, nature and limits of regional autonomy will be as decided by the constituent assembly.
- To accord national recognition to the identity, language and culture of the Madhesis.¹²

The tenor of this agreement, and a subsequent 2008 one with a broader range of Madhesi parties, reflects public discourse in the years immediately after the conflict came to its formal end in 2006. There was a euphoric sense of possibility about building a ‘Naya Nepal’, or ‘New Nepal’, that would finally overcome long-standing caste, ethnic and religious inequalities by restructuring the state in a

11 For an overview of the peace process, see Thapa and Ramsbotham 2017, and Shneiderman et al 2016 for a review of scholarly literature on post-conflict transformation.

12 ‘Agreement between the Government of Nepal and the Madhesi People’s Right Forum, Nepal, Unofficial translation from the original Nepali, by United Nations Mission in Nepal (UNMIN)’ <https://www.scribd.com/document/281944949/2007-08-30-Agreement-spa-Govt-mjf-ENG>, accessed 24 September 2017.

more inclusive manner.¹³ Similar agreements were made with Janajati organisations, whose demands also focused on securing proportional representation and a commitment to a state restructuring process that would recognise, ‘ethnicity, language, geographic region, economic indicators and cultural distinctiveness’.¹⁴

Several of these points were embodied in the 2007 Interim Constitution, which, following amendments, clarified for the first time that Nepal was now (at least aspirationally) a federal, secular and democratic republic. It also defined ‘the nation’ as ‘[h]aving multi-ethnic, multi-lingual, multi-religious, multi-cultural characteristics with common aspirations ... all the Nepali people collectively constitute the nation’.¹⁵ This was an advance over the 1990 Constitution, which also recognised the country’s multi-ethnic and multi-lingual character, but still emphasised the ultimately monarchical Hindu authority as central to the nation: ‘Nepal is a multiethnic, multilingual, democratic, independent, indivisible, sovereign, Hindu and Constitutional Monarchical Kingdom’.¹⁶

Another important gesture towards righting past wrongs came in the form of the 2007 amendment to the Civil Service Act, which established affirmative action provisions in government service. For the first time, 45 per cent of positions were to be reserved for variously defined marginalised groups, including women. Although this was initially seen as a major achievement, it became clear that implementation of these provisions was challenging and led to unexpected consequences, including backlash against those whose opportunities they were meant to improve (Dong 2016, Drucza 2017a, 2017b). Such

13 These sentiments were expressed through a wide range of cultural forms, for instance in a new national anthem (see Hutt 2012).

14 ‘Agreement between the Government and Janajatis (7 August 2007/ 22 Saun 2064), Unofficial translation from the original Nepali, by United Nations Mission in Nepal (UNMIN)’ http://www.constitutionnet.org/sites/default/files/2007-08-07-agreement_between_government_and_janajatis.pdf, accessed 23 September 2017.

15 ‘The Interim Constitution of Nepal 2063 (2007), As Amended by the First Two Amendment Acts 2063 and 2064 (2007)’ http://www.constitutionnet.org/sites/default/files/interim_constitution_of_nepal_2007_as_amended_by_first_second_and_third_amendments.pdf, accessed January 22, 2019.

16 ‘Nepal – Constitution’, http://himalaya.socanth.cam.ac.uk/collections/rarebooks/downloads/Nepal_1990_Constitution_English.pdf, accessed January 22, 2019.

challenges are not unique to Nepal, and research demonstrates that all too often states confuse the passage of affirmative action legislation with the actual accomplishment of its goals (Shah and Shneiderman 2013). In such circumstances, lack of implementation may worsen the situation for marginalised groups, as the promulgation of legal provisions creates the public perception that certain groups will benefit immediately, generating backlash, while it often takes generations for affirmative action to actually lead to large-scale transformation.

Unfortunately, for Nepal, debates over centrally mandated affirmative action became entangled with the simultaneously occurring debates over the nature of territorial boundaries in the restructured state. While the CPA and the subsequent agreements with Janajati and Madhesi groups detailed above indicated that the new shape of the state would acknowledge identity as a factor while drawing administrative boundaries, the first CA (2008-2012) dissolved before promulgating a new constitution that could concretise these aspirations. Despite receiving reports from the State Restructuring Committee of the CA and, subsequently, the High-Level State Restructuring Commission, both of which proposed new maps that to some extent recognised identity-based territorial demarcations, the ultimate map submitted as an addendum to the 2015 constitution did not follow through on these recommendations.¹⁷ This change of heart sets the stage for the data for A Survey of the Nepali People in 2017, as will be discussed further below.

A Survey of the Nepali People in 2017: ‘Identity and Social Relations’

Our discussions in this section offer historically and ethnographically informed contextualisations and a critical reading of the survey data of A Survey of the Nepali People in 2017 (SoNP 2017) on ‘identity and social relations’ (The Asia Foundation 2018). The nationwide survey was conducted in September and October 2017 after the successful completion of two phases (out of three) of the first local elections

17 In fact, the map that was implemented hews closely to the report submitted separately by a minority faction of the High-Level State Restructuring Commission.

under the constitution of 2015. These local elections were considered to be a milestone for the implementation of federalism in Nepal. Relating to issues of ‘identity’, the survey asked people whether they felt disadvantaged because of their language, caste, ethnicity, gender and religion, and if they think inter-ethnic relations have improved or worsened over the years in Nepal. The survey data on ‘identity and social relations’, to a significant extent, also substantiate the overall arguments we make here.

The survey data suggests that during this period of transition, when the overall national mood was that of ‘guarded optimism’, the majority of respondents endorse the idea of *milera basne* (to live together amicably) as a core Nepali value, through their expression of support for the principle of equal rights for all castes and ethnic groups (see The Asia Foundation, 2018, Chapter 4 for details). As per the findings of SoNP 2017, almost two thirds of Nepalis (59 per cent) think relations between people of different castes, ethnicities and religions are improving in Nepal. They attribute factors such as the perceived decreasing importance of ethnic identities and less attention accorded toward ethnic differences, greater recognition/protections of rights of all groups, declaration of Nepal as a secular nation, and greater representation of all social groups, among other factors, for this perceived improvement of inter-ethnic relations. It is interesting that, despite the relatively recent Madhesi uprising against the promulgation of the 2015 constitution and the state’s use of violence to suppress this movement, the majority of the respondents (58 per cent) from the mainly-Madhesi Province 2 also feel that inter-ethnic relations have improved in Nepal. This ‘optimistic regional mood’ may indicate a strong belief on the part of Madhesi respondents that the institutionalisation of federalism will serve as a positive mechanism to address past inequalities.

Has the incidence of identity-based exclusion become insignificant in Nepal in the last few years? SoNP 2017 suggests that only a minority of Nepalis feels disadvantaged by their caste, ethnicity or religion in the workplace, when studying, when applying for a citizenship card, or in their interactions with police and health-care providers. However, we are cautious not to take this survey finding to suggest

that only a minority of Nepalis experience identity-based exclusions. These survey questions are aimed at identifying perceptions towards individual feelings of being disadvantaged based on one's identity in specific situations. Such survey questions are less useful in uncovering the intricate ways in which regimes of structural exclusions, already normalised through state policies, rules and practices, work in Nepal to marginalise the non-dominant genders and minority groups.

Take, for example, the fact that the cow, the Hindu sacred animal, is protected as the national animal in the new constitution which declares Nepal to be a secular nation. In other words, the belief of one religious group – which happens to be dominant – is upheld by the constitution under the secular pretext of designating it a 'national animal' (see Michaels 1997 for background). This ignores the fact that the cow is not a sacred animal for non-Hindus, some of whom are traditional beef-eaters. An individual can still be jailed for 12 years for killing a cow in Nepal; the majority of individuals accused of killing cows and consuming beef come from the Dalit, Janajati and Muslim communities. For example, there were 34 cases registered in Nepal's Supreme Court involving 'cow killing' (*gau vadh*) in the fiscal year 2016-17. Among the defendants accused of this crime, 51 per cent are Dalits, 16 per cent Tamang, 16 per cent Magar, 7 per cent Muslim, and 3 per cent Chhetri.¹⁸ On the other hand, 76 per cent of judges in the courts who decide these cases are Hindu 'high caste' (Dong 2016) and they (Bahuns and Chhetris) also constitute about 88 per cent of the gazetted officials in the judiciary (NJA 2013). In 50 per cent of the court cases involving 'cow killing', the defendants have been found guilty and sentenced to 12 years' imprisonment.¹⁹ The case of 'cow killing' shows how formally secular Nepal's laws are still largely shaped by Hindu jurisprudence,²⁰ which works to institutionalise structural exclusions for non-Hindu and minority groups.

Despite such shortcomings in highlighting structural forms of

18 Gyawali, Shiva Hari. 2018. 'Dalitko apradhikaran' (Criminalisation of Dalits). *Nagarik News*, Baishak 29, 2075. <http://nagariknews.nagariknetwork.com/news/46467/>. Accessed May 18, 2018.

19 Ibid.

20 Ibid.

identity-based exclusion in Nepal, SoNP 2017 still affirms that historically marginalised groups such as Madhesis and Dalits, and religious minorities such as Muslims and Christians are *more* likely to feel disadvantaged in specific situations. Similarly, the poor, the less educated, people in rural areas, and women feel more disadvantaged by class, caste, ethnicity, and religion (Fig. 4, The Asia Foundation 2018). These findings demonstrate the powerful role education may play in mitigating identity-based disadvantage. However, this finding should be cross-referenced with group-specific data on access to education to fully understand how identity shapes experiences of disadvantage.

Language and identity

The findings on language and identity in SoNP 2017 illuminate how the hegemonic status of the Nepali language continues to exclude non-Nepali speakers in public domains, especially Madhesis. Slightly more than half of the survey respondents consider Nepali to be their mother tongue or first language.²¹ The survey shows distinct geographical differences in the status of Nepali as the first language; the majority of residents from mountain and hill regions, but only a minority of those living in the Tarai, consider Nepali to be their mother tongue. Except in Province 2, where only 11 per cent of residents consider Nepali to be their mother tongue, the majority of respondents in all the other six provinces claim Nepali to be their mother tongue (Fig 4.1, The Asia Foundation 2018). These province-wise perceptions towards the Nepali language reflect the ethnolinguistic composition of the population as well as the hegemonic domination of Nepali. Importantly, a sizeable portion of people in the Tarai who do not consider Nepali their mother tongue feel disadvantaged ‘not being able to use their mother tongue in a range of situations: in the workplace, when reporting a problem to the police, when applying for a citizenship card, when going to the health post or hospital for treatment, and when studying at school or the university’ (p. 36, The Asia Foundation 2018). That the share of people feeling disadvantaged by their mother tongue is higher in the Tarai among Madhesi communities also affirms the exclusionary impacts

21 See Turin (2014) on the challenges of defining ‘mother tongue’.

of the monolithic language policy of the Nepali state for non-Nepali speakers. However, these survey results also ask us to consider the intersectionality of gender, caste, ethnicity and class in examining the differential exclusionary impacts of such state-led monolingual policies for various groups within the Madhesi community. Hence, among the Madhesi groups, women, the poor, Madhesi Dalits, Muslims, and the less educated are more likely to feel disadvantaged because of their lack of competency to communicate in Nepali.

As stated above, the survey data on the status of the Nepali language between Madhesis and non-Madhesis (in other words, hill and mountain groups) suggests that the politics of language will continue to be a contested field of inter-ethnic relations, particularly between Madhesis and the dominant Nepali-speaking hill groups. That the majority of residents in the Tarai – Madhesi, Muslim and Tarai Janajati – *do not consider* Nepali to be their mother tongue or the first language is not simply a reflection of the ethnolinguistic composition of the Tarai; it also signifies a collective assertion of Madhesi identity in opposition to the hegemonic hill nationalism that embraces Nepali language as the constitutive pillar of ‘Nepali nationhood’. With this survey data, it can be argued that Madhesi people are rejecting the dominant ‘grammar of identity and alterity’ (Baumann 2005) used by hill groups in othering them as ‘less authentic Nepali’ for being non-Nepali speakers.

SoNP 2017 also signals the possibility that language politics will continue to emerge as a contested field of inclusive democracy at the provincial and federal levels. The findings indicate a critical need for a serious commitment from the state and policy-makers towards implementing multilingual policies in public affairs at all tiers of government. As of January 2016, the Supreme Court had decided that free interpretation will be available for those who do not understand the legal Nepali language used in the court system (The Supreme Court of Nepal, 2016).²² Mandating the use of interpreters in the courts indicates both state recognition of the disadvantage non-Ne-

22 See ‘Adalaharuma Sewagrahilai Upalabdha Hune Sewaharu’, Supreme Court, http://www.supremecourt.gov.np/web/assets/downloads/law_reach/user_benifits.pdf, accessed January 22, 2019.

pali language speakers find themselves in, and a positive step towards ensuring access to justice for all.

