

Opportunities and challenges of World System in Nepal

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Abstract

In the present global context, three types of economies are seen to exist: capitalist economy, socialist economy, and mixed economy. The countries that have adopted each of these economic systems have established international relations according to their own historical, economic, political, and social contexts. Such international relations appear favorable to powerful nations, while weaker nations are often compelled to remain in a dependent position. In this way, the current world system is functioning. On the basis of this world system, interdependence among nations has been established, and accordingly, they are compelled to face both opportunities and challenges.

Key words: World system, Dependency, Globalization, Opportunities, challenges

1. Introduction

World system is a broad theoretical model that connects and analyzes the social, economic, and political processes and systems of the world in relation to the situational contexts of different countries. According to the world system theory, all countries in the world are interrelated with one another in some way, even if a country is highly developed. For example, countries like America, Soviet Russia, Britain, China, and Korea produce advanced machinery and materials only to earn maximum profit from these products by exporting them to underdeveloped countries and thereby maintain interrelations. Similarly, they must rely on Gulf countries to meet their needs for petroleum, gas, and other resources,. Likewise, they depend on the cheap raw materials and labor power imported from underdeveloped and developing nations of Asia and Africa. (Wallerstein,1974).

Therefore, in the modern world system, Immanuel Wallerstein has presented the world-systems model to explain how countries around the globe have become mutually dependent or interdependent. Wallerstein analyzed the essence and nature of a vast economic existence beyond the restrictions of political and cultural boundaries, together with international division of labor. He did not consider the interrelation among countries as a consensual concept but rather interpreted it as a stressful situation produced by various powers. (Gautam,2058)

Globalization refers to a process in which different nations, cultures, economies, and societies of the world become interconnected and integrated through interaction. In this process, interdependence and connectivity at the international level are increasing in physical, political, economic, social, cultural, and technological spheres. (Giddens,1990)

The present global context is characterized by globalization. In this process, both wealthy or powerful nations and poor or developing nations remain interconnected and interdependent. Wealthy and powerful countries produce highly advanced technological goods, while poor

and developing countries are unable to produce such goods, and therefore import them at high prices. At the same time, poor and developing countries sell the raw materials produced in their own nations to wealthy and developed countries at cheap prices due to lack of technology, capital, and other reasons. Moreover, because of the absence of sufficient industries and factories within their own countries, many youths are attracted to developed and wealthy nations in search of foreign employment or higher education. (Steger,2017).

Dependency refers to a condition in which an individual, group, or nation relies on the assistance or resources of others. In today's context of globalization, people, nations, and institutions are interconnected economically, socially, and culturally. Although dependency may have some positive aspects, it also presents serious challenges that can put both individual and collective existence at risk. (Frank,1967)

As this process continues, poor and developing countries, unable to make proper use of technology and internal production, gradually fall into the grip of wealthy and powerful nations, eventually remaining trapped in a cycle of dependency indefinitely

2. Research Questions

This study will mainly focus on the following issues:

- What are the opportunities of the world system in Nepal?
- What are the challenges of the world system order in Nepal?

3. Objectives of the study

The main objectives of this study are as follows.

- Analyze the challenges of the world system.
- Analyze the opportunities of the world system.

4. Methodology

This article employs descriptive and analytical research methods. In particular, it attempts to analyze the impact of Nepal's development-related policies, plans, and programs from the

past to the present on the production system, as well as the opportunities and challenges they have created within the world system.

5. Source of Data

Since this article analyzes the opportunities and challenges created by the world system in Nepal's overall socio-economic condition, it is entirely based on secondary data.

Information for this study is collected from:

- Books and academic journals
- Reports of international organizations such as the World Bank and United Nations
- Government documents and policies of Nepal
- Newspapers and reliable websites

6. Method of Data Collection

Relevant materials related to globalization, international trade, foreign aid, migration, and development were carefully reviewed. Only reliable and related sources were selected for the study.

7. Method of Analysis

The collected information is analyzed in a qualitative way. The study focuses on identifying major opportunities (such as trade, technology, and foreign employment) and challenges (such as dependency, inequality, and economic pressure) faced by Nepal under the world system.

8. Limitations of the Study

This study depends only on secondary sources and does not include field surveys or interviews. Therefore, the findings are based on available information, but they still provide a clear understanding of the topic.

“Dependency and the Situation of Nepal”

Before 1990 (B.S. 2046), Nepal had adopted a state-centered economy. Most industries were owned by the state. Industries, factories, education, health, and communication were largely operated through state investment. More than 90 percent of the total gross domestic product (GDP) was sustained by the agricultural sector, and agriculture kept the country in a state of self-reliance.

