

# Land Tenure and Poverty In Nepal<sup>1</sup>

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## 1. Introduction

Land is a principal source of income and employment for majority of households in Nepal. Specially in rural Nepal which hosts 90 percent of population, size and quality of farm land are determinants of poverty. Landless and very small land holders often are engaged in informal credit relationship and have to bear also with unfavorable labor relationship. Poverty in terms of land owned also means limited capability to benefit from public services such as education and health. Land determines both the social status and political participation. On the other hand, undeveloped state of agriculture: lack of irrigation, use of traditional technology, subsistence production, inaccess to market, have rendered even relatively large landholders into the state of poverty. Improved land distribution accompanied with modernizing agriculture has potential to dramatically reduce incidence of poverty which at present stands at 45 percent (APROSC and JMA, 1995).

## 2. Structure of Landownership

About 17 percent of the total land area of Nepal is agricultural land. The per capita farm landholding is 0.14 ha. Almost half of the holdings are of less than 0.5 ha size, and about 70 percent of landholding is less than of 1.0 ha size. The average size of landholding is only 0.96 ha, with an average of four parcels per holding.

Regional variation in the distribution of agricultural land is substantial. The plain covering only 17 percent of the total land area comprises 49 percent of the total agricultural land. The Hills and Mountains cover 63 and 20 percent of the total land area, and account for 40 percent and 11 percent of agricultural land.

### Distribution of Land

The bottom 44 percent of the agricultural household operate only 14 percent of the total agricultural land area, while the top 5 percent occupy 27 percent. The concentration index for agricultural land is 0.54 reflecting highly uneven distribution of farm land.

**Table 1: Size distribution of agricultural land ownership by housing and region**

(in percent)

Region/holding	0-0.5 ha	0.5-3.0 ha	>3.0 ha
Mountains	39.3 (13.8)	54.5 (56.7)	8.5 (36.7)
Hills	48.4 (15.9)	50.2 (68.8)	2.1 (15.3)
Tarai	43.1 (21.1)	45.3 (65.9)	1.6 (13.0)
Nepal	43.8 (14.3)	51.5 (59.0)	4.7 (26.5)

*Note: Figure in parenthesis is proportion of farm land.*

*Source: CBS, 1993.*

### Land Tenancy

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The dominant type of land entitlement in Nepal is owners-tiller. About 85 percent of the operated land is owner-operated and the remaining 15 percent is rented in (Table 2).

**Table 2: Size distribution of agricultural land operation by household and region**

(in percent)

Region/Operation	Percent of Total Operated Land		Percent of Total Owned Land	
	Owner operated	Rented in	Owner operated	Rented out
Mountains	89.4	10.6	97.0	3.0
Hills	89.1	10.9	95.9	4.1
Tarai	80.1	19.9	90.0	10.0
Nepal	84.7	15.3	93.2	6.8

Source: CBS, 1997.

Amongst the agricultural households, 95 percent operate their own land whereas 6.4 also rent out part of their land. About 29 percent of the households work on rented land along with their own land. About 5 percent of the households work on rented land only (CBS 1997).

### **Role of Public Land**

In addition to the farm land under private ownership a large area in the form of grazing land and forest (mostly degraded) is utilized by the farm households. These land are used basically for fodder and fuel extraction. The communally owned land comprises 60 to 80 percent of very small holdings. There is an implicit compensation for smallness in holding by livestock raising using public land. Three issues stands out. First that such land, because of lack of private ownership, tends to be over exploited and hence gradually loose carrying capacity. Second, given the access to such land only for fodder and fuel, livestock are important for rural poor. Third, a gradual shift of such land under control of small holders has potential to improve the productivity and poverty alleviation.

**Table:3 Percent of Total Land Associated with Farm Size**

Farm Size (cultivated ha)	Sole Owner Control	Landowner & Tenant Joint Control	Collective Control (Grazing, Forest land)
0-0.5	6	0.3	93.0
0.5-1.0	19	1.0	80.0
1.0-2.0	35	2.0	63.0
2.0-3.0	37	3.0	60.0
3.0-4.0	43	3.0	54.0
4.0-5.0	45	5.0	50.0
5.0-10.0	55	4.0	41.0
Above 10.0	69	3.0	28.0

Source: IFAD, 1988.

### **3. Land Tenure and Poverty**

## Farm Size and Poverty in Nepal

Incidence of poverty by farm group is presented in table 4. The per capita income cut off point to distinguish poor from non-poor is Rs 2584 for the plain areas and Rs 3945 and Rs 3925 for hills and mountains. Percentage of poor households by farm size and region is presented in table below. Poverty is very much concentrated among small land holders.