Identity and ethnic boundaries: Views on inter-group relations

In the last two decades, issues of identity and the politics of collective rights have occupied central stage in Nepal's federal restructuring process. Political and social activists, mainly among Janajatis and Madhesis, had held out radical hope that the CA would deliver a plan for state restructuring that recognised identity as a legitimate basis for political claims. However, the impasse over how to accommodate identity-based demands in the new federal structure (Adhikari and Gellner 2016) led to the dissolution of the first CA without promulgating a constitution. The election of the second CA in 2013 delivered a body much less committed to this project, and the years since have seen the resurgence of the nationalist and centralist programme embodied now primarily by the Communist Party of Nepal (Unified Marxist-Leninist) (and, now, by the Maoists as well).²³ This agenda is strongly embodied in the constitution pushed through in September 2015 in spite of Madhesi protests against it. This occurred at a moment when the Janajati movement was significantly weakened after the traumatic effects of the earthquakes in the spring of 2015 which devastated indigenous heartlands in 14 districts of central Nepal. The constitutional promulgation led to a blockade of the southern border with India, and a resurgence of populist politics led by K.P. Oli, in the form usually termed *rastrabad*, a conservative form of nationalism that harkens back to the Panchayat-era tenets of the Hindu faith, the Nepali language, and the state (originally the monarchy, now more broadly defined) as the tenets of national identity.

Such a contextual background helps us make sense of SoNP 2017 data regarding 'views on inter-group relations'. This is an interesting area of investigation at this particular historical-political juncture, when the state has made new commitments to ensuring equity across collective difference, but has not yet fully delivered on these promises.

²³ The Communist Party of Nepal (Unified Marxist-Leninist) and the Communist Party of Nepal (Maoist Centre) merged in May 2018 to form the Nepal Communist Party (NCP).

Almost two thirds (59 per cent) of survey participants feel positive about inter-ethnic relations, with only about 12 per cent of them believing that relations between people of different castes, ethnicities and religions are getting worse. The reasons for the latter group's stating that inter-ethnic relations are worsening range from: people give more importance to ethnic and caste identities; the declaration of Nepal as a secular nation; the manipulation of identity politics and conflicts by political parties; questioning of traditional social order; and minority rights receiving too much attention in Nepal (Figure 4.9, The Asia Foundation, 2018). The survey data shows that 'high-caste' respondents who are dissatisfied are more likely to identify the shift towards secularism as the main cause for worsening inter-ethnic relations. This data makes sense given that 'high-caste' Hindus have more cultural and political attachment with the former Hindu nation. However, the survey data showing that dissatisfied hill Janajati are also more likely to blame Nepal's shift to secularism is unexpected. We think this response by a smaller group of hill Janajati may be interpreted in three ways: i) these hill Janajati are also devoted Hindus who regret that Nepal is no more a Hindu nation; ii) given the high incidence of religious conversion to Christianity among hill Janajati, these groups of respondents blame secularism for promoting Christian conversion in their communities; or iii) these Janajati blame the turn to secularism for prompting a 'high-caste' backlash against themselves and other groups perceived to be 'non-Hindu'. As Letizia suggests, 'there is still a sizeable minority of Janajatis who prefer the Hindu state option' (Letizia 2017).

Regarding views of caste and ethnicity, the survey data has a promising message – that a very large majority of Nepalis, irrespective of caste and ethnic background, support the principle of equal rights for all castes and ethnic groups. However, such views do not suggest that all of these respondents consider the content of their identity or ethnic boundaries to be less important. Indeed, one can only support the principle of equal rights on a collective basis if one first recognises the validity of claims to collective difference – in other words, the existence of distinctive identities. That a quarter of Nepalis surveyed still would not accept marriage of their son or

daughter to someone of another caste or ethnicity demonstrates that identity is very real to many Nepalis at the level of personal practice. Such views are more prevalent in the Tarai, but decrease with respondents' educational level.

Conclusion

This chapter has offered a brief overview of the complex historical, cultural, and political contexts surrounding recent debates over citizenship, inclusion and identity in Nepal. We have argued that the concept of 'identity' in Nepal needs to be understood as a category that has been defined processually over time. Our emphasis on the political and historical contexts is not to suggest that 'identity' is either a purely political construct or something that only members of certain groups can lay claim to. On the contrary, we argue that 'identity' must be approached beyond the narrow frame of 'identity politics' with which it is often conflated. As a central feature of human subjectivity, identity must be understood as a quality that each individual possesses, regardless of the specific vectors that shape it. The case of Nepal illustrates how claims of ethnic consciousness and cultural difference emerge as contested political projects when the state itself becomes an agent of institutionalising and legitimising inequality on the basis of identity.

Claims and discourses of identity are also shaped by global political-economic transformations. But we want to emphasise that the prominence of identity in Nepal's politics arose out of desires on the part of historically marginalised communities for greater participation and recognition from the state against the particular history of Nepal's exclusive citizenship, not through externally introduced ideas. Nepal's political transformations towards inclusive democracy since the early 1990s opened up new public spaces for historically marginalised groups to reassert the content of their distinctive collective identities as a legitimate way of establishing belonging and rights at the national level. Since 2006, public debates over questions of inclusion have significantly shaped laws, policy, practice and political mobilisation at various levels. There is now more recognition of diversity through constitutional and policy measures, and a greater realisation

of the importance of an inclusive polity for Nepal's political stability and economic prosperity. But, on the other hand, in the period since the 2012 collapse of the first CA to the present, there has been a more clearly regressive shift towards nationalist visions that could once again gradually lead to the creation of a state built on policies of exclusion, a phenomenon that aligns with new populist movements founded on exclusionary principles elsewhere in the world.

At this juncture, how the interface between 'identity' and the actual functioning of federalism will be defined in Nepal remains unclear and unpredictable, although it is crucial for ensuring long-term positive transformation. An acknowledgment of the universal scope of identity as a category of human experience, and an understanding of its power as such, thus positively contributes towards democratisation and making a previously exclusionary nation-state more inclusive, creating the conditions for all to live together amicably.

Marginal Gains

Borderland Dynamics in Post-War Nepal

Jonathan Goodhand | Oliver Walton

Introduction

How are post-war transformations experienced at the margins of the state? How do centre-periphery relations change in war-to-peace transitions? In what ways are borderland regions incorporated into post-war political settlements? These are questions raised in our research project, 'Borderlands, Brokers and Peacebuilding: War to Peace Transitions Viewed from the Margins',¹ and, in this paper, we draw upon emerging research findings from fieldwork conducted in three borderland districts in Nepal. Rather than attempting to provide a comprehensive overview of each district, we aim to give illustrative cases of the varied forms of contentious politics (and economics) that have emerged from these different borderland spaces in the post-war period. We hope that the comparative perspective on borderlands contributes to a more spatialised appreciation of shifting state-society relations and political settlements in the aftermath of war.

After introducing our theoretical framework and its implications for the study of post-war Nepal, we provide short vignettes of three peripheral districts: Saptari in the Eastern Tarai, Bardiya in the Western Tarai, and Dolpa in the Karnali region in the Northwest. This is followed by a comparative analysis of the dynamics of change in

¹ This is a comparative project which studies war-to-peace transitions in Nepal and Sri Lanka. It is funded by the UK's Economic and Social Research Council.

these different locales and some concluding observations on shifting centre-periphery relations in Nepal's post-war transition.

Centre-Periphery Relations and Nepal's Post-War Transition

Spatialising post-war transitions

Recent work on the political economy of state formation and post-war transition has usefully critiqued (neo)liberal perspectives that are based on an ahistorical understanding of state formation and development. But, despite a renewed emphasis on the politics of the state in development discourses and policy, the spatial dimensions of power and territorialisation remain neglected. Our research aims to address this gap, by combining a political economy approach with a borderland perspective.

In so doing we aim to move beyond methodological nationalism and the idea that post-war transitions necessarily involve the diffusion of power outwards from centre to periphery. Instead, we explore how post-war transitions frequently involve interactions between centripetal and centrifugal forces as political elites in the centre and the borderlands jostle for power and resources. By studying the state from the margins, and developing spatial histories of borderlands, we aim to bring questions of space and territory into conversation with political economy research on political settlements. Political intermediation, or 'brokerage', is central to our analysis. Borderland brokers stand guard over the synapses between the central state and the periphery, and between national and local political elites. They may play a role in asserting demands of their borderland constituencies at the centre, and mediating complex processes of elite bargaining. These brokers operate across a variety of arenas (political, economic, civil society) and engage in a range of strategies, which often shift significantly over time in response to wider political ruptures.

National borders rarely coincide neatly with pre-existing social boundaries. Social groups divided by an international border may have more in common with those living across the border than with those at the centre; they may speak the same language and economic activity with people from the other side may be more intense. From

the perspective of the central state, the political loyalty of borderland communities may be suspect – in Nepal, borderlanders living in the Tarai and along the northern border are often viewed as ‘un-Nepali’ by actors at the centre.

However, three caveats need to be highlighted. First, although we take a borderland perspective by starting from the vantage point of the periphery, this does not mean that all peripheries are the same – as this chapter shows each periphery has its own social structures, configurations of power and dynamics of change. Our approach is comparative – we are interested in understanding the differences and similarities between different state peripheries.

Second, a borderlands perspective does not imply that the role of the centre should be sidelined; we are interested in the dialectical relationship between centre and periphery, and how each is influenced and shaped by the other. Just as borderland regions have been transformed by war, Kathmandu has also changed significantly, growing very rapidly during this period as a result of inward migration from rural areas and capital flows (especially from overseas remittances), leading to a sharp rise in land prices and a booming real estate sector. And, simplistic divisions between centre and periphery break down when one studies the flows of people, commodities and ideas between the borderlands and the centre. For example, significant borderland populations live and work in Kathmandu.

Third, borderlands are themselves highly differentiated – they are places of multiple boundaries – social and administrative – and the international border may not always be the most salient one in people’s lives. Spatial imaginaries are complex, contested and constantly changing. Borders are ‘ordering devices’ and, as explored below, internal borders linked to state restructuring may be as significant in shaping the lives of border communities as the international border itself.

Nepal’s borderlands in the post-war period

Post-war transitions frequently involve a re-spatialisation of power. Borderland regions often play a central role in conflict and in the political wrangling for power that follows. In Nepal, the pre-war

state was highly centralised – underpinned by a political settlement in which Bahun-Chhetri groups controlled key institutions and the main sectors of the economy. The king and the military stood at the apex of this system. As Joshi (2015: 93) notes, historically, state-society relations were ‘largely extractive with a coalition at the centre composed of royals, Ranas, and their supporters among the military and state bureaucracy presiding over an economically and politically marginalized peasantry in the periphery’. The periphery was ruled through loyal intermediaries, a network of landed elites who served as agents of the state at the local level. Borderland populations were largely excluded from access to political and economic power.

However, as Blaikie et al (2007) note, there are major differences between peripheral regions where there is a high rate of exploitation as a result of adverse integration between the periphery and the centre (as, for instance, in the case of the Eastern Tarai, with links to the twin centres of Kathmandu and New Delhi), and ‘marginal’ peripheries in which there is a relationship of neglect by the centre in terms of investment and surplus appropriation (as, for example, in the case of Dolpa).

As state-led modernisation gave way to a period of economic liberalisation, this, in turn, affected centre-periphery relations. Studies of economic liberalisation in Nepal show that growth and prosperity did not diffuse evenly. The benefits of the liberal market economy were concentrated in urban areas, particularly Kathmandu, whilst the burden of structural reforms imposed by the World Bank and IMF was disproportionately shared by peasants in rural villages (Deraniyagala 2005, Joshi, 2015).

The Maoists sought to radically renegotiate the political settlement and distribution of power between centre and periphery. They mobilised groups in the state peripheries around identity, language and gender through a discourse of exclusion and citizenship. By targeting landlords and the local elites, they also challenged the feudal, ‘mediated’ state. This reduced the costs for peasants in joining the insurgency. It also transformed social structures in the countryside, which, in turn, shaped post-war politics. In Bardiya and other parts of the Western Tarai, for example, the targeting of feudal landlords created space for

Tharu political mobilisation. Besides the war, other forces contributed to shifts in the social structure that loosened patron-client relations. For example, there is some evidence from Saptari and elsewhere in the Tarai that labour migration has contributed to new processes of accumulation and investment, including the purchase of land by returned labour migrants, further diluting the power of feudal elites (see Sijapati et al 2017).