After the establishment of democracy, Nepal adopted the policy of economic liberalization. As a result, private and international investment began to increase in sectors such as education, health, and communication. At the same time, the expansion of international relations and globalization created a trend of foreign employment and abroad study, which led to the migration of young manpower abroad. Consequently, due to the shortage of workforce in the agricultural sector, the share of domestic agricultural production in GDP gradually declined. Along with this, the use of foreign hybrid seeds instead of native seeds reduced the country's food self-sufficiency and created a condition in which food had to be imported from abroad. The import of foreign seeds also added to the imbalance in foreign trade.

Nepal is a landlocked country. It is geographically connected to India on three sides, and to the north, it is linked with China through the Himalayan ranges. Before 1990 (B.S. 2046), more than 93 percent of Nepal's territory was rural. According to the 1991 (B.S. 2048) census, about 91.5 percent of Nepal's population lived in rural areas, while 8.5 percent lived in urban areas. Prior to 1990 (especially during the decade 1979–1989, i.e., B.S. 2036–2046),

Nepal's economy was mostly agriculture-based. Due to the lack of sufficient industries and production within the country, many consumers and capital goods had to be imported

Imported goods can be broadly classified into consumer goods, industrial raw materials, capital or technical goods, and luxury items. Consumer goods include petroleum products such as diesel, petrol, kerosene, and LPG gas, along with essential items like salt, sugar, tea, coffee, food grains such as rice, wheat, and maize when domestic production is insufficient, clothes, readymade garments, spices, and oil-based products. Industrial raw materials consist of cotton, iron, steel, chemicals used in the production of medicines, fertilizers, dyes, soap, as well as cement and other construction materials. Capital and technical goods include vehicles such as cars, trucks, buses, and motorcycles, machinery and agricultural tools like tractors and hand tools, and electrical equipment including radios, televisions, fans, and generators. In addition, luxury and consumer items such as beverages like Coke and Pepsi, cosmetic products, and decorative luxury goods are also imported to meet consumer demand. (World Bank,1979)

However, rural areas were still almost self-sufficient in food production.

Urbanization in Nepal has accelerated mainly due to changes in administrative structure and governance. In 2014 (B.S. 2071), the government declared 72 new municipalities, increasing the total number from 58 to 130, which marked the first major expansion of urban areas. During the post-earthquake reconstruction and administrative restructuring in 2015–2016 (B.S. 2072–2073), an additional 61 municipalities were announced, raising the total to 191. Furthermore, with the implementation of the federal system under the 2015 Constitution (B.S. 2072), local levels were restructured again in 2017 (B.S. 2073). Alongside these political and administrative changes, urbanization in Nepal began to grow rapidly after 2001 (B.S. 2058). Prior to this period, most of the population lived in rural areas, but after 2001,

urban growth accelerated due to administrative reclassification, population movement, and development-oriented policies.

After 2001, urbanization patterns changed due to three major reasons.

Declaration of Municipalities

The rapid increase in urban population in Nepal is largely the result of government policy. The government adopted a policy of declaring villages as municipalities, and in 2014, 2015, and 2017 (B.S. 2071, 2072, and 2073), many Village Development Committees (VDCs) were simultaneously upgraded to municipalities. As a result of this administrative reclassification, the official statistics of Nepal's urban population increased suddenly.

Population Pressure and Internal Migration

Urban growth in Nepal has also been driven by increased migration from rural areas to cities in search of employment, education, healthcare, and better facilities. As a result of this rural–urban migration, major cities such as the Kathmandu Valley, Pokhara, Biratnagar, Bharatpur, Butwal, Dharan, and Nepalgunj have experienced rapid population growth.

Expansion of Infrastructure and Economic Activities

Urbanization in Nepal has also been supported by increased investment in roads, communication, electricity, education, and health sectors. As a result of these development activities, many rural areas have gradually transformed into semi-urban zones with urban-like facilities.

Urbanization Trends Based on Statistics

The trend of urbanization in Nepal has changed significantly over time, largely due to administrative restructuring. In 2001 (B.S. 2058), only about 15 percent of the population lived in urban areas, with a total of 58 municipalities. By 2011 (B.S. 2068), the urban population increased slightly to around 17 percent, while the number of municipalities remained the same, indicating that urban growth during this period

was mainly driven by migration rather than structural urban development. A major shift occurred after 2014, when the government declared 72 new municipalities, causing the officially recorded urban population to rise sharply to about 40 percent. This trend intensified further in 2017 (B.S. 2073) with the implementation of the federal system, which increased the total number of municipalities to 293, including metropolitan and sub-metropolitan cities. As a result, Nepal's urban population was reported to have reached approximately 63 percent.

Causes of Dependency:

- **Lack of Modernize Agriculture:**

After 2046 B.S. (1990 A.D.), every government introduced programs for agricultural modernization, but due to ineffective implementation, the living standards of people dependent on agriculture became increasingly difficult. As a result, foreign employment became an alternative. This not only created a shortage of youth manpower in agriculture but also led to unexpected financial capacity, which increased migration towards urban areas. When the agricultural population was replaced by other sectors, dependency even on food grains was created.

