Book Review


Nine chapters of this book is an analysis of socio political and economic transformation in Nepal. The book has meticulously explained the reasons of under development despite of many political transformations with detailed analysis of facts and evidences. It explains where the country has reached in its development journey started in 1950s and relates the values, beliefs and culture developed gradually over the history influencing what is happening today. The book explains how the conservative orientation was institutionalized in Nepal and remains the linchpin in the governance system continuing even during the democratic era hindering reforms. Each chapter is concluded with the writers concluding remarks and a way forward.

The first, second and third chapter provides political changes in the country in the historic context and during Rana titled - ‘The Entry’, ‘pre-1990’s scenario’, and ‘post 1990’s scenario’ respectively. The authors claimed that despite planned development since fifties and political transformation into federal republic, Nepal has not yet been able to attain desired development. Starting with the historical perspective authors accounted the political changes in 1951, the raise of Panchayat System and its down-fall, restoration of multiparty democracy which adopted new Constituency 1990, elections of parliament (in 1991, 1994 and 1999) and local bodies, starting of Maoist revolution, the rise King Gyanendra after 2001’s royal massacre, and concluded with promulgation of the new Constituent, 2015 was by second Constituent Assembly which declared the country with three-tiered secular federal democratic republic and election held in 2017. Authors claimed the despite political changes over the past three-decade country’s pace of development lags behind its neighbours and much of the world and suggested poverty reduction is not only distribution of income, it seeks to address economic, social, political and cultural issues with social transformation and political will, which is lacking. Thus, authors provided broad suggestion for the need of good governance for generating higher growth and creating productive employment situation and reducing poverty and inequality.

The fourth, fifth and sixth chapters of this book provide detailed accounts of economic sectors development in Agriculture; Industry; and Market Services. Authors claimed that though agriculture sector dominates the Nepali economy with two third of the GDP and created 93% of job for economically active population in mid-sixties, agricultural sector reforms had no major impact in economic development due to lack of institutional mechanism, technical capacity, political stability and resources. The need of commercialized industrial activities was realized in Nepal only after 1951 with in enforcement of New Company Act 1951, Industrial Policy 1958 and First Five-year plan (1956-61). Assessment of industrial reform of 1990 and thereafter showed some visible in improvements in Nepal’s investment...
The enactment of Commercial Bank Act 1974 facilitated lending services to priority sectors. In 1980 banking sector reform which accelerated in 1990 allowed increased in numbers of banking institutions. Security Exchange Act 1984 facilitated the investment in capital market. NEPSE, a government owned company, facilitates transaction of government as well as corporate securities through brokers. Civil aviation department was formed in 1957 to support tourism and travel related activities. Nepal is highly competitive in Government reformed Civil aviation sector in 1990.

Though, overall agriculture reform has focused on increasing production, diversifying products, liberalizing the sector, ensuring quality control and poverty alleviation, for most of the part, the government policies lack appropriate vision, which created confusion and made the agriculture sector unattractive for private investment. Besides, political parties have not yet initiated meaning efforts to improve farmer’s productivity, only donors are pushing these issues. Nepal’s investment climate is still poor due to number of factors. Poor infrastructure, unreliable electricity supply, low labour productivity, high cost of labour, and politicization are some of the affecting factors. With the establishment of Nepal Bank Limited in 1937 formal banking activities started in Nepal. Though Nepal’s financial market has developed substantially over the past eighty years it continues to face recurrent problems due to financial irregularities and imprudent lending. Weak regulation of the government resulted in number of severe accidents. As a result, European Union and ICAO have banned Nepal’s civil aviation service in Europe.

The seventh and eighth chapter in this book are the development of foundation for economic growth. Seventh chapter deals with the education and human resources development in Nepal. Whereas eighth chapter is on infrastructure. Authors started with historical context and briefly described approaches for changing human resources capabilities for economic growth after political changes in 1990 and contemporary reforms in educational development saw technical and vocational education. Authors claimed that Nepal access to higher education has improved dramatically since 1990. The authors claimed that Nepali infrastructure was almost non-existent at the dawn of democracy. Connectivity has improved to almost all the district headquarters which contributed in easier movement and opened up the opportunities for economic activities. In hydropower generation, Nepal is considered second country in Asia to develop hydro power plant. Nepal communication sector has developed concurrent to global development. They claim that despite improvement in connectivity the flaws included in poor quality of roads, lack of regular maintenance and lack of environmental awareness is visible in road construction. In hydropower generation, is considered second country in Asia to develop hydro power plant Nepal entered in a dark age suffering up to 17 years of power outage. It is also visible that proper development has potential to transform the country during the current years.

Authors concluded that despite a dramatic increase in overall access to education, the quality of education has remained low especially in government educational institutions whereas private educational institutions are highly expensive. Constitution 2015 has
devolved the authority of education to province and local governments. But New Education Act, 2017 have not defined a clear role of these governments. Infrastructure is a pre-requisite foundation for development and it is not too late to lay proper foundation for meaningful and purposive development.

The last chapter of this book is ‘The Final Words’ from the authors. They suggest that Nepal has chaos and confusion for long in terms of its development needs and development potentials despite various political exercises and attempts. Now the Constitution2015 envisioned ‘prosperity’ through complete transformation in the quality of life. Thus, it would be necessary that discourses be taken at political, expertise and people’s level to ensure ‘prosperity’ the goal are not changed as a result of political belief and ideologies.

This book has presented Nepal’s economic history and the nature of development challenges. Country’s prosperity is determined by how equitable access is to opportunities that growth and development generate. The most striking constraint of economic development in Nepal is interrelated governance factors, political in nature that is political willingness.

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