These transformations have significant implications for current debates on state restructuring, decentralisation and social inclusion. If, for example, elite structures in peripheral regions remain powerful and resilient, then substantive political and fiscal decentralisation may lead to new forms of elite capture, as has been characteristic of the Indonesian experience, for example (Whiston 2015). The powerful role of feudal elites in some of the Madhesi parties pushing for greater local autonomy is suggestive of this scenario. Therefore, borderlanders may not necessarily be the principal beneficiaries of an ostensibly more inclusive and decentralised political settlement. There is a need for careful analysis of subnational politics and specifically the role of political intermediation in brokering secondary political settlements (Parks and Cole 2010). Brokerage, involving the management of political coalitions and constituencies, has its own distinct characteristics and patterns across the three districts as well as variation over time, linked to the destruction of pre-war social structures in wartime, the emergence of new elites, and new forms of post-war political mobilisation.

The Comprehensive Peace Agreement (CPA) of 2006 appeared to reflect the new re-distribution of power within Nepali polity and society. The new political settlement was to some extent horizontally inclusive as it included the Maoists and their main constituencies and this was reflected in the gender and social make-up of the first Constituent Assembly. But, notwithstanding this widening of the circle of political actors with access to the levers of power, the political deal, represented in the Interim Constitution of 2007, failed to incorporate the concerns of all groups. Consequently, there was a reaction from Madhesi groups at the margins who felt excluded, culminating in violent mobilisation in the form of the 2007 Madhes Movement,

which was followed by a further round of unrest in 2008. Madhesi groups were supported by India, who saw them as a bulwark against a powerful Maoist-dominated settlement. These uprisings also created opportunities for central elites from the mainstream parties, with significant ‘holding power’ (Khan 2010), to push back against Maoist-inspired reforms (Adhikari and Gellner 2016). Therefore, somewhat paradoxically, the centrifugal forces unleashed by Madhesi identity politics, opened a space for the reassertion of the centripetal forces of state-building and centralised patronage. Constitutional talks brought into sharp focus tensions between centripetal and centrifugal political forces.

Constitutional negotiations mainly centred around Janajati and Madhesi demands for a radical restructuring of the state along federal lines – devolving power to provincial and local bodies, and boosting representation of marginalised groups in the national parliament by allocating seats on the basis of population rather than geography. Madhesi also demanded changes to citizenship laws which discriminate against those who had family ties beyond Nepal. Discussions revolved around what powers should be devolved and the delimitation of internal boundaries. In that sense, constitutional debates have involved intensive ‘border work’ – linked to where lines are drawn, how constituencies are formed, and who has the right to represent and speak on the behalf of which groups.

These negotiations dragged on until the term of the first CA expired in 2012, leading to a new round of elections for a second CA in 2013 that resulted in significant losses for both the Maoists and Madhesi parties. A new constitution was finally agreed after a ‘fast-track’ process of intense negotiations in 2015, triggered by the devastating earthquake of April earlier that year. These proposals were followed by the blockade along the southern border with India and violence in both the eastern and western Tarai (explored below). Local elections took place in three phases between May and September 2017. Phased provincial and national legislative elections followed in November and December.

Although the new constitution did result in significant devolution of powers to the local, and, to a lesser extent, the provincial, level,

and also to the creation of one ‘Madhesi-controlled’ Province (2) in the East, it has been heavily criticised (Jha 2018). The Tarai districts were split across five separate provinces, three of which combined the Tarai, mid-hills, and mountainous districts; one consisting of the hills and the Tarai; and only one which lay wholly in the Tarai. Borderland communities strongly objected to revised citizenship laws, which they felt were discriminatory, whilst the failure to apply the principle of proportional inclusion led to the continued dominance of Bahun-Chhetri groups in the bureaucracy and the judiciary.

Claim-Making and Contestation: Post-War Change in the Borderlands

The three districts selected here, Dolpa in the high mountains, and Saptari and Bardiya in the Tarai, were chosen not because they offer a representative sample of borderland regions in Nepal but because they capture contrasting features – allowing an analysis of variations relating to international borders (north and south); physical features/topography; resource endowments; demographic patterns; histories of state incorporation; ethnic composition; levels of urbanisation and industrialisation; experiences of wartime; and post-war political mobilisation.

Nepal’s border regions are very different from each other. On the one hand, there is a largely open and integrated border with India, in which there is a long history of exchange, shared cultural and economic interactions, cross-border movement and light regulation. In contrast, the border with Tibet in China, has over recent decades been more akin to the closed Soviet boundaries of the Cold War period, involving a highly regulated and militarised border, which cut off historic trade flows and interactions between people living on either side of the border on the Tibetan plateau. The closing of the border has been enforced by the Chinese in response to growing concerns since the 1960s about Tibetan separatism.

Like most of northern Nepal, Dolpa is in many respects an unpromising site for state-building. Its high mountains, limited resources, sparse population and inaccessibility means that historically the borderlands could not be profitably administered. It remains econom-

ically and politically marginalised, plagued by food insecurity, and has a long history of state neglect and limited interaction with political actors and officials from Kathmandu. In recent years, there have been some efforts to build connectivity through improvements in road and rail infrastructure in China (and promised developments in Nepal), driving economic and political change, although progress remains limited.

The Tarai, on the other hand, has several key economic hubs, and is experiencing ongoing processes of accumulation and investment, leading to growing social differentiation and class formation. The region has a relatively well-developed industrial sector and transport infrastructure. Some regions of the Tarai have seen the emergence of a local elite and intelligentsia, and an associated presence of political parties, universities, business elite, and civil society organisations.

There are also significant differences *within* these borderland regions such as ethnic and political differences between western and eastern Tarai, which have been accentuated by the new federal provincial boundaries. The Tarai is further divided by caste/ethnicity and class groups. In Dolpa, too, there are topographical, social and linguistic differences – manifest in long-standing divisions between upper, middle and lower Dolpa.

Although the three districts examined in this chapter are borderland districts, in the sense of straddling an international border, none are major crossing points or gateways for significant flows of people, money and commodities. Therefore, the ‘border effect’ is more limited, compared to other border locations such as Biratnagar in Morang district to the east of Saptari on the Tarai border, or the Kyirong border crossing with Tibet (in Rasuwa district), which have major political and economic salience. This, of course, can change rapidly as regulation on one side of the border creates new ‘border gradients’ and opportunities for brokerage (Goodhand 2018). One example of this phenomenon is the 2015–16 Tarai blockade, which suddenly resulted in new price differences that could be exploited by traders. The significance of these borderlands as gateways can shift during war and peace – for instance, Bardiya was a significant arms smuggling route during the war, but its strategic value disappeared in the post-war period.

These different structural features and dynamics have contributed to diverging trajectories of change in the post-war period. Groups from all three districts sought to influence debates around new provincial boundaries that dominated constitutional talks in 2015, following the earthquake. Madhesis, Tharus and groups living in the Karnali region sought to modify proposed boundaries to avoid dilution of their interests. Madhesis managed to carve out a 'Madhesi' province (Province 2), while civil society leaders in the Karnali region successfully protested against the initial six-province model which had proposed a large Province 6, encompassing the Karnali districts as well as much of the country's far-west. Tharu calls for Tharu-dominant states to be grouped together into a single province and for hill districts to remain separate, however, were ultimately unsuccessful. While Madhesis are now 'over-represented' in the provincial assemblies (compared to their overall population percentage), Tharus and Janajati groups remain under-represented (though to a lesser degree than women) (Paswan and Gill 2018).

While it is too early to offer any definitive assessment of the impact of Nepal's new federal system on centre-periphery relations, it is already clear that the newly created provincial boundaries have generated new intra-provincial conflicts and re-shaped centre-periphery relations by providing local leaders with a new platform to challenge and subvert the federal government. Following the elections and the formation of provincial governments, disputes have emerged across the country about the name of provinces, the location of provincial capitals, and the language the provincial assemblies should conduct business in.

Even as many respondents interviewed in Saptari district welcomed the election of local representatives, which they felt would provide them with more direct access to state services, these same processes have also led to new tensions and grievances (Karn et al forthcoming). In Rajbiraj, the district centre of Saptari, for example, the subsuming of several rural VDCs into Rajbiraj municipality led to complaints from rural citizens that it would be much more difficult for them to access state services (Karn et al, forthcoming). In Gulariya, the district headquarters of Bardiya, local businesses complained that the reduced

role for district-level authorities (with authority and resources being transferred to municipalities) meant that fewer people would need to travel there to visit district-level officials. These tensions will be explored in greater depth in the following sections, which explore each of our case study districts in turn.

Eastern Tarai: Saptari – New Contested Political Spaces

Our research in Saptari, a district in the Eastern Tarai, focused particularly on Rajbiraj, a mid-sized town of 45,000 situated on the Postal Highway that connects the Eastern and Western Tarai along the border with India. It was the earliest planned township in Nepal, becoming a municipality in 1959, and developing into a trading hub and an administrative and educational centre for the region. The town was also a political and intellectual centre, influenced by political currents and educational exchanges across the border. It acted as a cradle for the democracy movement in the 1940s and 50s. For example, the genesis of the 1950 anti-Rana movement was the jailbreak by political prisoners from the nearby Hanumannagar prison in 1942. During its heyday, the ruling class was composed of *pahadi* (hill people) and Madhesi feudal landlords. A former mayor of Rajbiraj described how during the Panchayat years, royal appointees controlled resources and the little available could only be accessed for local development needs through skilful lobbying and personal networks.

Economic decline set in with the construction of the East-West Highway, which bypassed the city, leaving it outside the main circuits of trade and exchange that integrated the Tarai with the hills. Rajbiraj's decline was matched by the growth of Biratnagar, emerging as a major urban centre and a trading and industrial hub less than 100 km to the east. Unlike Rajbiraj, Biratnagar has strong communications and road connections to Kathmandu, is the home of several important political families, and has a class of industrialists, bureaucrats and NGO workers (Sugden 2011).

The nearest border crossing from Rajbiraj lies some 10 km south of the city at Belhi, a small settlement surrounded by paddy fields and villages, with a small customs post, a steady stream of motorcycles and bicycles but few lorries carrying major commodities. This is in

contrast to the border infrastructure and the long queues of trucks backed up at the Biratnagar border. This rural border crossing has significance for the daily lives and livelihoods of border dwellers, who cross for labouring work, family and religious gatherings, and to access health and education facilities, but carries limited importance as an economic and trading hub. The cross-border smuggling economy involving licit (rice, cigarettes) and illicit (alcohol, marijuana) goods provide the most lucrative sources of income for border people and small-scale businesses in Rajbiraj.

There are centres and peripheries within the Eastern Tarai. Key nodes such as Biratnagar, privileged by their location, infrastructure, agglomeration effects and so forth, co-exist alongside marginal hinterlands such as Rajbiraj that are structurally disadvantaged by their location, their political marginality and adverse incorporation into local and national markets. Also, as the history of Rajbiraj demonstrates, these relationships are dynamic and changing; hubs can become peripheries due to shifts on both sides of the border. However, Saptari's recent history suggests a more complicated story than one simply of gradual decline. The economic picture is certainly one of growing marginality: a poverty rate of 40 per cent (more than 1.5 times the Nepal average) (Open Nepal 2013), high levels of inequality in land ownership, longstanding problem of landlessness, and increasing outmigration from rural areas – originally (and still) to India for seasonal work in the Punjab and elsewhere, but also increasingly to the Gulf states and Malaysia. There is a lack of industry and off-farm employment. Rajbiraj has an industrial zone but with only one functioning business. In recent years, brick kilns have become ubiquitous in the rural hinterland, requiring limited start-up capital and very cheap labour, often from across the border.

Notwithstanding this picture of economic stagnation, Saptari in the post-conflict period has become a political hub, one of several centres for the Madhes Movements of 2007 and 2008, and subsequent mobilisation around the ongoing constitutional talks in 2015, and then the local elections of 2017. This can be explained by a number of factors, including the region's longstanding history as a political and educational centre; the impacts of the Maoist conflict on local governance

and identity formation; post-war shifts in elite politics and the underlying social structure; and changes in the dynamics of brokerage.

The Tarai was not an initial centre for Maoist mobilisation. But, as the war expanded in scope and intensified, the Maoists' reached out to Madhesi groups, creating a Madhesi Rastriya Mukti Morcha (MRMM) under the leadership of Jai Krishna Goit, a Saptari native, as part of their strategy to use identity politics to win the support of excluded communities. The Maoists also targeted feudal landlords and pahadi elites, leading to an outmigration of the latter which continued even after the end of the conflict. The Maoist focus on exclusion and their deployment of identity in politics resonated with Madhesi groups even though the former's anti-Indian rhetoric had little appeal.

