

## DEPENDENCY AND UNDERDEVELOPMENT: THE NEPALESE CONTEXT

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### **Background**

The World Bank report (1991) mentioned that “Nepal is one of the world's poorest countries. It ranks 115th in per capita GNP out of 120 countries. With respect to life expectancy, it ranks 103rd out of 118 reporting countries. It is one of the constellations of countries characterized by rapid population increase, low or negative per capita GDP growth and a slow transition out of a subsistence agricultural economy. It exhibits many of the characteristics of similar sub-Saharan African economies, including a limited productive land base, a land-locked location, and a very low level of exports.” The reasons behind it comprise the geographical isolation, poor internal communication system and difficult terrain. It is in its early stage of development characterized by an unskilled work-force and weak managerial capacity and a failure to transform agricultural productivity. Nepal is a land-locked country and is a high cost economy that suffers from higher border prices for imports and exports of goods due to transportation costs. But unlike other land-locked countries (Switzerland, Austria, etc), Nepal has not got any compensating advantages. For this reason, Nepal has to depend totally on India for the transfer of goods, and is obliged to trade from a position of weakness which is the function of geographical, economic and political reasons. The other main factors of underdevelopment are internal inequalities in the spatial and social distribution of resources and income and investment in low productive areas. Deterioration in the general

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economic base often obscured by financial support from outside the country and by excessively heavy use of the crucial but limited resource of the country also is a contributing factor.

Underdevelopment, in the context of Nepal, apart from the geographical, economic and political reasons, can be explained in terms of the exploitation of the masses by the ruling class, both in Rana and *Panchayat* periods and its total dependence on foreign aid and on neighbouring countries. There is little concern for resource mobilization e.g., the natural as well as human capital resources. In this regard, Frank (1967) writes:

In all capitalist underdeveloped countries, the power behind the throne, be it military or civil, rests with the people who occupy the top roles in the economic organizations and particularly with those who have commercial and financial ties to the developed metropolis.

The above remark of Frank could be applied in the case of Nepal during Rana regime and *Panchayat* period. Though Nepal was never colonized, the alliance of the then British rulers in India with the Rana oligarchies (prior to 1950) was able to siphon off the vital human resource in the form of soldiers (which could contribute to national development) and also small and scarce natural resources (raw materials and primary products). Nepal was then in virtual insulation from outside pressure for change (Blakie et.al,1980). With total ban on public education and with no accessible road to link the country, the rulers were able to keep the public in complete darkness and thus could use the scarce natural resources for their own benefit and luxury consumption. The power relation of the ruling class with the British imperialist in India was the main cause of economic stagnation in the country. This served the purpose of both the ruling class in Nepal, who were interested in staying in power at the expense of the people, and the British to exploit the poor nations.

Baran (1975) explains how these power relations work to exploit the small nations where he says that "the Imperialist countries are opposed to the industrialization of the underdeveloped countries and consequently they try to maintain the old ruling classes in power. "Development in Third World, according to him, can only be achieved through a

determined struggle against the internal conservative forces which are propped up by imperialism.

### **The History of Underdevelopment**

During both the Rana and *Panchayat* periods, the government bureaucracy was concerned to maintain internal security and to appropriate the surplus produced by farmers and others in the form of taxes, and profits made by traders, to maintain the state apparatus and the continued control of the ruling classes. Blakie et al (1979:22) illustrate this situation as follows:

The echelons of the bureaucracy, particularly in central government and administration, derive overwhelmingly from the land-owning classes, especially from the aristocracy; they also include a significant number of what might be termed 'traditional officials', predominantly of Brahmin and Chhetri castes, employed under the Ranas as civil servants but acting in effect as 'clients' of the aristocracy, and still in post despite the formal termination of Rana rule in 1951.