**Table :4 Incidence of Poverty Among Farm Households (%)**

	Landless/Marginal	Small	Medium/Large	Total
Plain	40	30	18	32
Hills	70	60	43	62
Mountains	77	58	24	62

Source: Sharma and Chhetry 1996.

Note: 1. Landless/Marginal = 0.0-0.5 ha; Small = 0.5-2.0 ha and Medium/large = 2.0 ha and above.  
2. Calculation is made using data from 7336 households collected in 1991/92 by Central Bank of Nepal.

## Land Productivity and Poverty

High incidence of poverty among small holders is due to both low holding size, and own land productivity. Indeed, incidence of poverty among relatively large holdings attest the importance of considering productivity along with holding size in identifying incidence of poverty. The productivity differential between poor and non-poor farm households is presented in table 5 The land productivity corresponding to non-poor households is almost twice as high as the corresponding land productivity of the group of poor households in all region. Similarly, land productivity of small holders is almost twice that of large holders irrespective of poor or non-poor.

**Table:5 Average Land Productivity by Poor and Non-poor Farm Households**

(Rs/hectare)

	Small Holders	Medium/Large Holders
Plain		
Poor	8,014	4,824
Non-Poor	15,786	10,654
Hills		
Poor	11,161	6,046
Non-Poor	21,115	11,929
Mountain		
Poor	11,199	5,811
Non-Poor	26,058	10,864

Source: Sharma and Chhetry 1996

#### 4. Landlessness, Poverty and Unfree Relationship

Landless and consequent poverty seems to be working to evolve and sustain distortions in rural labor market at least in the form of "unfree" labor relationship and child labor.

##### Unfree Labor Relationships

A huge proportion of farm wage labor in Nepal work under long term labor contract which invariably has credit relation in it. Lacking the assets worth collateral, labor pledges his labor service as collateral to the employer-landowner. Often the relationship continues for long, ultimately becoming a virtual bondage relationship. Kamaiya laborers (Kamaiya system is a special type of tied labor relationship in West Nepal) are 'unfree' and their plight is caused by lack of access to land. Similar 'unfree' farm labor relationship abound in other part of the country also. Access to off-farm opportunities can reduce the need to opt for such relationship, but such opportunities are hard to come by without massive increase in income in rural areas (a large part of increase has to come from these poor groups). Studies (e.g. Sharma 1998) have suggested that problem of 'unfree' relationship will be difficult to solve leaving the structural problems intact.

##### Child Labor

Problem of child labor is rampant in Nepal; and the important source of supply of child wage workers is landless households in rural areas (Sharma et.al. 1999). Isolated efforts to solve child labor problem are having a minimal contribution in solving the problem as a large reservoir of potential entrant in the market exist. Here too, the landless households need to be availed access to land and wage/income opportunities to stop supply of child labor. In general, the efforts are geared towards regulating demand of child labor, which is rendered ineffective till supply remains unlimited.

##### Case Study

##### Buddhi Chaudhari Escapes from Kamaiya System

Buddhi is Tharu boy from Deukhuri of Dang district and is working in a Thakali family in Siddarthanagar since last year. He was ten when he was brought to work. His parents wanted him to leave village and migrate to the city. His father is landless and works as *Kamaiya* (long term farm labour) in Dang (west Nepal), and his brother works as *Bardihawa* (cattle herder). He himself used to work as *Chhegar* (goat herder) before coming to Siddarthanagar.

Buddhi is illiterate and do not go to school. He works from 6 in the morning till late night. Washing the dishes, cleaning house and child minding are his main work. In the day-time usually from 12 to 3 O'clock he has some free time and he spends that time doing nothing. He wishes that he could use that time for study; he longs to be able to read and write.

Buddhi has no complain about food, clothing and salary that he is receiving. His salary is Rs 300 per month; his mother or some times his father comes and collects. Yet he has complains in two fronts: that he can not go to school because there is none to clean dishes, and that he does not know anybody to play and have a chat in Tharu language. When he matures, his aim is to find job in Siddarthanagar in office. He does not want to go back to the village for hard work like his brother is doing.

Source: Sharma et.al. 1999.

## Policy Issues

1. Large proportion of farm households occupy small proportion of total farm land, small proportion of farms occupies a large proportion of land. Smaller farm produce more.
2. Public land/communally owned land can play important role to augment farm size of small holders. How small holders can be given access to such land? And also maintain ecological balance.
3. In a traditional agricultural society, without land one is poor. And when a large mass is poor, there is no scope for off-farm opportunities. Hence, break poverty cycle by giving access to land.
4. Many of social evils such as `bonded' labor and child labor relationships are because of landlessness.
5. Low productivity is also the reason for poverty. Rapid agricultural growth is essential for rapid reduction in incidence of poverty.

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