After the conflict ended, there was growing divergence between Maoists and Madhesi interests. Saptari became a focal point for several new political groups, including a breakaway faction within the Maoist movement, and for the emergence of armed groups after 2006. Historical and contemporary political movements in the Tarai have relied heavily on cross-border connections and political patronage from India. Similarly, Madhesi groups moved back and forth across the border to avoid state reprisals – as had also been the case during the anti-Rana mobilisation in the 1950s.

In contrast to the other six provinces, which were won handily by the left alliance consisting of the Communist Party of Nepal (Unified Marxist-Leninist) and the Communist Party of Nepal (Maoist Centre),² provincial elections in Province 2 were won by Madhesi parties (the Rastriya Janata Party and Sanghiya Samajbadi Forum-Nepal). This means that while the other provinces are likely to work together with the centre, the government of Province 2 is likely to clash over any number of issues. There are early signs that the new provincial structures are generating new strategies and alliances. Mainstream parties now have greater scope to attack Madhesi parties for their failure to implement development programmes in Province 2. New coalitions of caste, religious and ethnic groups are emerging, with Yadavs, Muslims and Dalits positioning themselves in coalition

2 These two parties merged in May 2018 to become the Nepal Communist Party (NCP).

against ‘high-caste’ Madhesis, who have traditionally dominated Madhesis politics.

There was also a noticeable shift in the rhetoric of Madhesi politicians in Rajbiraj during the local elections. Madhesi politicians have sought to combine an existing emphasis on identity-based mobilisation, which highlighted problems of political marginalisation at the centre, with a growing focus on local development issues (Karn et al, forthcoming). These elections, however, also exposed caste and religious divisions amongst voters in Rajbiraj. There have also been important changes in the role of women in politics, with political parties seeking out female candidates to fill gender quotas. Limbu’s (2018) analysis of women candidates in Rajbiraj shows that (as in other parts of Nepal) women have tended to be offered deputy mayor positions and that women with existing political networks (particularly family connections to leading male politicians) were favoured for selection.

The case of Saptari highlights the centrality of the margins to the renegotiation of the post-conflict political settlement. Through the blockade and various waves of political mobilisation, Madhesi politicians and civil society leaders in Saptari and other districts in the Eastern Tarai were able to shape the contours of the new constitution.

Western Tarai: Bardiya – Brokering Identity and Justice

Bardiya district in southwestern Nepal has a poverty rate of 29 per cent (around 1.2 times the national average) (OpenNepal 2013). Most of the population today is engaged in agriculture or small-scale business activities. The district (and the surrounding region) came under the control of the British East India Company, following the Anglo-Gorkha war of 1814-16. This land was subsequently returned to Nepal in 1860 as a reward for Nepal’s military support during the 1857 uprising in India. In the early 20th century, Bardiya was heavily forested and sparsely populated, mostly by indigenous tribal Tharu people (although also containing various other groups). From the 1950s onwards, malaria eradication projects and forest clearance facilitated the migration of Tharus from the Dang and Deukhuri valleys to the east and Nepali-speaking pahadis into the district. Pahadi migrants were

granted control over most of the land in Bardiya and large sections of the Tharu population became bonded labourers, known as *kamaiya* (bonded labourers) or *kamlaris* (domestic servants). Around the time the *kamaiya* system was abolished in 2000, there were around 7000 *kamaiya* households (with some 34,000 people) in Bardiya district (Adhikari 2008).

The district is dominated by the Bardiya National Park and the surrounding buffer zones, which account for over half the district's land area and come mostly under the authority of the central government via the Department of National Parks and Wildlife Conservation. The Bardiya National Park forms a contiguous corridor of forested land across the border into India. Besides facilitating the migration of many important wildlife species, the park also became an important corridor for Maoist cadres and for smuggling arms and illicit goods (such as drugs and timber) over the border to India. Like Saptari, Bardiya shares an open border with India that people cross daily to buy goods for personal consumption. There is also frequent inter-marriage between communities on either side of the border. Bardiya also lacks a major certified border crossing, which means there is only very limited flow of licit trade across the border. Most imports and exports cross at the nearby town of Nepalgunj in Banke district to the east, which operates on a smaller scale than the border crossings of Biratnagar, Birgunj and Bhairahawa further east. While the smuggling of timber and arms has gone down since the end of the conflict, in recent years there has been an increase in human trafficking of women and girls from other parts of Nepal over the border into India (and thereafter often overseas).

Following the opening up of the democratic space in 1990, Tharu activists began campaigns for land rights and to end bonded labour. When the conflict broke out, the Maoists quickly recognised them as a community that would be receptive to their message of social transformation (Adhikari 2014). The war period had a transformative impact on both Tharu society and social structures. The Maoists invested heavily in mobilisation among the Tharu community, rousing support by highlighting the need to abolish the feudal system and targeting local landlords, many of whom subsequently left the area during the war (Hoffman 2015). A number of Nepali and international NGOs also

became active in promoting the rights of the *kamaiya*, some of whom developed a cooperative relationship with the Maoists (Hoffman 2015, Fujikura 2013).

The liberation of the *kamaiya* and the grant of some land (5 *kattha*, i.e., 0.17 hectare to each household) did achieve some re-distribution although many large landowners were able to hold on to large parts of their holdings, and since the 5 *kattha* provided was insufficient for most *kamaiya* households to live on, most continued to remain dependent on landlords (Adhikari 2008). The *kamaiya* have continued to lobby the government for additional cash benefits and housing support, intensifying their efforts in 2006.

Bardiya was heavily militarised during the war and had one of the highest rates for wartime disappearances. According to a report from Office of the United Nations High Commissioner for Human Rights (OHCHR), over 200 disappearances took place in Bardiya during the conflict, with most occurring between 2001 and 2003 (OHCHR 2008). The high rate was partly caused by the fact that the local Tharu population (who, according to the 2011 census, make up 53 per cent the district's population) tended to support the Maoists, and were often assumed by government forces to be Maoist sympathisers. The high rate of disappearances can also be explained by emerging conflicts over land that arose out of the land reforms following the liberation of the *kamaiya*.

After the CPA, representatives from the OHCHR and the International Committee of the Red Cross (ICRC) began to investigate human rights violations in Bardiya and the district became a hotspot for international engagement on transitional justice issues in Nepal. Several local groups representing conflict victims were set up and acted as brokers between the demands of international and national-level transitional justice initiatives and the interests of local communities. These groups negotiated tensions between victims who often prioritised compensation, international activists whose work was informed by a more legalistic understanding of justice and emphasised accountability as well as the pursuit of emblematic cases, and political elites who argued for amnesty (Marsden 2015).

The emergence of the transitional justice agenda in Bardiya

highlights continuities and changes in the dynamics of brokerage over the course of the war to peace transition. A key local figure in the transitional justice movement, for example, was Bhagiram Chaudhary, the local secretary of the Bardiya Conflict Victims Committee. Before taking on this role in 2007, Bhagiram had been a Maoist cadre, working for the Tharuwan Rastriya Mukti Morcha and also the Maoist student wing. During the war, Bhagiram became well known in the community and also developed links with international organisations such as the ICRC as a result of his brother and sister-in-law being arrested and subsequently disappeared.

Bhagiram and the Conflict Victims Committee worked to assert the interests of conflict victims, putting pressure on the government to deliver justice and truth. However, the political salience of the transitional justice agenda waned over time, both nationally and locally. Little progress has been made in delivering accountability for conflict victims, and the issue of transitional justice was not a strong feature during recent electoral campaigns in Bardiya. But, Bhagiram's case highlights the way local brokers can draw on a shifting set of discourses, networks and practices to assert the demands of their community, alongside their own interests. Just as the Maoists provided space for Tharu leaders to challenge the status quo, international and national transitional justice groups provided new opportunities for local brokers to access power and resources (cf. Fujikura 2013).

In 2009, discussions at the centre around a new constitution provoked violent protests from Tharu groups in the Western Tarai. Tharu protestors objected to what they saw as an attempt by Madhesis to subsume Tharus under the Madhesi identity and undermine their aspirations for a Tharu-majority province. Tharu protests ran alongside other groups of protestors calling for an undivided Far-West as well as those aggrieved at plans to combine what later became Provinces 6 and 7 into a single Province. While the government largely acceded to both these latter groups, Tharu aspirations were met with force. In August 2015, in Tikapur, Tharu protests grew violent and seven policemen were killed. Thirty-nine people were subsequently arrested in relation to this incident.

Tharu demands for a separate province were thwarted by the 2015

Constitution. The Tharu-dominated districts were split between Provinces 5 and 7 and Tharu politics lost its distinctive thrust after 2015. In 2017, two key mergers of Madhesi and Tharu-led parties ahead of the local, provincial and national legislative elections took place and most Tharu leaders now operate either through Madhesi coalitions or the mainstream parties. The latest parliamentary elections showed very low levels of support for Tharu parties or leaders operating outside either Madhesi or mainstream parties. As in Saptari, political rhetoric around the 2017 elections showed a shifting emphasis away from identity-based mobilisation and towards a focus on getting on with long-awaited development work.

The contrasting political dynamics in two districts in east and west Tarai illustrate how borderlands themselves are highly differentiated and how these divisions may be exploited by political elites at the centre to prevent contiguous blocks of opposition from emerging. Bardiya also shows that just as tensions between centripetal and centrifugal political forces are evident in negotiations over state reform, these strains are also apparent in the field of transitional justice. Borderland brokers engage with a shifting set of national-level actors and agendas to assert the interests of their communities.

Northern Periphery: Dolpa – A New Commodity Frontier

The sparsely populated, mountain district of Dolpa has a poverty rate of 43 per cent (nearly double the Nepal average) (OpenNepal 2013). The region is deeply affected by food insecurity, with only 50 per cent of the households growing enough food to feed themselves for half the year (Dolpa district study). The Dolpa region had formed part of the Tibetan Empire towards the end of the first millennium, and, later, the Lo and Jumla kingdoms. Throughout its history it has remained relatively autonomous and isolated from the rest of the country due to limited transport links (Bauer 2004, 2014). Unlike some other groups in the Tibetan borderlands, such as the Thakali, Nyishangba and Sherpas, who were able to leverage resources and privileges from Kathmandu, Dolpa remained an isolated periphery (Bauer 2014).

The district headquarters in Dunai and the airport in Juphal in

mid-Dolpa constitute the political and economic hub of the district. People from Upper Dolpa have to walk for many days to access state officials and basic services. Most villages in Upper Dolpa lack basic services, with the only available schools run by NGOs.

Since 2000, there has been a shift in traditional livelihood strategies with declining reliance on animal husbandry and a growth in trade of medicinal plants, particularly *yarsagumba*, a fungus that feeds on caterpillar moth larvae. The fungus, which is found across the Tibetan plateau, has become a popular aphrodisiac in China and its price has increased significantly. Trade in *yarsagumba* was legalised in 2001, and has since become a key contributor to the cash economy in Dolpa. Shifting livelihood patterns have also been driven by growing regulation at the Chinese border, which began in the 1960s but became tighter in 2003/2004 and made traditional trading in livestock and salt over the border into Tibet more difficult. The border currently only opens for a 15-day window during the summer months and traders must acquire a NPR 350 permit to cross into Tibet. Improving infrastructure in Tibet has meant that Tibetans near the Nepali border are less dependent on cross-border trade, and increased the flow of cheap goods from China such as motorcycles and food into Dolpa.

Some recent studies have estimated that Nepali harvesters receive nearly USD 60 million per annum from *yarsagumba*, making it Nepal's third leading export earner. Dolpa produces the highest volume of *yarsagumba* in Nepal – an estimated yearly output of 889 kg. It is believed that total production in Nepal is around 14 times the official trade, with most traders evading official taxation and a growing proportion of the trade flowing directly to Tibet. Local traders receive around USD 10,000 per kg, while *yarsagumba* has retailed for as much as USD 140,000 per kg in China (Pyakurel and Smith-Hall 2018). Most district-level politicians in Dolpa are heavily involved in *yarsagumba* trade and many draw on their political connections in Kathmandu to evade taxation. While in the past, the economic and political elite in Dolpa invested capital in farming land, today's *yarsagumba* revenues have been concentrated in hotels and residential property in Dolpa, Kathmandu and other urban areas.