The *Panchayat* system, which was imposed in 1960 by dismantling the parliamentary system, was not different from the Rana oligarchy in the sense that a few of the elites and upper class people were able to exercise their monopoly rule by exploiting the masses under the umbrella of the throne. The rule of aristocratic *Panchayat* system for 30 years had ultimate control over state affairs and over politics, with the involvement of substantial landowners and aristocrats in the higher ranks of both the army and the administration. At the top decision making level was the King who was above constitution assisted by the palace secretariat. Beenhakker (1973:23) has described the system in the best way:

During the past decade, the Crown has become the pivot around which the traditional interest groups, the sacred elite, the military, and the landowning aristocracy, still revolve. These groups gain access to the Royal Palace through their supporters and representatives on the staff of the Palace Secretariat. The Palace Secretariat has become the nerve-centre of administration and political structure in Nepal, even though its dominant policy and decision-making role is not defined via the law or within the Constitution of this country. The function of the Palace Secretariat can be closely compared with the previous, all-powerful

function of the hereditary Rana Prime Minister's Office. That is, the Palace Secretariat today functions not only as a relay station between the King and the government, but also as a decision-making component, frequently using the Central Government's Secretariat as an instrument for the implementation of decisions. This situation has led to a 'dual government' structure.

The *Panchayat* bureaucracy reflected most of the inequalities prevalent in Nepalese society as a whole. The perpetuating of privilege, patronage and discriminating attitudes adopted by the system was responsible for the damage to the country's prospect. The structure was mainly based on ascriptive roles where the recruitment of the officials and even the technical staff were made by the politically appointed administrators or by their transient bosses. The theorists in the dependency school explain the very nature of the system based on ascriptive roles as the cause of 'keeping underdeveloped countries underdeveloped'. This example can be found in case of Nepal. Blakie et. al (1979:23) have illustrated it very well:

In its social and spatial structure, the bureaucracy reflects most of the inequalities prevalent in Nepalese society as a whole. But the perpetuation of privilege, patronage, discrimination, regional and ethnic inequality within the apparatus of state is damaging to Nepal's prospects because of the fact that, it is this essentially conservative apparatus that would have to conceive, plan and implement measures capable of preventing the coming crisis. So far, despite the existence of some men of high caliber and commitment in the higher reaches of the bureaucracy, the overwhelming tendency has been conservative and 'traditional' in the worst sense, and effectiveness of state intervention limited.

Such a situation made the technical elites find it necessary to be involved in the game of intra-Secretarial politics, to the detriment of conditions in their fields of specialization. This very situation was able to affect the programme of modernization and industrialization in Nepal without the proper recognition and utilization of the technical elites.

### **Dependency and Donor Interest**

Nepal's poor economic condition and lack of natural resources has made

it dependent on foreign aid. Within the decades of sixties and seventies, the volume of aid to Nepal was increased substantially, and the major aid donors were India, China, and the USA. Experiences have shown that the donor agencies provide aid with their own vested interest. For example, The American aid projects in the early years were specifically designed to fight communism with the encouragement of the American system of education. Another example was that the major part of the aid given by India and China was to road building projects that linked their boundary with Nepal again for their own political interest. Shah (1973:225) argues:

It is only natural for the Chinese and the Indians to be interested in the roads connecting Nepal with their own territories and also in those that make a quick push towards each other's territories. The Indian aid for the construction of the Kathmandu-Raxaul road and the Chinese aid for the construction of the Kathmandu-Kodari road can be easily explained in these terms.

The geographical position of Nepal as a land-locked country limits and restricts its policy of total dependence on India, as well. The long-established dominance of Indian capitalists in the industrial sector of Nepal has pushed back the Nepali entrepreneurs to work as the petty traders. The Nepalese have become the cheap labour force for the Indian business groups as well as to other interest groups in India. Pointing out the situation, Rana and Malla (1973:223) write:

While the very small size of Nepal makes trade essential, the land-locked position of the country chokes its ability to trade. Not only is it land-locked, but land-locked in an extreme fashion. Other land-locked countries- Switzerland for example may choose among several avenues of access to the sea through different countries. Thus, the competition between the several countries offering transit facilities provides most land-locked countries with the ability to bargain for easy terms of transit. But in Nepal's case even the building of the Kodari road from Kathmandu to the Chinese border has not altered the Indian monopoly over access to the sea.

