

Alternative options of land consolidation in the mountains of Nepal: An analysis based on stakeholders' opinions

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Abstract

In view of the adverse impact of land fragmentation on the mountain agriculture development in Nepal, this study begins with the intergenerational land fragmentation trend analysis and its causes. This is followed by an evaluation of alternative options of land consolidation from the perspectives of stakeholders surveyed. Required information was collected from the farmers, local elites, parliamentarians, top-level bureaucrats, and researchers through structured and semi-structured interviews, and group discussions. Findings of the study revealed a trend of steadily decreasing landholding size and increasing number of land parcels caused by the tradition of paternal property subdivision among household heirs, steadily growing population, scarcity of non-farming employment opportunities, and sentimental attachment with the paternal property. Farmers are well aware of the adverse economic consequences of land fragmentation and, therefore, they see the need for consolidation of fragmented land parcels. Their most preferred options of land consolidation are those that facilitate the spontaneous process of consolidation and that do not force them to restructure the landholdings in their possession. With some exceptions, majority of other stakeholders have similar views. Policies for land consolidation have been suggested in line with the stakeholders' preferences.

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Introduction

Land is the principal means of production in agrarian societies. It is a finite, non-renewable resource held as a source of livelihood and financial security, and transferred as wealth across generations (Ellis, 1992). Particularly in South Asia, land is not only the main source of livelihood and wealth, but also a means of social security, status, and identity. However, the size of individual landholdings in this region is decreasing rapidly, while the number of landholdings is increasing due to the on-going process of land fragmentation (FAO, 2001). In Nepal, the average size of landholding decreased from 0.96 ha in 1991/1992 to 0.79 ha in 2001/2002 (CBS, 2002). Between 1971 and 1985/

1986, the entire number of landholdings in India increased from 71 million to 97.7 million, while the average size of landholding decreased from 2.30 to 1.68 ha (Khanna, 1991; Jugale and Jugale, 2000). This trend has seriously threatened the sustainability of food security and livelihoods of millions of people who depend on agriculture. Land fragmentation not only deprives the land from proper care, but also weakens economic competitiveness of farmers through increased cost of labor and other inputs, leading to reduced net income (Blaikie and Brookfield, 1987; Paudel, 2001; Niroula and Thapa, 2007).

Realizing the detrimental effects of land fragmentation, South Asian countries such as Bangladesh, India, and Pakistan have pursued policies facilitating land consolidation and made legal provision for preventing land fragmentation. Voluntary consolidation in India had been a failure (King and Burton, 1983). In Bangladesh, the government had to abandon its pilot land consolidation

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program because of the stiff resistance of landlords who considered the program as an effort undermining their control over small landholders (Ali, 1981; Siddique, 1981; Faruque, 1999). Efforts were made in Sind and Punjab provinces of Pakistan to consolidate fragmented land parcels through mutual swapping of parcels. However, the progress was hampered due to differences in land valuation, lack of an acceptable compensation mechanism, and farmers' sentimental attachments to their lands (Shaukat, 1999). Thailand had also made efforts to facilitate land consolidation by making provision of credit for smallholders who wanted to purchase additional land. However, desirable result could not be achieved (Niroula and Thapa, 2005).

Realizing its adverse impact on agricultural development, the Ninth Plan (1997–2002) of Nepal had paid due attention to the issue of land fragmentation. However, any land consolidation program has not been initiated yet. Lessons learned from elsewhere indicate that a planned land consolidation is not an easy task, because it involves restructuring of the landholdings with heterogeneous biophysical properties. This becomes further complicated in the mountains where most farmers possess very small landholdings as major source of livelihood and the opportunities for earning income from non-agricultural activities are very limited (Niroula and Thapa, 2007). In such a situation, any decision on land consolidation should be based on thorough analyses of alternative options of land consolidation from the perspective of concerned stakeholders, in general, and the owners of landholdings, in particular. Otherwise, any land consolidation initiative will have the same fate like the programs implemented in India, Pakistan, Bangladesh and Thailand. Since the program directly affects individuals' private property structures, it will have to face strong resistance if an attempt is made to impose it on land owners. This will have far-reaching socioeconomic and political ramifications.

Farmers are certainly the primary and, thus, most important stakeholders in the context of land consolidation. However, it should not be overlooked that other stakeholders such as local elites, parliamentarians, and top-level bureaucrats also have a very important role. Even in countries with democratic political setups, it is the parliamentarians who wield the ultimate power to make a decision without which any program cannot be executed. This is more so in developing countries of South Asia and elsewhere where the majority of people have very little say in any decision making. There are instances of noble initiatives such as land reform program being vehemently opposed by grand alliances of politicians, landlords, top-level bureaucrats, and military officers as they were the one to be adversely affected by the program (Thapa and Weber, 1991).

In view of the need for land consolidation and inherent complications in implementation of any consolidation program, this study evaluates statutory and non-statutory measures of land consolidation from farmers', parliamen-

tarians', lawyers', and top bureaucrats' perspectives. This is, however, preceded by an analysis of the trend of land fragmentation and its causes, and an assessment of the problems caused by land fragmentation from farmers' perspective. Finally, some socially acceptable measures of land consolidation are suggested. Findings of this study are envisaged to be useful for formulation of land consolidation policies in Nepal and other countries with similar kind of biophysical, socioeconomic, and political situations.

Theoretical foundation

Land parcel consolidation involves increasing the size of land parcels through their reallocation for improving production efficiency. It requires restructuring of the private property; because of this it becomes a very sensitive matter particularly when any government intervention is made. As reviewed above, in particularly the free economies, land consolidation programs imposed by the states are rejected by farmers, especially when the programs are implemented without consultation with them or when the programs do not serve their interests. Still, almost everywhere, land consolidation is taking place spontaneously, though its pace varies from one place to another, depending on the locational specificities. In many subsistence or semi-subsistence economies, the pace of fragmentation exceeds the pace of consolidation. This is why land fragmentation has become a serious problem for agricultural development.

Consolidation of small, spatially fragmented land parcels is indispensable for agricultural development in developing countries like Nepal. However, this should take place in an amicable way, garnering support from the concerned land owners. This entails a thorough understanding of farmers' decision making on adoption of policies or other innovations under different biophysical, socioeconomic, and institutional situations. In this regard, the two interrelated theories of 'the profit maximizing peasant' and 'the risk averse peasant' (Ellis, 1989), based on the Schultz's (1964) theory of "efficient but poor peasants" deserve due attention.

Farmers have to continuously make decisions concerning how they allocate their resources of land, labor, capital, and entrepreneurial ability. Most studies that have modeled farmer decision making based on the classical theory of the firm assume a single objective of profit maximization as the motivation for decision-making behavior (Wallace and Moss, 2002, p. 82). The theory of the profit maximizing farmer treats the farm households as a firm, operating in a fully formed and competitive input and output markets. Utility is solely a function of income, and utility maximization coincides with profit maximization (Ellis, 1992, pp. 64–74; Wallace and Moss, 2002, p. 82). This theory predicts a positive response by the farmer to market price changes. If it is linked to the decision on land parcel consolidation in a free economy, it would very much depend on the market price of land.

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