Dolpa shows how the exploitation of high-value resources can

transform a remote borderland region into a new commodity frontier – in this case re-orientated towards China and feeding the consumer habits of the growing middle classes in East Asia – just as drugs cultivation in the remote borderlands of Afghanistan fuel consumer habits in Moscow and London. The post-conflict period has seen a major shift in the ‘institutions of extraction’ (Snyder 2006); during the war, there was a rebel monopoly, which ensured a relatively ordered system of extraction and taxation. Local *yarsagumba* collectors paid tax to the Maoists, who in return provided the collectors with security. This changed after the conflict and the emergence of new governance arrangements around *yarsagumba*. This can be characterised as a more fluid ‘joint extraction’ (ibid) regime in which private actors negotiate with various state actors (at different levels) in order to access rents from the trade. There was growing competition over the regulation and distribution of rents linked to the *yarsagumba* trade. Dolpa opened up to outsiders and became less tightly regulated, creating new conflicts between locals and outsiders from lowland areas who were attracted to the district by economic opportunities associated with *yarsagumba*. Conflicts also emerged between collectors and local traders regarding control over collection sites where the government often has a limited presence (Pant et al 2017).

In response to these developments, the military and the police also made a more concerted effort to capture these rents. In the Shey Phoksundo National Park, which covers a large part of Dolpa, the authorities now sell permits to collect *yarsagumba* for NPR 500 to park residents, NPR 2000 to those from Dolpa district, and NPR 3000 for outsiders. In 2014, violence erupted after local *yarsagumba* collectors in Lang were asked to pay new fees to collect *yarsagumba* in their communal lands. This led to protests from local youths. The Armed Police Force responded with force and arrested 12 protestors. According to reports, some of these protestors were tortured and one died (Gurung 2014). This incident provides a telling case of the power relations surrounding the *yarsagumba* trade and illustrates how outsiders have sought to renegotiate the political settlement by increasing their control of rents that has resulted in violent contestation while also highlighting emerging centre-periphery tensions.

The case also illustrates how the growing market for *yarsagumba* has impacted upon social and political relations in Dolpa, cementing the position of local elites in mid-Dolpa, who have been able to use connections with political actors at the centre to exploit these emerging economic opportunities, and strengthen their position as brokers between the district and political or economic players from outside. *Yarsagumba* has contributed to the rapid transition from a subsistence to a cash economy. It has led to new processes of accumulation and investment. It has provided the start-up capital for the construction of hotels in upper Dolpa and also the resources required to facilitate labour migration (Bauer 2014).

As with the Tarai cases, the elections and devolution of resources to local representative have been largely welcomed. These new politicians promise to overcome the severe logistical challenges that previously faced communities in Dolpa and hampered their ability to access basic services such as obtaining identity cards or lodge complaints against state officials. Local people are generally hopeful that there will be greater scope to push back against state violations of the kind that occurred in 2014, thereby promoting a greater sense of accountability. Yet, the amalgamation of VDCs into municipalities has benefitted the more centrally-located VDCs at the expense of more remote or rural ones, and many of the old constraints still apply: the new municipalities in Dolpa have been tightly drawn, with large swathes of land remaining under the control of central authorities (forests, national parks, etc). This means that valuable natural resources such as *yarsagumba*, timber and tourism permits remain out of reach of local bodies. Local people still lack representatives in the police, the army or the bureaucracy.

Concluding reflections

State restructuring, new political settlements and centre-periphery relations

Our analysis and district studies have explored how formal power structures – linked to the CPA at the end of the Maoist conflict and then efforts at state restructuring in the period thereafter – inter-

acted with underlying configurations of power, in the centre and at the peripheries of the state. Our analysis reveals the importance of sub-national political settlements in shaping power relations at the centre and influencing the dynamics of state reform processes.

Political settlements analysis shows that where formal institutional arrangements are out of alignment with underlying configurations of power, there is likely to be violence and instability, as political elites seek to renegotiate the terms of the settlement (Khan 2010). As the cases show, post-war transitions lead to new forms of contentious politics, and violence or the threat of violence are never far from the surface. This violence takes different forms: violent political mobilisation in the case of the Madhesi uprising, the criminal violence that came in the wake of this mobilisation, or the violence surrounding competition for access to the *yarsagumba* trade as seen in Dolpa in 2014.

In Saptari, Madhesi politicians pushed back against the emerging political settlement at the centre and captured some of the levers of power at the local level through the new provincial government – though questions remain about how much power they will actually be permitted to wield by the central government. Dolpa's political economy has been transformed by the growth of *yarsagumba* production. This has enhanced the position of key brokers/local elites, who have positioned themselves as representatives of the district and a point of contact for political and economic actors at the centre and across the border in Tibet. In Bardiya, the Maoists addressed some glaring inequalities in the position of economically marginalised groups. Economic and political actors at the margins have had some influence on politics at the centre – most obviously through compromises around provincial boundaries in the aftermath of the blockade.

Beyond seeing like a state: Developing a borderland perspective

As our cases show, borderlands continually challenge and transgress the administrative and political boundaries that represent the spatial imaginary of the state. There is also an important international and transnational dimension to the political struggles of border commu-

nities in post-war transitions. India's backing of Madhesi demands has been instrumental in the recent blockade and subsequent developments in the eastern Tarai. In both east and west Tarai, armed groups and politicians have relied heavily on links across the border. The Nepali economy remains reliant on remittances and access to Indian ports. China has also played a significant role in shaping politics, both nationally and indirectly at the northern border, through improving transport infrastructure in Tibet.

All three cases have highlighted divisions within the borderlands, emphasising that change at the borders is not simply about conflict between centre and periphery. These internal divisions have come out in part because the centre uses them instrumentally to weaken political, economic or identity blocks in the borderlands.

Contentious politics and the changing dynamics of brokerage

New political intermediaries have emerged on the local and provincial political scene, including many contractors, younger people and people with professional experience. The three cases also reveal how new forms of political brokerage develop in response to the opening political and economic opportunities in the borderlands. In Dolpa, new forms of brokerage linked to *yarsagumba* and road contracts have emerged, generally strengthening the hand of existing political elites who have exploited their connections in Kathmandu (and Tibet) to exploit these emerging sectors. In Bardiya, local leaders have advanced their own and their communities' interests by utilising resources, spaces and new discourses provided first by the Maoists and, in the post-conflict period, by international transitional justice networks. In all three cases, new players (women, Dalits, contractors) have entered the political spaces created by political restructuring. These cases highlight how opportunities and space for brokerage grow during moments of rupture (such as the start and end of conflicts) and that brokers' roles may be particularly influential during these turning points.

Economic growth and development programmes have been central to the post-war political discourse, and the dynamics of brokerage. Development programmes are framed as an antidote to future

conflict and a means of stabilising and legitimising the peace.³ Much of this drive towards development has been built on the assumption that the new government at the centre, and the decentralisation of powers to the margins, will provide the stability required to address pressing development challenges (especially relating to infrastructure). In Dolpa, the central government promised to revive a stalled Chinese hydropower project. The prospects for Madhesi parties, however, seem to have weakened in the legislative, provincial and local elections. Madhesi parties now seem vulnerable to future attacks from the mainstream parties, who can now criticise them for failing to deliver promised development.

Borderland perspectives and future prospects

The popular mood amongst border communities at the time of writing is mixed. Based on findings of A Survey of the Nepali People in 2017, the population of Province 2 (the ‘Madhesi’ province) is mostly pessimistic in terms of overall direction of country (55 per cent think things are getting worse vs the national average of 30 per cent). The outlook amongst those living in Province 6 (including Karnali) is more positive – only 17 per cent think things are getting worse.

All of the borderlands examined in this chapter challenge Scott’s thesis that borderland groups seek to evade and remain illegible to the state. The cases show borderland communities pursuing the ‘art of *being* governed’ but on changed terms, exploiting various opportunities and adapting their strategies to make claims on the state and to fight for inclusion and citizenship.

The cases show the uneven, patchy processes of territorialisation and how ‘state effects’ manifest themselves very differently in different border regions. State restructuring and the respatialisation of power create new arenas of conflict, increasing the stakes and intensifying competition at the local level. Whether this leads to growing forms of elite capture at the local level or increased voice

3 The most prominent example of this kind of programme has been the Border Area Development Programme – a five-year programme launched in 2016.

and representation is unclear and is likely to vary from one district to another.

Note

This paper is based on research conducted with Martin Chautari in Kathmandu between January 2016 and March 2018. Over 250 interviews were conducted by the authors and other research team members in the three district studies with key politicians, academics, officials, and business people. The Nepal research team was led by Sujeet Karn and included Kalpana Jha, Bhawana Oli, Bhaskar Gautam, Sangeeta Thebe Limbu, Indu Chaudhary, Asmita Khanal, Madhusadan Subedi and Akalal Chalaune.

Economic Transformation

What Is Holding Us Back?

Yurendra Basnett | Chandan Sapkota | Sameer Khatiwada

Introduction

In 1989, the per capita income in both Nepal and Vietnam was roughly the same, about USD 220. At present, per capita income in Vietnam is more than twice that of Nepal's. By industrialising the economy, Vietnam could achieve rapid economic transformation. In comparison, Nepal has failed to industrialise, and the contribution of manufacturing to gross domestic product (GDP) growth has regressed to below 1985 levels, essentially pointing to a gradual deindustrialisation even before the sector could take off.

Economic transformation continues to elude Nepal. Weak productive capacity has resulted in low levels of economic development and per capita income, and a large chunk of labour is still involved in low-productive activities. With the manufacturing sector stagnant and low labour absorption capacity in the services sector, economic alternatives for improving household well-being have not been forthcoming from the national economy. Consequently, many workers have chosen to migrate to foreign labour markets in search of better jobs. In effect, people have been voting with their feet on Nepal's economic performance.

There have been a few observable improvements in social development in Nepal. These changes are a combination of improvements on both the supply side (provision and expansion of better basic services)

and the demand side (increased household income from remittance inflows that have improved access to basic services). Many improvements on the supply side have been supported with external financial assistance, and, in the absence of sustained economic growth, it is unclear if the Government will have the resources to maintain current improvements. Second, demand-side improvements (primarily, household income) are the outcome of continued absorption of Nepali workers in foreign labour markets in the Middle East and South- and North-East Asia. Any reduction in the demand for Nepali workers in those labour markets will have a devastating impact on the economy and for households with migrant workers.

Switching to more long-term, sustainable sources of growth and employment in Nepal necessitates structurally transforming the economy from lower to higher levels of economic activities, and, consequently, enhancing productivity. Pervasive market and coordination failures undermine the development and growth of the productive capacity of the economy. Addressing these will require an effective and strategic industrial policy. Given the booming neighbouring markets and favourable domestic conditions (such as relatively lower minimum wages and the improving electricity supply), not only is manufacturing viable, but also presents a real opportunity for achieving rapid economic transformation. Since factors that constrain manufacturing pervade all the productive sectors, addressing these underlying challenges is likely to trigger an economic transformation.

This chapter explores the political economy constraints in structurally transforming Nepal's economy into higher levels of productivity. It begins by critically questioning the 'Nepal is poor' thesis and the policy responses it has attracted. It then historically, albeit briefly, explores the institutions and incentives that underpin the functioning of Nepal's economy, and will argue that without transforming them, the emergence of long-term and inclusive prosperity will remain elusive. The chapter then discusses how we can re-orient economic policies that begin to place greater emphasis on building productive capacity, generating more and better-paying jobs, and creating commercial opportunities.

The Poor *also* Want To Be Rich

Nepalis know ours is a poor country, and in the event anyone would like to think otherwise, there is an overwhelming abundance of data and reports to tell us how poor we are. There is also an entire industry in Nepal that will remind you with fancy charts, figures, tables and what have you about poverty in Nepal. To an outsider, our preoccupation with identifying and measuring 'the poor' must seem amusing. We hold information on, and, if not, are committed to finding out, how many of us are poor, what the poor eat, where they live, how far they live from the nearest road, and so forth. All of this is both intrusive and depressing, and only by challenging this 'Nepal is poor' thesis can we begin to effect change.

Nepal is indeed poor, but not Nepalis. Consider this: A Nepali who earns less than a hundred dollars a month, after a four-hour flight to Doha or Kuala Lumpur will earn twice that amount, if not more. Granted the person gets a bit of pre-departure training, but that alone could not have doubled the person's productivity. Why is it that the same person when in Nepal earns two times less and is, therefore, two times poorer in Nepal than when she is employed in the overseas labour market? The answer is deceptively simple: our economy can only offer a poor person's wage. So, the question we really ought to ask is: why is our economy poor and what can be done to make it rich?

The famed Nepali anthropologist, Dor Bahadur Bista, rightly remarked that the belief in fatalism (that one has no personal control over one's life circumstances, which are determined by divine or powerful external agencies) continues to stall Nepal's economic progress.

In Nepal, people know that there is work which has to be done but they also know that this means low status. Anyone who does not have to work but can ask others to work for them is higher in status than those who work when asked by people at higher levels. Anyone who is educated, and thereby is in a position to identify with the traditional role of the high caste, would never want to work...when the bulk of the educated share this perspective, little work actually gets done (Bista 1999).