- **Rapid Urbanization:**

Although urbanization is a natural process, imbalanced development led to rural areas being emptied while the population density in urban areas increased. At the same time, the inability to produce necessary materials domestically for developing urban infrastructure has kept us dependent even today for development and construction. Purchasing such construction materials has also created a significant trade imbalance.

- **Failure to Properly Utilize the Country's Natural Resources:**

No country is fully endowed with all kinds of resources, but examples from the Gulf nations show that maximum utilization of available resources can make a country

prosperous. Nepal, too, has water resources, agriculture and livestock, herbs, forests, tourism, cultural and geographical diversity, among others. However, due to the lack of commercial utilization of these resources, the country has fallen into the trap of dependency.

- **Political Instability:**

Political instability is another major cause of dependency. Because of instability, there has been unnatural foreign interference, corruption, lack of policy continuity, and policy-making driven by the interests of leaders and party workers rather than expert advice. As a result, achievements in domestic production remain neglected, pushing the country into a dependent state.

Opportunities of Globalization

- **Access to Inventions**

Not all countries in the world can invent everything. Inventions require special knowledge, skills, capital, capable human resources, and other important elements.

Only some countries have been able to develop such capabilities in areas like science, education, health, communication, transportation, technology, agriculture, climate, environment, business, etc.

However, through globalization, developing and underdeveloped countries have gained access to essential inventions and services. Even if they cannot invent these things themselves, globalization has created an environment where they can at least use and benefit from those services and facilities.

- **Availability of Services**

Today, in most countries, people are using computers, mobile phones, and transportation facilities easily, even if these are not produced within their own country. This situation is a result of international relations and the opportunities created by globalization.

- **Entry (Access) into the Global Market**

Globalization is a platform where all countries can have easy access to different sectors.

Through such access, countries can utilize mutual skills, knowledge, experience, opportunities, and challenges, enabling them to enter the global market and developing their internal production capacity.

- **Increase in Exports**

Through globalization, every country can expand its access internationally. This helps them to develop internal production capacity and increase the export of their products in the international market. As a result, they can earn foreign currency, expand employment opportunities, and increase national income.

- **Ease in Modernization**

Some countries, due to a lack of science and technology, are dependent on traditional methods and struggle to gain minimal results despite great effort. But through globalization, access to international technology has expanded. This has made it easier to replace traditional systems with modern technologies, making daily life simpler and more efficient.

Dependency and its Challenges

- **Economic Inequality:**

Dependency is one of the major causes of economic inequality. When a nation or individual continuously seeks assistance from others, it reduces self-reliance and independence. This makes poor nations dependent on wealthy nations and, in the long term, weakens their economies. As a result, the pace of development may slow down.

- **Cultural Erosion:**

Dependency sometimes brings cultural challenges as well. When a society, under external influence, assimilates into another culture, its own cultural identity begins to weaken. Protecting cultural richness and identity becomes a major challenge under

dependency. For example, Western cultural influence has affected our traditions and dress.

- **Exploitation of Natural Resources:**

Today's dependency has resulted in the over-exploitation of natural resources. Some nations, in order to fulfill their needs and engage in trade with others, have excessively used natural resources, which in the long term has created negative impacts on the environment and biodiversity of the Earth.

- **Political Instability:**

When countries or individuals remain dependent on foreign powers, political crises or instability in those external nations directly affect them. A country's foreign policy and internal politics may turn into a web of dependency, raising questions about its sovereignty and independence.

- **Social Conflict and Mental Distress:**

Dependency can also give rise to social and psychological problems. When individuals or communities become overly reliant on others, self-respect and confidence decrease. This leads to dissatisfaction and stress, negatively affecting personal as well as social mental health.

Solutions

- **Focus on Indigenous Culture and Domestic Production**

- Prioritize and promote native culture, traditions, and internal production.

- **Emphasis on Quality Production**

- Encourage high-quality goods and services to reduce reliance on imports.

- **Development of the Tourism Sector**

- Utilize tourism as a sustainable source of income and self-reliance.

- **Proper Use of Foreign Aid and Domestic Capital**

- Ensure that foreign assistance and internal resources are managed wisely.

- **Self-Reliance and Education**

- To strengthen society's self-reliance, focus on education and skill development. Public awareness and the use of local resources can reduce dependency.

- **Social and Cultural Reconstruction**

- While facing external influences, respect and preserve one's own culture and traditions. It is necessary to recognize and safeguard the value of local traditional knowledge and heritage.

- **Collective Cooperation**

- The root of dependency is isolated development and unhealthy competition. Its solution lies in collective cooperation and mutual support, which help create equal opportunities and reduce inequality.

Conclusion

Dependency and the challenges it creates are complex and multidimensional. Although it may have some benefits, its long-term impact can result in social, economic, and political instability. To address this, self-reliance, education, collective cooperation, and the protection of cultural identity are necessary. For the sake of humanity and progress, it is essential to understand the essence of dependency and its challenges and move forward toward their solutions.

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