This dependence for trade and transit on India, according to Rana and Malla, has virtually served to reinforce India's monopoly position

in the Nepalese market and the ability to perpetuate that monopoly through international trade agreements which Nepal has little choice but to accept. The relationship between India and Nepal can be characterized as one between centre and periphery or metropolis and satellite according to the term used by dependency theorists in the context of exploitation. Frank (1982:240) explains such relationships in the following way:

The same historical process of capitalist expansion generates the continuous development of the metropolis and the continuous underdevelopment of the satellites and the development of the metropolis necessitates the underdevelopment of the satellite, or 'development of underdevelopment' each cause and are caused by the other in the total development of capitalism.

In this context, the structure of domination and exploitation as characteristics of relations between developed and underdeveloped countries can be applied in the case of India and Nepal. But the relationship between India and Nepal cannot be simply described as one between two spatially defined regions, one dominating and exploiting the other but rather to the complex structures representing differing and often conflicting economic and political interests. So far as the trade relation with India is concerned, it is in the interest of Indian industrialists, as a class in India, to penetrate Nepalese markets and encourage their expansion which keeps Nepalese industrialization to the minimum because of the limited resources. The poor Nepalese are then compelled to work as a cheap labour force for the Indian Industrialists. The interest of the ruling classes in Nepal and the capitalist Transnational Corporations (TNCs) in India play an important role in these relationships. Blakie et. al (1980:76) illustrate this relationship as:

In so far as these interests do not conflict with the view of national interest held by the Indian government (itself representing the interest of several different classes within Indian economy and society), the realization of these business interests is facilitated by drawing up treaties between the Indian and Nepalese governments relating to matters of trade and tariffs. Within peripheral Nepal, it is clearly in the interests of the dominant fraction of ruling class to accept the terms of such treaties in order to maintain amicable relations with India and thus to ensure a

substantial flow of foreign aid to support a failing economy, and to finance enterprises not antagonistic to the interest of the aristocratic landowning class still in power in Nepal.

According to dependency theorists, such a situation is perpetuated because political leaders in the dependent countries are generally reduced to being mere pawns of international capitalism. Given their structurally subordinate position within the system of international capitalism, these leaders come to recognize their class interests as bound up with those of foreign capital. As Gunder Frank (1973) argues, they “accept dependence consciously and willingly” and as “junior partners of foreign capital”, they impose policies that increase dependence on the imperialist metropolis.

Much of Nepal's dependence on India has often created disturbances and turmoil in the country. Instances have occurred which have shown that disagreement upon certain matters in the renegotiation of a previous trade and transit treaty, India threatened Nepal by holding up fuel supplies in 1971 and 1988. This situation perhaps was instrumental in helping Nepal to reinstall democratic government in 1990.

### **Foreign Aid and Dependency**

Nepal's dependency, apart from that on India, is on foreign aid and this dependency has been increasing. There is a danger of institutionalization of such aid and donations which might diminish the motivation of the people for personal achievement and hence undermine people's participation. As Nepal, being a poor and helpless country, the ready provision of foreign aid emulates an expected pattern reinforcing a sense of dependence and a helpless mentality leading to slackness in motivation for self-improvement. In the observation of D.B Bista, it is a threat to the country. He (1972:147) sums up this situation as:

The threat is not simply of economic dependency but of a form of ingrained social and psychological dependency as well. There increases the danger of developing a syndrome of being 'a poor nation', so that it becomes a matter of fact for people; cultivating a sense of pride and confidence in themselves becomes an extremely difficult task for the majority of people at any level.

Most of the foreign aid goes back to the pocket of the donor agencies in the name of seminars and expertise. The salary of a foreign adviser is ten times higher than the national consultant. Shrestha (1983) argues that "foreign experts and advisors are overpaid, more than thirty to fifty times their counterparts in the Nepali government." He further comments- Nepal is 'over advised and under-nourished'.

Nepal's excessive dependence on foreign aid, with no proper infrastructure, is leading to underdevelopment itself. Lohani (1983) shares the observation of a National Planning commission as follows:

The transplantation of foreign aid in a country without a social structure that is conducive to development can result in a cancerous type of growth ... The problem is that only a few countries among the bilateral donors to Nepal have contributed aid in a manner that can lead to self-sustained growth... Foreign aid usually helps produce generalists who attend seminars but who do not work in the field.