A society that is fatalistic about economic well-being is one that can be also governed conveniently. Hence, we have made it quite convenient for the rulers, who have little pressure on delivering prosperity. In a public speech given with one of the authors in the audience, Gagan Thapa, the well-known leader of the Nepali Congress party, shared our collective fatalism towards economic prosperity eloquently. Asked to write about Nepal in his School Leaving Certificate exam,¹ like his father before him, Thapa started his essay with 'Nepal is a poor country...' The fact that we are poor has been imprinted inter-generationally, and rarely do we question the politics of it (who does it serve?) or the economics of it (why have we not yet become rich?). On the contrary, we have clothed the poverty thesis with irrefutable facts, such as we are landlocked and, therefore, we are poor. Yes, we are landlocked but that should not stop us from becoming rich if we change the geographical constraints of being landlocked. But, why we have not done that rarely gets discussed. Being poor is not an unchangeable economic fact; it is a political construct but one that influences what economic policies ultimately get chosen.

There is no dearth of responses to alleviating poverty in Nepal; there is, after all, a whole industry dedicated to the mission. We probably have one of the densest and pervasive poverty reduction programmes in the world. There are all sorts of things on offer that usually come packaged with the prefix 'pro-poor'. While the intentions are all well placed, it is difficult to overlook the contradictions. More resources go into the process of delivering benefits to 'the poor' rather than achieving impact (making 'the poor' rich). A lot of effort is also expended on sophistication and innovation of process (how best to take the goodies to 'the poor') while ignoring the simple fact that a decent well-paying job would go a long way in alleviating poverty.

The Nepali state has been at worst dismissive and at best oblivious of the desire of the people across the nation to become wealthier. Nowhere is this more apparent than in the shabby treatment of migrant workers at the Kathmandu airport. We fail to celebrate

1 Till recently, the terminal high school examination taken after 10 years of schooling.

migrant workers' desire to be productive. A nation constructed on the basis of zero social mobility can hardly be expected to champion the cause of making everyone rich. Unless there is a drastic overhaul of the very socio-political blueprint of governance that permits only the few to be rich while relegating others to the status extended by their birth, Nepal will not become less poor. Such a state of affairs in an authoritarian state would hardly be surprising, but to see lack of economic change in a democratic Nepal can be quite baffling.

Comparing the 1970s and 80s (the Panchayat era) to the post-1990 period (democracy years), one observes a divergence in how changes have taken place in the political and economic spheres. Political changes have been transformational, and the process continues. Economic changes, on the other hand, when one peels the layers to the very foundation, can be argued to have regressed. Except for labour migration, which itself has much to do with political change – people can now own a passport and the political restrictions on mobility have been removed – the real, productive national economy remains neglected. Investments, coupled with government policies in the 1970s and 80s, led to high rates of annual growth in the value added in the industrial sector: from 1980 to 1989, annual growth in industry value added averaged about 7.81 per cent and from 1990 to 1999, about 7.28 per cent (Basnett et al 2014). Such growth rates in turn helped create jobs for workers coming out of agriculture. By the beginning of the 21st century, value-added growth in the industrial sector in Nepal had regressed to about 2.98 per cent and its share in the economy started to contract. As a result, the economy was unable to generate sufficient jobs required for the growing population. Countries like Bhutan (landlocked), and Bangladesh and Cambodia (both least developed) have industrial sectors growing more than twice as fast as Nepal's. That is why they are getting richer, and in the process becoming less poor.

The Maoist insurgency that began in 1996 is often cited as a reason why the economic reforms of the mid-1990s did not deliver high rates of economic growth and a consequent reduction in levels of poverty. In the same breath, high levels of poverty are attributed for fuelling the insurgency. While poverty and insurgency allow for convenient explanations, what is perhaps more true is that misplaced and

incomplete economic policy reforms in the 1990s did little to sustain economic growth and job creation. As jobs were not forthcoming outside of the agricultural sector, people were stuck in ever-constricting plots of land as members of the household increased and experienced reductions in economic well-being. The Maoists were effective in giving this burgeoning grievance an organisation for collective action and channelling it in a political direction of their choice (Basnett 2009).

Our political leaders humour us with statements such as ‘We will make Nepal like Singapore’ or ‘Switzerland’.² Lofty and unfounded, and, unfortunately, these are yet the only economic vision statement available in Nepal. Little are we told that Singapore and Switzerland have one of the highest per capita manufacturing outputs in the world, while Nepal has one of the lowest. This is why they are *so* rich, and why we are *so* poor. Singapore and Switzerland make products (e.g., machines, technological innovations) that other countries such as China use in making things (shoes, shirts, cars) that the rest of the world consumes. Singapore and Switzerland are able to do this because they have invested in world-class infrastructure, education (including research on technological innovation) and industry – all three of which are nowhere in sight in Nepal. Such policies and investments allowed Singapore to transform from being a poor country to having one of the highest per capita incomes in the world in less than three decades. There is nothing stopping Nepal from becoming like these countries, save for the economic policies we choose or decide not to choose.

We are poor not because we have to be, but because we have left it to be so, and have not yet done the right things to transform the situation that holds us back. Our poverty, thus, is the sum of all our poor economic policy choices. Only by acknowledging this will we be able to lift the veil of fatalism, and transfer policy debates and choices to actively pursuing prosperity.

2 See, for instance, Sujeev Shakya, ‘Learning from Singapore’, <http://kathmandupost.ekantipur.com/news/2017-10-10/learning-from-singapore.html>; and Katie Monk, ‘Nepal hails a new republic’, <https://www.theguardian.com/world/2008/jun/09/nepal>.

A Rentier's Paradise

Economist Douglass North (2005) argues that 'if economic growth simply was a function of the growth in the stock of knowledge and technology then the future well-being of the human race would appear to be secured. Once we take into account the complex, and still far from understood, interactions between consciousness and evolving cultures no such assurance exists. The way in which beliefs → institutions → organisations → policies → outcomes evolves has led to unparalleled economic well-being and to endless disasters and human misery.' In understanding the factors that have stalled economic transformation in Nepal, there is a danger of looking at only the technical factors without an appreciation of the institutions and incentives that influence the direction of economic development in Nepal.

For most of its known history, Nepal's has been a rentier's economy, wherein those in power extract rents from those involved in productive activities to sustain and extend their positions of authority (Regmi 2002). The face of political power has changed and evolved, but the core economic structure based on extracting rents has only become more sophisticated and networked over time. The institutions of rent-seeking, and the incentives they generate, have influenced what economic policies and directions are chosen.

In the 16th century, the traditional sources of rent extraction from peasants were supplemented by rents accrued from trade. Kathmandu became an important location for trade between Tibet and India. Transit taxes were levied on goods. For instance, Kathmandu minted silver coins for Tibet, but Kathmandu reduced the silver content in the coin from 95 per cent to less than 50 per cent in order to extract hire rent outside of the contract for minting coins (Bell 2014).

In the 19th century, Jung Bahadur Rana transformed the rent-seeking model. While the extraction of rents from the peasants continued and made more efficient with the establishment of a civil administration, business with the British Raj in India provided new, external sources of revenue and rent (Regmi 1978). In 1857, there was a mutiny by Indian troops serving the British in India. Jung Bahadur astutely did business with both parties – with the mutineers by providing them shelter in Nepal and with the British Raj by offering them Nepali

troops to squash the mutiny. Authorities in the British Raj were aware of this, known from the letters they were sending to London. It was a tactical masterpiece by Jung Bahadur because by hedging against risks he was ensuring that irrespective of the outcome Kathmandu would become indispensable to the rulers in Delhi. The mutiny was eventually put down by the British Raj and Jung Bahadur continued to supply Nepali soldiers to the British Raj on rent (a practice that was to see a lot of transaction during the two World Wars). Apart from the monetary gains accrued by the Rana oligarchy in Nepal, it lent a business dimension to the relationship with Delhi and critically provided resources to the oligarchy to sustain power in Kathmandu for the next 100 years.

King Mahendra came to power in 1955 when the rent-seeking model described earlier had begun to run out of steam. The British had left India, and with them the active need for Nepali soldiers (even though recruitment of Nepalis into the British and Indian army continues to this day although at a much reduced scale). A new rent-seeking model came into existence, one in which rents were created by policies. A prime example of this is the handing out of licences on all aspects of business activities – from building a factory to setting up a hotel to importing and exporting goods. Such a model chimed well with the nationalistic development agenda of the time, and it went along with increased government investments, creating economic activities and opportunities, which were allocated through licences to those that paid rent. Wielding full executive power, the monarchy had monopolistic control over rent creation, allocation and collection. By the early 1990s, rising national debt due to bad investments had made untenable the rent-seeking model controlled by the palace.

In 1990, Nepal went from absolute monarchy to multiparty democracy. The early years of multiparty democracy saw a sharp rise in economic growth. For example, value added in the manufacturing sector grew annually on average by 14 per cent from 1990 to 1995 (Basnett and Pandey 2014). Such high rates of growth had less to do with the economic policies of the time, and much to do with the optimism the political change had generated as well as the full utilisation of investments in the earlier period, the 1970s and 80s. From

2001-2006, average annual growth in the value added in the manufacturing sector went down to 0.3 per cent (Basnett and Pandey 2014).

The rent-seeking model of the Panchayat era was largely based on allocation of licences. In an exclusive patron-client network such a model worked, even though the gestation period between investments (when licences were granted) and rents (when profits were accrued from business activities) were long. For example, it takes a couple years for a factory or a hotel to become fully operational and start producing profits from the time a licence is granted while political stability provides investors insurance on their investment. In a multiparty democracy where the patron-client network is much larger, the Panchayat-era rent-seeking model, based on medium- to long-term investments (e.g., hotels, factories, etc), was not quick enough to generate resources for distribution. Constant threats of no-confidence votes, changes in government, and snap elections during the 1990s further compounded the problem.

The nature of politics and political instability in that period meant that growth in the productive sectors and the rents they generated were too slow and too far in between. With more clients to satisfy, rent sources needed to be more agile in responding to urgent political needs. Hence, the politics of economic policies on rent creation shifted to sectors with high transactions (i.e., tradeables), where large sums of cash were constantly being exchanged and, hence, available on demand. Such sectors existed even during the Panchayat era where policy loopholes were exploited. Shakya (2009) talks about people importing computer parts to export to India. Multiparty democracy scaled this up to produce a new rent-seeking model, one where politics is actively involved in facilitating the transaction 'deals'. Political parties also provide arbitrage services and insurance against any member to the contract reneging on their agreements.

Resources generated by labour migration and remittances fuel the present rent-seeking model but are not the only source. One often hears that everything in the country has a well-established market value and is up for transaction – from government positions to business licences to allocation of constituency seats during elections. Respondents to Transparency International's 2017 Corruption Perception Index in

Nepal identified political parties as being the most corrupt institution. To the public, this has come to represent the pervasive nature of corruption in Nepal, but to say so would be to mask the true root cause, which is the present 'transactional rent-seeking model' or 'deals'. The real impact of the transactional rent-seeking model is that the productive economic sectors, the sources of long-term prosperity, languish through policy neglect.

Rent-seeking *per se* is not the problem, but as Khan (1998) argues the problem is the political structures that generate growth-retarding corruption. As Nepal's history has shown, the rent-seeking model is organic and evolutionary – from transit trade taxes to 'deals'. But, there is nothing stopping the government from consciously transforming the model. Thus far, rulers have changed the model to suit their purpose of accumulating riches. What is required is a transformation to one that makes not the few but the many rich. If we are to witness rapidly rising prosperity of the people, the next set of changes to the rent-seeking model must be geared towards making the model incentivise growth in the productive sectors.

Changing institutions that underpin the functioning of the economy is a complex, political process though. For instance, North (2005) argues:

1. The institutional structure inherited from the past may reflect a set of beliefs that are impervious to change either because the proposed changes run counter to that belief system or because the proposed alteration in institutions threatens the leaders and entrepreneurs of existing organizations. Where fundamentally competing beliefs exist side by side, the problems of creating a viable set of institutional arrangements are increased and may make the establishment of consensual political rules a prescription for short-run disasters.
2. The artifactual structure that defines the performance of an economy comprises interdependent institutions; changing just one institution in an attempt to get the desired performance is always an incomplete and sometimes a counter-productive activity.
3. A mixture of formal, informal institutions and their enforcement

characteristics defines institutional performance; and while the formal institutions may be altered by fiat, the informal institutions are not amenable to deliberate short-run change and the enforcement characteristics are only very imperfectly subject to deliberate control.

