

Where Is The Land To Distribute?

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Nepal has taken several initiatives to improve the land-tenure situation, the Land Reforms Act of 1962 being the most comprehensive. The act fixed ceilings on landholdings. A family could hold cultivated land up to 25 bigha (16.93 hectares) in the Terai and inner Terai, 80 ropani (4.07 hectares) in the hills and mountains, and 50 ropani (2.54 hectares) in Kathmandu Valley.

Since that act was implemented over several years and because the ceilings were imposed in three installments, large landowners got ample time to sell surplus land or redistribute it among relatives. Thus, the government could acquire only 31,841 hectares and redistribute only 29,123 hectares (1.5 percent of the total land) among the landless and small landholders.

In terms of actual acquisition of land above the ceiling and redistribution to the landless and poor, the land reforms programme does not seem to have been effective. Nevertheless, most large landowners no longer saw an economic future in holding land and began selling. Because of the law of inheritance, land was further divided among sons, which reduced the holding size. Subdivision and fragmentation of holdings have led to uneconomically small farms scattered over different places. This has hurt agricultural production and productivity.

In 1961, in the category of above 3.0 hectares, about 8 percent of households owned 53 percent of the cultivated land, while in 1991, 4.7 percent of households in the same category owned only 26.5 percent of the total cultivated land. Similarly, in the Terai, 23.8 percent of the total households having more than 3.0 hectares owned about 72 percent of the total cultivated land in 1961, whereas in 1991, only 8.5 percent of households in the same category owned 36.7 percent of the total cultivated land.

Would all the hassles of introducing another agrarian reform with a major focus on the reduction of land ceiling bring about substantial gain over the pains and cost of that reform? Even if the purpose is to discourage possession of land above the ceiling, it can be achieved through progressive taxation.

Where is the land to distribute?

The National Agricultural Sample Census of 1991 shows there is not much agricultural land to be distributed. However, there is still great potentiality to lease degraded forest and wasteland to the poor in hills and mountains.

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There are 580,000 hectares of shrub land/degraded land and 705,000 hectares of non-cultivated inclusions in the mid-hills and high mountains (LRMP, 1986), together making up 1.285 million hectares. A recent publication, Forest Resources of the Hilly Areas of Nepal 1994-1998, shows that there is 1.571 million hectares of shrub land in the hills. If we consider households having less than 0.5 hectare of land as eligible to receive lease of such land, the number of such households in the hills and mountains were 784,000 in 1991. The number of such households must have increased since. If we assume that the rate of increase in this category equaled the rate of increase between the 1981 and 1991 censuses, then there would be an estimated 900,000 such households now.

A rough calculation indicates that each household can lease 1.3 hectares of land if we take the LRMP figure, which is less than the recent figure of 1.571 million hectares. Some of these lands may be too far and inaccessible from settlements. We may assume that 30 percent of the 1.285 hectares is unsuitable for lease. There would still be about 0.9 million hectares of land to lease to 900,000 households. Each household could have one hectare under the leasehold forestry provisions for the poor. If we lease out 0.5 million hectares of such land to say 500,000 households in the hills at the rate of one hectare per household, this could turn out to be the most revolutionary land reform programme in the country. Since the ownership of this land lies in the state, there would not be any problem for the government to undertake this reform.

Degraded forestland that can be used to grow grass and fodder could provide a good opportunity to the landless, marginal and small farmers in the hills, who are facing severe scarcity of these things. Adoption of improved breeds of cattle along with stall-feeding of animals could be beneficial to both people and forest. Other minor forest products, such as non-timber forest products, could be produced on leased forestland, enhancing their income. A lease time of 40 years would be enough to create a sense of secure ownership.

In the Leasehold Forestry Programme, ownership is not transferred to the people as in the Sukumbasi (resettlement) programme. Only the users' right under conditions agreed between the Department of Forestry and the lessee is extended. It is commonly heard that land transferred under the resettlement programme is often sold by the re-settlers, who again become re-settlers. The transfer of ownership to re-settlers has perpetuated the resettlement problem, as there is an incentive to remain a permanent re-settler. A long-term lease should replace the practice of handing ownership to re-settlers so that once a re-settler gets land, he or she cannot sell it.

Tenants and Tenancy

As against more than 600,000 tenants estimated by the Agricultural Sample Census of 1961, only about 300,000 tillers could be identified and granted

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tenancy certificates. Over the decades, the number of recorded tenants has declined. Both the proportion of tenants and the area under tenancy declined from 40.4 percent to 9.5 percent and from 25.5 percent to 6.2 percent respectively over the period 1961 to 1981. However, the 1991 census shows increases in both the number and the area, which is not consistent with the past trend.

While the number of formal tenants has substantially declined over the years, the number of informal tenants may have increased, with tenants reaching personal understanding with landlords to not claim tenancy rights. Generally, there has been a reluctance on the part of the landlords to involve tenants due to a fear that they may claim tenancy rights. This fear has even forced the landlords to keep their land fallow or only partially cultivated. This has discouraged landowners and tenants from investing in quality improvement and productivity increases. There are no records on how much land under informal tenancy is available in the country. The legislation on the abolition of dual ownership is expected to solve this problem.

The fragmentation of holdings scattered over several places is another problem. Attractive incentives for consolidating holdings are needed. The abolition of dual ownership and consolidation of holdings are vital for agricultural development in Nepal.

*(Excerpts from a research paper “**Land Tenure Situation in Nepal: Policy Outlook**” published in December 1999)*

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