

**Economic and social structures that may explain the  
recent conflicts in the Terai of Nepal**

by

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## **Abbreviations**

CA: Constitutional Assembly

CPA: Comprehensive Peace Accord

CPNM: Communist Party of Nepal (Maoist)

JTMM: Janatantrik Terai Mukti Morcha (Democratic Terai Liberation Front)

MT: Madhesi Tigers

MJF: Madhesi Janaadhikar Forum (same as MPRF, Jana-Adhikar means People's Rights)

MPRF: Madhesi People's Rights Forum

SPA: Seven Party Alliance

YCL: Young Communist League

## **Executive Summary**

We describe, and explain, the decline in poverty in different regions of Nepal, with the main driving force being labor migration, which has contributed, first of all, with remittances, but also to a lack of surplus labor within Nepal, and thus an upward pressure on local wages. We also describe, and explain, the regional differences in economic activities, and development, within Terai. Only Eastern Terai has a large population of low-caste landless farm workers who work for a very low wage, and thus remain poor. The low paid labor force allows the farmers to spend their time on other income generating activities, and it keeps the labor costs down. This, in turn, implies that the landed households in the Eastern Terai are rarely poor, in contrast to the landed households in the Western Terai that have to do the farm work themselves. Thus, while the landless households are poor everywhere, the lower poverty rate among the landed households in the east explains the lower overall poverty rate in the Eastern Terai.

Based on our previous research on the socio-economic structures of rural Terai we conclude that the close relation between the landless workers and the landowners in Eastern Terai can be described as feudal principal-agent relationships, where the workers have no other option than accepting the payment, and working conditions, offered by the landlords. The landlords are not only able to set contracts that leave only a small surplus for the laborers, they may even influence the laborers' outside option by collaborating with other powerful people in the village, or directly restricting the available contracts. We find, in particular, that the Terai Dalits are trapped in this kind of inferior relationships with the landlords.

These feudal relationships may also include political support for the landowners. The main traditional landlord castes are the Yadavs, together with the Tharu landlords. They now compete with hill migrants, not only as rural landlords, but also for political power at the local and national level. The relative success of the Maoists, and the new room for political, and

military, struggle that has arisen after the peace accord between the government and the Maoists, may explain the recent political struggle that is led by the Terai landlords. The MPRF, led by Upendra Yadav, is now in a position where they are considered as the representatives of the Terai population, and they can, due to the close landlord-laborer relationships in the villages, relatively easily mobilize the rural people for their cause. There is a power struggle between the MPRF and the Maoists at the village level, but due to the peace accord the Maoists will only to a certain extent use force. But, one has to be aware that this situation may change, and MPRF is of course aware of this as well. They thus appear to ally themselves with more or less criminal groups in Terai, and in the neighboring districts of India. A full-fledged conflict between MPRF and the Maoists, that may also include Nepali, and Indian, security forces, as well as more militant Terai groups such as the two fractions of JTMM, can develop into a civil war of a larger dimension than the past 10-years of relatively low-scaled conflict.

The way ahead must be to involve MPRF in serious discussions of political solutions that are not only acceptable to the political leaders, but do also not fuel new ethnic sentiments. The ethnic-based federalism that now appears to be the favored solution among the political leaders, in particular the MPRF and the Maoists, has the potential of fueling ethnic, and caste-based, sentiments. Any regional state in Nepal will have large minorities that may potentially meet even stronger discrimination within a federal state, than within the present unitary state. The Terai Dalits, and other ethnic, and religious, minorities in the Terai, will not necessarily be better off in a Madhesi state ruled by the traditional Terai landlords. A federal state will also have large potential problems with redistribution of tax-income from the Kathmandu valley, and the wealthy districts of Terai, to the poorer hill districts.

As the present Terai uprising is a struggle for political representation, and not for socio-economic change, we may in the future expect to see a Dalit uprising for socio-

economic change, as we have seen in states of India. To counteract such an upraising among the Dalits, and to improve their living conditions, we recommend feasible land reforms and educational programs that must be supported by local organizations for the most excluded Terai Dalits. National and international NGOs may support such organizations, but at a low scale, and they must avoid that higher caste activists, including higher ranked Dalit groups, take the control. Feasible land reforms may replicate the interventions into the Kamaiya system of Western Terai, where the poor got a small piece of land away from the village, and thus the landlords' control. The suggested Land-Bank may also be a feasible way of reallocating land to the landless based on loans where the allocated land is applied as collateral.