Seen from this perspective, the resultant action is to enlarge the public dialogue on how Nepal's economy can be transformed from poverty to prosperity. It will also mean that greater weight needs to be placed on holding the various stakeholders in the economy – the government, the private sector and civil society – accountable to delivering developmental outcomes.

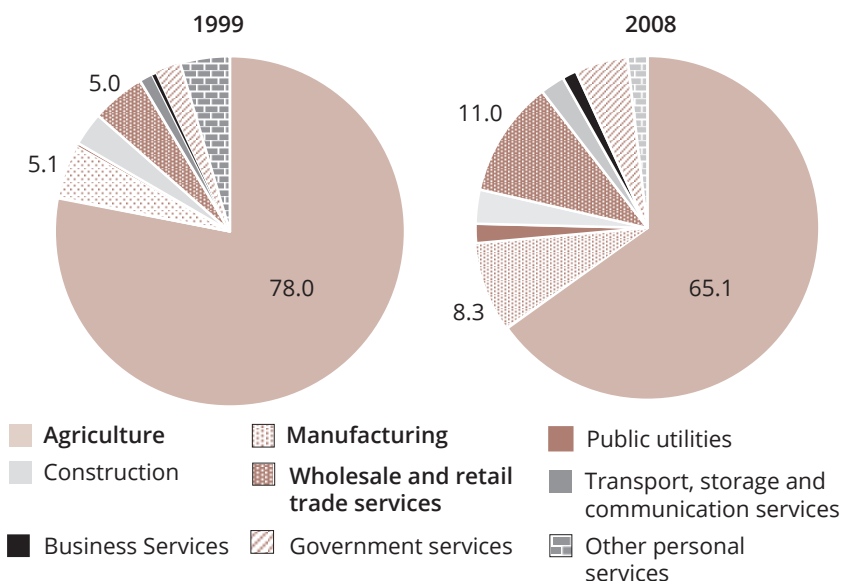
2008: The Great Political Transformation

Following the adoption of a new constitution in 2015, Nepal has politically transformed into a federal structure with three levels of government. How this structural shift in the political structure will affect economic and social structures is yet to be seen. The demographic changes unfolding, however, are likely to be equally important in shaping the future. The working-age population in Nepal is growing at a faster rate than the total population. The dichotomy between rising aspirations among the rapidly increasing working-age population, on the one hand, and limited prospects for economic progress in the country, on the other, is likely to shape further political, social and economic change.

Consider how Nepal's workforces has changed in recent decades. The proportion of men in the working-age population (between the ages of 15 and 64) increased from 53 per cent in 1991 to 58 per cent in 2011, and of women from 55 per cent in 1991 to 62 per cent in 2011 (UNFPA Nepal 2017). The bigger increase for women is due to the out-migration of men from Nepal – quite evident from the declining male to female sex ratio.³ Recent surveys show that people in Nepal are mostly employed in the agricultural sector – 74 per

3 According to National Population and Housing Census 2011, the number of males per 100 females declined from 99.5 in 1991 to 94.2 in 2011.

Figure 1: Employment share by sector, 1998-2008 (%)



Note: The slices with data labels, agriculture, manufacturing and trade services, are the sectors with the largest shares of employment.

Source: *National Labour Force Survey, 1998/99 and 2008.*

cent according to the 2008 National Labour Force Survey (which is the last survey of its kind in Nepal) and 69 per cent according to the 2014-15 Annual Household Survey.⁴ Furthermore, more women are employed in agriculture compared to men – 84 per cent women as opposed to 62 per cent men (CBS, UNDP and ILO 2009). Also, according to NLFS 2008, wage employment accounts for 17 per cent of total employment while self-employment accounts for 83 per cent. Using the ILO's definition of informality – informal employ-

4 The recently released First National Economic Census (2018) should provide further insights into the firm-size distribution of establishments by sector and province. The Economic Census should also help in understanding why the manufacturing sector has not grown – such as the high prevalence of micro- and small enterprises (with 1-19 employees). Furthermore, the Census should also help in understanding which sectors and provinces have a higher incidence of large firms (100-plus employees), which will ultimately provide the engine for manufacturing growth and job creation (La Porta and Shleifer 2008; Hsieh and Olken 2014).

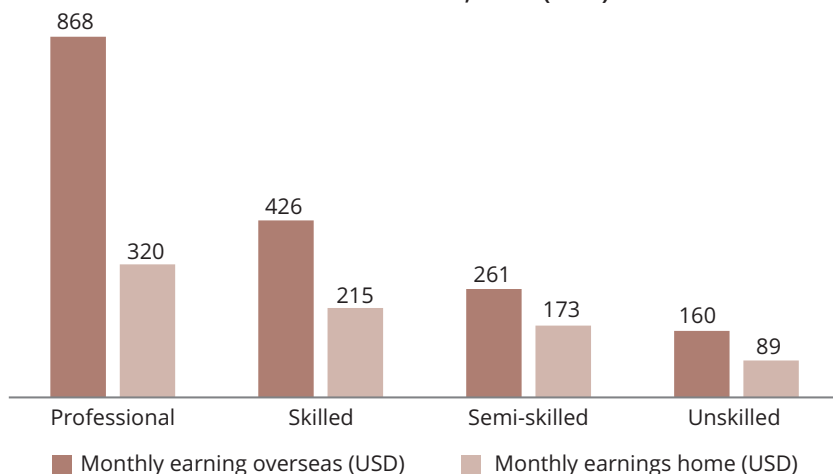
ment within the non-agricultural employment stood at 70 per cent in 2008; including agriculture, it was 96 per cent.

The biggest employer – agriculture – also pays the lowest wages. Agriculture accounts for only one third of national GDP but over two thirds of employment. Between 1995 and 2010, the sector grew by around 3 per cent per year, which was too weak to make a major contribution to poverty reduction. Daily wages in agriculture are among the lowest among all sectors – even though it increased from NPR 40 to 170 between 1995/96 and 2010/11, it was still less than half the median wage in manufacturing and services (CBS 2011). There are several reasons why Nepal has not been able to leverage agriculture for economic growth. First, the country has been unable to commercialise agriculture as most of it consists of subsistence farming; second, fragmented land ownership has made it difficult to achieve economies of scale to commercialise agriculture; and, third, there is a lack of integration between the agriculture and non-agricultural sectors, limiting the potential for agri-business opportunities.

In the rest of developing Asia, workers moved from the low-productivity agriculture sector to more-productive manufacturing that provided raising wages and income. In the case of Nepal, this did not happen despite the decline in agricultural employment between 1990 and 2010. The last two waves of the National Labour Force Surveys (NLFs) available for Nepal (1998/99 and 2008) shows that employment in agriculture declined by 1.4 million during this period, while manufacturing employment increased from a little over half a million in 1998/99 to close to a million in 2008. People moved out of agriculture, but the manufacturing sector was unable to absorb workers in large enough numbers. In 1998, Nepal's share of manufacturing employment out of total employment was 5 per cent, which had inched up to 8 per cent by 2008. Unlike other parts of developing Asia, median wages in manufacturing in Nepal has been relatively low. Hence, in 2008, median wages in manufacturing was NPR 4000/month, which was lower than in construction (NPR 4500) and the same as in the informal sector.

Economic growth remains low and volatile. The economy has been growing at an annual average rate of 4.2 per cent, which is not suffi-

Figure 2: Difference in monthly earnings: Nepal and GCC countries, 2010 (USD)



Note: The Gulf Cooperation Council (GCC) countries include Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates (UAE). The figure assumes that the salary scale for Bangladeshi and Nepali workers in the GCC countries are similar as they tend to be employed in similar occupations. The classification of workers is based on Ray, Sinha and Chaudhuri (2007).

Source: *Studies on Growth with Equity – Bangladesh*, ILO 2013.

cient to provide meaningful economic opportunities for the growing workforce. Foreign investments, important for boosting economic growth, remains insignificant (below 1 per cent of GDP). The export sector is lacklustre and does not contribute much to economic expansion. Exports of goods and services as a share of GDP declined from 26.3 per cent in 1997 to 9.8 per cent in 2017 (much lower than Bangladesh's, for instance, where exports as a share of the economy was 15 per cent in 2017). The poor performance of the manufacturing sector has adversely affected export performance.

It is no surprise then that the growing working population chooses to leave the country to find better-paying jobs and realise their aspirations. The Government of Nepal issued more than 4.7 million work permits between 1993/94 and 2016/17. Outward migration really took off in the late 1990s and the early 2000s. It is important to put this out-migration in the broader context of Nepal's economic development to appreciate the factors that led workers to leave

Nepal. The Maoist insurgency alone did not provide the impetus to leave Nepal; neither did the chronic political instability that has marked most of Nepal's democratic years nor did the *bandhs* of the trade unions. They were all manifestations of the shrivelling productive capacity of the economy, and the distributional conflicts made matters worse. People left the country in search of better opportunities, as the domestic economy had simply stopped producing them. This is also captured by A Survey of the Nepali People in 2017, with most of the respondents identifying an absence of jobs to be the most pressing problem.

Remittance inflows have led to growth in the consumption of imported goods, which in turn has aided in significantly increasing government tax revenue (Sapkota 2013). Tax revenue was just 10 per cent of GDP in 2008; it shot up to 21 per cent in 2017, one of the highest among low-income countries. Almost 45 per cent of this comes from customs revenue, i.e., taxes on imported goods. A surprising aspect regarding fiscal management is that tax revenue is barely sufficient to cover recurrent spending,⁵ which reached about 23 per cent of GDP in 2017/18. In the next few years, maintaining sound fiscal management is going to be difficult as recurrent spending needs will balloon along with the increase in administrative costs to run the 753 local bodies and seven provincial governments, which will demand an increasingly higher share of fiscal transfers. Meanwhile, the government's spending capacity in infrastructure projects is receding. Actual spending averaged just 72 per cent of planned capital spending in the last decade. Currently, capital spending is around 5 per cent of GDP, which needs to be increased to 8-12 per cent of GDP in order to bridge the infrastructure gap.

Remittances have also been crucial to maintaining balance of payments stability, i.e., net transaction between Nepal and the rest of the world. For instance, remittance inflows equivalent to about 30

5 Government expenditure is composed of recurrent and capital spending, and the budget for covering financial obligations. Recurrent spending includes grants to subnational governments; compensation for employees; social security; use of goods and services (including operation and maintenance); interest, services and bank commission; and subsidies.

per cent of GDP financed almost the entire trade deficit (export minus import) in 2016-17 and kept the current account balance in surplus, which, however, slipped into deficit in 2017-18 due to a substantial increase in the trade deficit. Remittances have contributed significantly to boost foreign exchange reserves to around USD 10 billion, which is enough to cover 10 months of import of goods and services. The financial sector expanded rapidly thanks to the steady inflow of remittances. There were just 235 financial institutions in 2008 while by 2016 there were 427. Remittances are the main driver of deposit growth, based on which banks and financial institutions lend money to customers. A deceleration of remittances in 2011 burst the real estate bubble, which hit the financial sector as it had lent heavily to this sector to earn a quick profit. The asset-liability mismatch, particularly short-term deposits lent for long-term projects, was laid bare open when remittances went down. The loss of confidence in the banking sector and their worsening governance and management capabilities created a dire situation and froze credit flows, prompting the central bank to rescue some of the collapsing financial institutions. Subsequently, the central bank capped lending to the real estate and housing sectors to 25 per cent of total loans and imposed stricter capital requirements. These urban-centric financial operations face a credit crisis whenever there is a decrease in incoming remittances or when the government's capital spending is low.

Migration and remittances could be leading to the onset of the 'Dutch Disease effect'⁶. There is a vicious cycle: bad economic conditions and lack of jobs force youths to migrate, who send increasing amount of remittances back to households, who then spend almost 80 per cent of it on daily consumable goods that are mostly imported. As incomes increase due to remittance inflows, spending also increases (given that aggregate consumption demand is about 90 per

6 In economics, 'Dutch disease' refers to a situation where a very large influx of foreign currency results in the strengthening of the real exchange rate of the local currency. Consequently, locally produced goods lose competitiveness in the international market as they become relatively more expensive and the share of the tradeable sector in the economy shrinks. The term was coined by *The Economist magazine* in 1977 to describe the woes of the Dutch economy after the discovery of large natural gas reserves.

cent of GDP, leaving very little for savings) (CBS 2017/2018). Rising consumption has increased the demand for non-tradeables (services such as restaurants, banking, shopping, etc), which has led to a rise in wages in both tradeables and non-tradeables. Increasing inflow of remittances has also strengthened Nepal's real effective exchange rate. As a result of rising wages and exchange rate, the tradeable sector (broadly, manufacturing activities) is losing its relative competitiveness. In the face of the declining manufacturing sector, any sudden change in demand for Nepali workers in foreign labour markets could worsen unemployment in Nepal.