According to Allahar (1989), too much dependence affects the major decisions regarding what to produce, how much to produce, and what prices to charge are often made outside of the countries in question. He further argues that the economies of the peripheral countries are thus distorted or biased toward activities that favour development in the centres of advanced capitalism. It reinforces a vast bulk of the population in the country to live in backwardness with low levels of skill, education, health care, and housing which he calls 'economic rape' of the country's wealth as directly related to its continued dependence and backwardness.

Nepal had no proper economic planning of any kind prior to 1951 and priorities were given to the urban sectors which was one of the major causes of underdevelopment in Nepal. As education was totally banned till 1950 by the then ruling class, there was lack of trained personnel at all levels to implement any kind of development programmes. Even though commitments were made by the government's bureaucrats such plans would achieve a little success without systematic planning and priorities in implementation. Despite the various efforts, the Fourth Five Year Plan (1970-1975) recognized that; "although a number of developmental works have been undertaken in different sectors of the economy, there has not been virtually any noteworthy changes in the

basic condition of agriculture" (National Planning commission 1970: 5). Even in planning some of the urban areas were prioritized with special consideration to Kathmandu valley and the fruits of development could be extracted by the most elite groups residing in the valley rather than the rural masses.

If the concept of centre and periphery can be applied within the country, the uneven development in Nepalese context can be explained very well. Malla and Rana (1973:20) explain this in the following way:

In terms of development expenditures, a disproportionately large part of the total investment in the last two decades has gone to Kathmandu and its surrounding areas and to a lesser extent to the eastern Terai. This has gone so far that the gulf between Kathmandu Valley and the subsistence economies of the hill areas of Nepal is growing similar to the gulf between the developed countries and underdeveloped 'third' world. To the problem of cultural heterogeneity, the process of development is adding the problem of economic heterogeneity to such degree that truly disturbing dualities may emerge in the nation. These differences between areas are echoed by differences between social strata. The two decades of development have seen the emergence of a privileged stratum which skims the cream of development opportunities and benefits.

The obvious result of this was that in many respects Kathmandu was provided with better facilities; such as education, health and public works, than any other parts of the country. Kathmandu thus became richer and more developed while the rest of the country had to face the crisis of even obtaining the essential commodities. The main reason behind this is the vested interest of the capitalist class who mainly reside in Kathmandu. In this context, Sklair (1991:5) shares:

Between 1970 and 1990, the distribution of income on a per capita basis in some Third World countries became more unequal, the top 10 percent got relatively more and the bottom 10 percent got relatively less, while the average per capita income roughly doubled in this period. Were these countries becoming richer or poorer? The rich in these societies certainly became richer, on both measures.

The sky-scrapers in the Kathmandu valley and the scarcity of even

basic facilities such as health and essential commodities in most of the rural parts of the country are the examples of this situation.

### **Centralized Planning and Unequal Development**

Planning was usually undertaken by the bureaucrats in Kathmandu. In most cases, it was done with the assistance of the foreign experts, who were either not familiar or not very much serious about the geographic condition of the country. They also failed to take into account the peculiarities of the geographical areas. In addition to this, when a concrete action was taken, it was "often simply a response to the genuine planning initiative begun at the local level, or in response to a political decision or an agreement made under the *chakari* system, which has been passed on to the planning bureaucracy as a directive." Bista, 1992). Thus enormous financial resources devoted to planning in the past have ended with fewer results. In this regard, Pandey (1983:282) who himself was a bureaucrat has commented:

In spite of almost four decades of foreign assistance, agriculture has not benefited; the poor have been bypassed; the needs of women have not been understood; the relations of production and distribution of power have become worse; and technical assistance has not contributed to the improvement of administrative capability.