Remittances have been a major factor in reducing absolute poverty, from 42 per cent in 1996 to 31 per cent in 2004 and further to 25 per cent in 2011. However, it should also be noted that 45 per cent of the population are clustered just above the poverty line, facing both the vulnerability and risk of falling into poverty (Tiwari 2018). Thus, any negative shock to their income stream (whether remittances or wages) could push them back into poverty.

Perception about the Economy

A Survey of the Nepali People in 2017 confirms the main economic narrative and problems mentioned above such as lack of jobs, inadequate supply of electricity, concerns over governance and public services delivery, and a large section of the population that still do not use the formal banking sector. However, the perception about the economic outlook appears to have improved with the successful conduct of elections and the possibility of a stable government for the next five years.

People are generally optimistic about the economic outlook as over 50 per cent of the survey respondents said that the 'country is going in the right direction'. Their perception is based on the progress, however meagre, made in increasing road connectivity and electricity supply, expectations about better public service delivery in a federal structure with municipalities and village councils catering to local needs, and the low probability of armed conflict. However, people also viewed high unemployment to be the biggest problem facing the country. Over a quarter of the survey respondents identified the inability to

find a job or earn a good enough living as the biggest problem in Nepal. That is followed by disruptions to lives and livelihoods caused by natural disasters (such as floods, landslides and earthquakes), poor quality of roads, and stubbornly high inflation.

Although people are generally optimistic about better public service delivery through local bodies, a majority said that they are yet to feel the difference. Over half the survey respondents said that economic conditions have remained the same even after the 2017 local elections. This indicates that people are impatient for change and want to see a material difference in their living conditions or economic opportunities. This means that there is a need to make federalism effective, in particular, through public service delivery at the local level, and also to adopt viable policies to stimulate economic activities. These are possible with accountable and transparent governance mechanisms, and by increasing investments in infrastructure, particularly hydro-electricity, road networks and irrigation. First, local bodies need to generate enough revenue to finance infrastructure spending because fiscal transfers from the centre are not going to be sufficient. Second, they will have to adopt investment-friendly policies to attract new investments, which can stimulate local economies and generate jobs as well as revenue. Third, planning and budgetary processes have to be transparent because now local people will scrutinise revenue mobilisation and expenditure outlays more intensely than ever. Understandably, about a third of the survey respondents identified corruption as the main hurdle for them to feel the difference following the rollout of the new federal set-up.

Stimulating economic activities and creating meaningful jobs (with decent pay and job security) remain the two most important tasks in the coming years. About two thirds of the survey respondents reported that their household monthly income is below NPR 20,000 and that it has either decreased or has not changed compared to the previous year. Crucially, over half of them said that they expected economic conditions to improve in the next five years.

In order to start small and medium enterprises, which provide the most number of jobs and contribute significantly to stimulating economic activities, the government needs to facilitate credit

disbursement and enhance financial integration. About 65 per cent of the survey respondents said that they had not borrowed money in the past. Among those who had (ranging from NPR 70,000 to NPR 300,000 at a monthly interest rate of 1.37 to 2.97 per cent, i.e., 16-36 per cent per annum), over half had done it through money-lenders, and savings and credit groups. Less than a third of the respondents who had borrowed money did so from banks and other formal financial institutions. The central bank has asked banks and financial institutions to open branches in all the 753 local bodies to facilitate financial transactions. Along with the expansion of banking services, the central bank and the government also need to work on lowering the cost of borrowing.

Just over a quarter of the survey respondents said that they currently have at least one family member working in a foreign country and from whom they receive remittances. Significantly, around two thirds of those who received remittances said that the amount they received has either decreased or not changed compared to the previous year. This is not surprising because not only has there been a decrease in demand for Nepali workers in the major migrant destinations (the Gulf countries and Malaysia) due to a slowdown in investment arising from the persistently low oil prices, workers already there are also working fewer hours (ADB 2018).

Re-Booting Economic Policies

Transforming the economy where growth is fuelled by production and innovation will require a step change in thinking about economic issues and being creative in designing policies. More of the same economic policies will only further entrench rent-seeking networks in the economy. The core of our present economic policy is like a rudderless boat, drifting along in the ocean. Every now and then it catches a bit of wind, giving the impression that perhaps this time we are going somewhere. But the euphoria always dissipates when reality bites.

The problem with Nepal's economic policy is that we do not know where we want to get to, and what it will take to get there. Putting it simply, for example, we could say that we want to double our average national income over the next decade. And, then work backwards

from there to calculate how much economic growth we will need, where that growth will come from so that increase in income is sustainable and inclusive, how much investment will be required, and so forth. We do have a goal of sorts – graduate from being an LDC by the year 2022⁷ – but the vision has been supplied by an external forum, the global development agenda for LDCs. Notwithstanding, the basic homework for delivering even this agenda seems to be missing. We have adopted it, but we do not know if we can achieve it, and if so, how.

Our stated policy for economic development is ‘private sector-led growth’, which is often parroted by policy-makers. One could hardly disagree. But, if you observe the investment strategy of the private sector or speak to a business person, the reality is in stark contrast to the policy. The private sector does not necessarily look at Nepal as a growth market; it is not reflected in their strategy or choice for investments. After a certain point of business development, they look to India to further increase the scale of their business. Or, they are happy to let surplus capital accrue interest than say open another factory, increase the capacity of the existing factory, or establish a new business.

This is not to say that there has been no private investment. Nepal can be quite a lucrative place to invest in if you are starting out, but that attractiveness quickly disappears when scale is desired. This is because the government provides lots of policy and tax incentives, which is quite helpful when setting out. But, once established, such sweeteners alone are not sufficient to achieve operational scale since that requires a stable investment environment, adequate infrastructure that allows for efficient global connectivity, and regular energy supply. Delivering these requires heavy lifting in terms of policy changes, which governments of all hues have shied away from thus far. It is said that in Nepal it is better to buy and sell, than produce,

7 ‘Making progress on sustainable development, four least developed countries tapped to graduate from ranks of poorest’, <https://www.un.org/development/desa/en/news/policy/4-countries-suggested-for-ldc-graduation.html>;

‘Cabinet decides to graduate Nepal from LDC by 2021’, <http://kathmandupost.ekantipur.com/news/2018-02-28/cabinet-decides-to-graduate-nepal-from-ldc-by-2021.html>.

which aptly wraps up the status of our ‘private sector-led growth model’ – lots of business activity but no economic development.

What we need to do is take economic development policy out of the current ‘auto-pilot’ mode, examine the capacity of our economy, select a destination, chart out a realistic course, develop indicators to check that we are on course, regularly communicate to fellow passengers on progress, and manually operate the aircraft. To elaborate, first, we need to set a clear, nationally owned target for economic development. For example, we want to be a solid middle-income country with an average national income of over five thousand US dollars over the next X years. Second, create a realistic roadmap of how we will get there. Third, create an equally realistic plan for implementation as well as monitoring progress. Fourth, implement as well as make publicly available all information on implementation and progress. Moreover, if the agreed destination is New Delhi, arriving at Patna and being given money to take the train for the rest of the journey is not good enough. What our economic policies actually deliver is very different from what was promised, and we are asked to make adjustments.

We also need to balance the current ‘consumption’-focused economic development policy to one that is ‘production’-focused. Much of our economic policies since the 1990s have concentrated on increasing consumption such as financial reforms that allowed households to take loans for consumption (e.g., financing of motorcycles and cars). While such reforms were much needed, production-related issues were neglected. For instance, the last time the government made investments in the industrial zones were in the 1980s.⁸ Juxtapose this with the policy objective of promoting the private sector, and the contradictions that pervade Nepal’s economic policy become bare. On the one hand, policy statements call for private sector development, while on the other industrial zones that allow governments to provide basic infrastructure in a cost-effective manner to the private sector for production has been starved of investments. Individually, we are not

8 Though this has come to change somewhat with the planned establishment of 14 Special Economic Zones, of which one is operational.

just consumers, but also producers of goods and services. What we produce as well as what we can produce is as important as what we choose to consume. Only when national economic policies support our capacity to produce better goods and services will we witness rising prosperity.

Much needed is pragmatic industrial promotion strategies, which could range from import replacement and export promotion that hinge on increasing domestic value addition and employment, to establishing functional industrial zones and economic corridors. Currently, a range of industrial and trade policies/strategies are periodically updated and approved, but their effective implementation hardly gets any attention. Nepal has a latecomer advantage in the light manufacturing sector which normally absorbs the semi-skilled labour force – similar to the workers who migrate overseas. Nepal could benefit from spillover demand in light manufacturing from countries where wages are rising fast, provided that Nepal can address factors that suppress competitiveness such as inadequate power supply, high cost of transport, and labour relations. Stepping on light manufacturing, Nepal could then gradually produce goods that require more sophisticated technologies and production skills. This would also complement high productivity services, i.e., moving from trading businesses to information technology services, travel and tourism, and educational and healthcare services.

Nepal could start, as an immediate measure, by improving systems for job matching – connecting workers to employers. An opportunity had been provided by the massive reconstruction efforts after the 2015 earthquake, which generated demand for many unskilled and semi-skilled workers. With the demand for workers in the Gulf countries and Malaysia on the wane in recent years, leading to less outmigration and deceleration of remittance income, the government could easily have incentivised workers' training as well as skills upgradation so that they are better attuned to available jobs related to reconstruction efforts. But, even that appears to have been a missed opportunity.

Conclusion: Changing Mindsets, Modernising the Economy

Only when Nepalis have internalised responsibility for themselves and accepted the need to liberate themselves from cultural mores that threaten loss of status for working productively, will the groundwork be established for a different and more developed form of democracy.

– Dor Bahadur Bista (1999)

In his recent book, *Economics: The User's Guide* (2014), economist Ha-Joon Chang raises a pointed question of great relevance to Nepal, particularly the manner in which we as citizens engage with economic policy-making processes. Paraphrasing him, he asks why it is that we have preferences and express opinions on a whole host of policies that affect our lives, but when it comes to economics, which arguably is as important as any other policy sphere, we tend to shy away and leave it to the so-called experts. In Nepal, we have taken it a step further by often contracting out economic policy-making or leaving it to be churned out by anachronistic ideologies that hold up binary choices – ‘free market’ or ‘statist’. All the while, the resolution of real development problems, of which there are many and growing, remains unattended.

Development economic policies are ultimately political choices. Economics is not natural science in that when you throw an economic apple in the sky it will always come down. It should be of no surprise if it flies sideways, or, as in Nepal's case, wholly disappears followed by an expression of surprise and resignation, even though the first time it did come down neatly. Hence, a priestly attitude to analysing the problem in a puritanical manner and designing solutions will not work. Tackling problems head on will be a lot messier and vigorously contended, and failure will be as much part of the problem-solving process as success. Hence, open and inclusive dialogue is imperative in arriving at relevant policy choices and designing sustainable solutions.

The frontier of development economic thought and policy are constantly shifting and being pushed out. A couple of years ago, talking

about support to industrial policy or reducing inequality would invite raised eyebrows. Today, it is the fashion. In Nepal, there seems to be a time lag for the latest economic development thinking and practice to percolate into policy. Deepening intellectual exchanges and partnership between academic institutions in Nepal and the rest of the world needs to be actively supported for broadening the mental horizon and for imagining the impossible.

In conclusion, development solutions will emerge through an inclusive policy dialogue, but the information and analysis supporting that dialogue needs to be made less cryptic and more accessible. And, everyone who can, irrespective of background, need to ask and hold power accountable on the economy's performance. For example, why do we get low value for agricultural products in which we are one of the world's largest producers? Why is that tourist numbers are increasing but the value from each tourist is stagnating? Why is manufacturing, a sector which is arguably the engine of economic transformation, in decline? Entrepreneurs bring innovation and create value, so why have we not yet seen a burst of entrepreneurs in Nepal? Hydropower is being presented as a panacea for economic development in Nepal, but what will it take to leverage its potential to deliver long-term and sustainable prosperity for all? Why do we live in darkness when we are told that we have one of the largest hydropower resources in the world?

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THE POLITICS OF CHANGE

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This companion volume to *A Survey of the Nepali People in 2017* has been designed to provide insights into the general socio-political context in which the survey was conducted. The contributors provide perspectives on a range of topics to highlight issues pertinent to the changes Nepal has experienced in recent years, particularly since the adoption of the new constitution in 2015 and the 2017 elections. These include politics at the national and local levels; women in politics; identity and inclusion; the dynamics in borderland areas; and the challenges facing the Nepali economy. The six articles in this book are expected to make a significant contribution to the literature on the early years of federal Nepal.