The policies made so far were not based on the principle of self reliance or of raising the capabilities of the people but meeting the deficit budget. The bureaucrats and the policy advisors (mostly the donor agencies) decided to borrow whatever loan they could get. The introduction of structural adjustment programmes with World Bank/IMF loans is such an example. As for the World Bank, it does not make unconditional loans; where the borrower has to agree and some of these conditions require policy changes. In case of Nepal, the World Bank report (1990: x) writes:

During the Sixth Plan (1980/81-1984/85), growing frustration with past economic performance manifested itself in surging public expenditures to accelerate the pace of development, causing the overall budget deficit to rise from 6.1% of GDP in 1980/81 to 12.3% in 1982/

83. This led to strong demand pressures reflected in higher domestic prices, a doubling of the current account deficit and a substantial fall in international reserves. While GDP growth was higher than in past years, it became clear that the growth was not sustainable. Consequently, towards the beginning of the Seventh Plan, the Government implemented a stabilization programme, which was supported by a Fund Standby Arrangement in 1985. Realizing that macro-economic stability by itself would not lead to accelerated growth, the Government implemented a structural adjustment programme (SAP) to address some longer-term constraints to growth. Simultaneously, the Government launched a far-reaching initiative to meet the basic needs of the populace.

The stabilization measures of SAP programmes included actions to relieve pressures on the budget by restraining public expenditures, especially in the regular budget, increasing revenues, and tightening monetary policies. The money was devalued by about 15% to strengthen Nepal's external position (World Bank, 1991). Does it really strengthen the position is a big question? Pointing out this situation, P. Sarkar (1991:2309) writes:

Devaluation is not an appropriate policy to tackle this type of structural payment deficit. In many cases, devaluation has an inflationary impact with little effect on balance of payments deficits, as due to structural reasons, total export supply cannot be stepped up while demand for import goods remain price inelastic.

The IMF/World Bank policy, in the condition of Nepal, does not seem to achieve the purpose because of the poor infrastructure, lack of entrepreneurs and National commitment which may lead even to a worse condition. To quote Sarkar (ibid:2308) again:

The IMF/World Bank policy of reduction of state influence on the economy also hampers development as it does not automatically lead to an increase in private investment. In many LDCs, due to the absence of a national entrepreneurial class, only the state can take the initiative for economic development. A reduction in state investment frequently leads to a reduction in aggregate investment." Giving the example of the study done by Mosley et al (1990), he further elaborates that "SAL" conditionality, in conjunction with IMF demand-related conditionality,

has given rise to a decline in the adjusting country's investment as a share of the GDP. This contradicts their much published objective of adjustment with growth.

Much criticism has been made on the IMF policies and programmes. Some have claimed that the IMF policies have helped to create impoverishment and a collapse of world commodity prices. In this context Chossudovsky (1991:2527) writes:

The IMF sponsored macro-economic stabilization and 'structural adjustment programme' (SAP) constitutes a powerful instrument of economic restructuring which affects the livelihood of millions of people. The SAP bears a direct relationship to this process of global impoverishment. The application of IMF's 'economic medicine' has led to the compression of real earnings and to the reinforcement of the cheap labour export economy: the same 'menu' of budgetary austerity, trade liberalization and privatization is applied simultaneously in more than 70 indebted countries in the Third World and eastern Europe. Debtor nations forgo economic sovereignty and control over fiscal and monetary policy, the central bank and the ministry of finance are reorganized, state institutions are undone and an 'economic tutelage' is installed. A 'parallel government' which bypasses civil society is established by the international financial institutions (IFIs). Countries which do not conform to the IMF's 'performance' targets are blacklisted.

### **Traditional Bureaucracy and Global Economy**

Nepal entered the global capitalist economy when it became the member of UN at a stage of transition, from traditional to modern value system that needed a highly disciplined and cultivated leadership cadre. But the historic trend of dictatorship followed by the *Panchayat* system where the Palace Secretariat played a key role in making the decision of the Central Government's policies. This value system was communicated to the Central Government's Secretariat and the influential Palace Secretariat frequently appeared to be one of the central institutions maintaining a status quo in order to preserve the elite's vested interests. This value system was not the only impediment to the further rationalization of the administrative machinery but was a factor resulting in a frustrated and

demoralized attitude of the new administrative elites in Nepal. The engineers, scientists, doctors and other specialists, who had spent years abroad and were really enthusiastic in the development of the country could not use their potentials in that bureaucratic structure. This situation curtailed the further progress of development structures in Nepal. Joshi and Rose (1966:517) explain this situation:

... Instead of being valued for their specialized skills, they (the new administrative elite) are often treated with contumely by the politically appointed administrators and even more so by the administrator's transient political bosses. In such a situation, the technical elites often find it necessary to devote attention primarily to the complicated and fascinating game of intra-Secretariat politics, to the detriment of contribution in their fields of specialization. Without the proper recognition and utilization of the technical elites, however, it is inconceivable that any of the programs for the modernization and industrialization of Nepal can achieve any substantial success except for the few essentially symbolic industrial projects established by the various foreign aid programme.

Apart from this, the predominance of the vested interest groups in the key position through the system of *Chakari* (sycophancy), seem alien to modern economic thought and systems, and can in no way support genuine development.

In such a situation, the newly established democratic government had to face various economic, political and social problems. The economic survey (1991:5) pointed out these difficulties as follows:

Large imbalance occurred between revenue and expenditure, investment and savings, and imports and exports as a result of Panchayat government's rudderless economic policies, lack of clear priorities, uncontrolled government expenditures combined with over dependence on external loan assistance as against revenue mobilization to bridge the expenditure gap. These imbalances were also attributed to unplanned mobilization of internal loans, predominant use of personal fiats rather than orderly development of market oriented economy, and to excessive borrowing from the Rastra Bank at minimum interest rates. With the proliferation of smuggling and commission-cracy, few nouveau-riche succeeded in controlling the strategic sectors of the economy.

The newly established democratic government aimed at adopting the free market policy with emphasis on involvement of private agencies and the Transnational Corporations. But such policy without the national infrastructure was in question for benefiting the poverty ridden masses. Thus those who were already involved in such business (mostly the International and national TNCs) monopolized the economy of the country for their benefits. The poor had no choice but to become cheap labour within the country, or even leave home to find better jobs in India or other countries when they got options of foreign employments. This way Nepal is losing its main economic human resources, which is the major resource of the country. It is also losing its natural resources either not extracting by national source or by involving outsiders who will have their own vested interests. The experience of TNCs in many countries has proven to be a source of exploitation as Sklair (1991:68) describes:

The transnational capitalist class, fraction of the labour force, and other support strata that the TNCs have created, will all increasingly identify their own interests with those of the capitalist global system and, if necessary, against the interests of their 'own' societies as the transnational practices of the system penetrate ever deeper into the areas that most heavily impact on their daily lives. The specific function of the agents of transnational political practices is to create and sustain the organizational forms within which this penetration takes place and to connect them organically with those domestic practices that can be incorporated and mobilized in the interest of global capitalist system. In order to do this, the transnational capitalist class must promote, outside the First World heartlands of capitalism a 'compador' mentality throughout society.

The effect of modernization which has already created the compador mentality in the context of Nepal is another source to underdevelopment. In the *Panchayat* regime, Nepal was affluent with all the imported foreign goods. Even education was imported from America. Foreign goods were made available at very cheap prices so that people get its taste. Acquiring foreign commodities added to the prestige even if the price is increased ten times higher. With the involvement of TNC's in the business community, we can see the advertisement of Japanese, Hongkong, Korean etc. produced goods on TV and radio which is increasing the consumer

mentality in the mind of Nepalese people who already have developed a foreign taste. Any thing foreign is a symbol of prestige and a sign of becoming modern. A person's status is measured on the capacity to acquire possessions of such and other goods rather by their physical or mental capability. In an attempt to explain the consumer culture, Featherstone (1987:22) writes:

The end result of these processes is a new concept of lifestyle, enhanced self-image. This 'glosses over the real distinctions in the capacity to consume and ignores the paid, the unemployed, the old', though the ubiquity of the culture-ideology of consumerism actually does include everyone (or, at least, all urban dwellers) however poor, because no one can escape its images. And it must be added, very few would choose to escape its images and what they represent in terms of the good, or better, life.

### **Summing Up**

To sum up, the underdevelopment in the context of Nepal can better be explained with the quotation from Sklair. He (1991:5) shares that, "Where a country is largely isolated from the rest of the world, the state-centered approach does seem more plausible than where it is located within an identifiable system of global relationships".

Though Nepal entered into the global community since 1950 with the restoration of democracy, its geographic condition and the political system kept the people away from the matter of national affairs. The caste system (typically based on an ascriptive value system) imposed by the ruling class and legitimized by the class system has an adverse effect on the development of the country. The caste system imposes the fatalistic belief that nothing is in a person's control and everything is divine. In this way, the ruling classes were successfully able to manipulate the people in their own interest without any danger of public discontentment of the system. Such a belief system helped further degeneration of the social, economic, political and ethical values of the total Nepalese society.

Nepal was well known for its indigenous skills of mercantilism and the sophistication of its technology in past ages but now it has been a history of the past. Today, the fatalistic beliefs coupled with unethical

behaviour have permeated in all the Nepalese society. This belief, according to Bista (1991:146), is:

Connected to dependency, robbing the people of personal control, and the sense of individual competence, their willingness to assume responsibility, thereby diminishing their motivation for personal achievement undermines the possibility of instrumental social action, without which economic success cannot be realized. It substitutes instead the perception that power and responsibility are qualities invested only in powerful others and, in the case of Nepal's dependence on foreign aid, those powerful others are the foreign aid donors.

The unlimited amount of wealth entering in the country in the form of aid, and not a part of an exchange of Nepali productivity has helped mask widespread economic abuse and corruption. The transference of much of the responsibility to the donor agencies has even hampered the self-sustained growth. Pointing out the condition of Nepal Blakie et. al (1979: 26-27) wrote:

Nepal is in crisis today with no proper development of infrastructures and a crisis associated with the particular form of relations of production (class relations), with the failure of any social class to develop the productive forces sufficiently to provide the necessary expansion of economic base to support a rapidly growing population and with the particular form of the contemporary state (then *Panchayat* Government). Elements of that crisis, in manifest form, include growing food shortages; environmental deterioration; and unemployment, resulting from the structural underdevelopment of the agrarian economy; the extension of rather than the intensification of cultivation; rapid population growth; and from the virtual absence of employment opportunities in agriculture. For the vast majority of peasants and workers in Nepal, the crisis which reflects the structural underdevelopment of the economy is persistent and chronic; the reproduction of deprivation and poverty, which is a function of the continuing underdevelopment of Nepal, manifests itself nationally as a crisis, and for the vast majority of the rural and urban population as constant hardship, uncertainty and desperation.

Without fulfilling its commitment to meet the basic needs of the people, the democratic government established in 1990 was engulfed by

the problems of inflation and poor economic condition. Adding to it, with no change in the old bureaucratic structure, it could achieve very little success. With frequent changes in the government and continued insurgency in the past 15 years, Nepal is in a critical situation in all spheres – economic, political and social than before. The multi party government which was formed for the purpose of conducting election of Constituent Assembly suffered from instability and stagnation in terms of development. The election of the Constituent Assembly resulted in the loss of Democratic Party and the victory of Communist Party of Nepal (Maoist). Restoration of a democratic system could not be stable in case of Nepal due to power struggle of the political parties and now the power is being transferred in the hands of communists. The Maoists are struggling to get support of the political parties to form the government and in addition are also facing the 'Madhesh ek Padesh' (one Madesh province) demand of the Tarai Madhesh parties. Although the Maoists claim people's support for their victory in the election, it has to prove its commitments for the lower classes who supported them in their struggle for change. To quote Blakie et. al (1980) "The classes who played a crucial role in the struggle are not simply passive in the face of the state and other even more powerful foreign influences; they have a crucial part to play in making their own history and that of Nepal, and it may already be possible to identify the directions and forms which their action will take". If so, can Nepal ever be in peace and develop as other nations who went through various struggles in their history if the political situation remained unstable as now? Should we believe in the above mentioned quotation and wait for an enduring struggle in the hope of betterment until we lose our independence? Nepal's crisis would never end as speculated by the foreign writers without a stable political situation. The present situation would either invite the rule of a dictator or a takeover by the foreign power and our dream of an independent and developed Nepal will remain forever in the history of our struggle for independence.

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