## **1. Introduction**

On January 15, 2007, the Communist Party of Nepal (Maoist), CPNM, entered the interim coalition parliament of Nepal after 10 years of civil war. Four days later a Maoist cadre shot dead a student in Lahan during a scuffle with an ethnic based front, the Madhesi People's Rights Forum (MPRF). The killing started an ethnic uprising in the plains (Terai) of Nepal with full closure (Bandh) of markets, shops, and transportation for weeks, and violent attacks on government and Maoist offices, and in some cases ordinary people from the hills (Pahade) were specifically targeted. During the first phase of the protests, from January 19 to February 9, at least 24 people were killed. Later, on March 21, both MPRF and CPNM congregated in Gaur, the headquarter of Rautahat district, for major demonstrations. The MPRF was in a large majority, and was probably supported by criminals. At the end of the day 26 Maoist cadres were killed by home-made weapons. For a detailed time-line of the events leading up to the Terai uprising, see the appendix. After the Gaur incident the conflict level has been lower, probably because the government has agreed on the main demands of MPRF, which are an ethnic based federal state and proportional representation in the parliament.

Now, the demands of MPRF are not well defined, which leaves room for new conflicts regarding the important details of the restructuring of the state. The government interprets proportional representation as proportional geographical representation, and has increased the number of seats from the Madhes region. However, ethnic activists demand proportional representation of all castes and ethnic groups. With 100 different castes and ethnic groups in the latest census, and many groups being geographically dispersed, this is hard to implement. Similarly, the borders between the ethnic based states are not defined. And, if federalism is implemented, then one will also have to decide on what decisions should be taken at the national level, and what should be left for the states to decide, with the most problematic issue being the redistribution of tax income. The MPRF probably wants two, or three, states in the Terai. In addition to the Kathmandu valley, the Terai belt, along the border to India, is the main growth area of the Nepalese economy. Surprisingly, ethnic leaders of the less wealthy hill regions also support federalism, even though a redistribution of tax-income from the Terai to the hills must become a major issue within a federal state. We expect new conflicts in Terai, and elsewhere, both prior to, and after a federal state may have been formed.

Although the Maoists and MPRF are now in conflict, the Maoist party set the ground for the ethnic based agitation in Nepal. Already at their First National Conference in 1995, prior to the so called People's War, they announced an "Ethnic Policy in Nepal", according to

Sharma (2002). This was a 14-point platform, where one issue was "Right to autonomy on regional, district and local level should be given ... where [an] ethnic community has majority". In 2001 they proposed nine autonomous regions according to Sharma (2002), which was named Seti-Mahakali, Bheri-Karnali, Tharuwan, Magarant, Tamuwan, Tamang Saling, Newar, Kirant, and Madhesh, where the names indicate ethnic-based regions. Tharuwan is the western part of Terai, where the Tharus constitute the traditional population. Madhes is the eastern part of Terai, which historically has been occupied by castes and ethnic groups that migrated from India, and are termed as Madhesi people. The term Madhesi sometimes also includes the Tharu people.

Although the political organization of the Maoists is based upon the local VDC and area levels, the regional ethnic fronts seem to have been important for recruiting cadres based on ethnic policies and sentiments. Upendra Yadav, the president of MPRF, is an important example. He collaborated closely with Matrika Yadav, a main Maoist leader in Terai and now a minister, until they were both arrested in Delhi in February 2004. Only Upendra Yadav got an early release, and after that there was no more collaboration. Upendra Yadav has later crossed over to the other end of the political spectrum by participating in meetings with Hindu nationalists in India. He was a central person in staging the first protests in the Terai. The interim constitution was proclaimed on January 15, and the same evening the Maoists entered the interim parliament. The next day MPRF activists burnt a copy of the constitution, and many cadres were arrested. MPRF then called for full closedown (Bandh) in Terai, leading to the Lahan incident on January 19, where a Maoist vehicle was stopped by the protesters, and a student fatally shot.

Although MPRF is in the lead of the Terai uprising, there are other smaller groups that are more militant and may thus constitute a larger problem for the peace-process. The Janatantrik Terai Mukti Morcha (JTMM), which translates into the Democratic Terai Liberation Front, split from CPNM in 2004, and again the Singh-faction of JTMM split from the Goit-faction in 2006. Both groups are now active, and the Singh-faction appears to be the most militant. Another group, at the name of the Madhesi Tigers, has recently made the headlines by kidnapping and threatening hill people living in the Terai. The Madhesi Tigers also split from CPNM in 2004, the leader was later killed, and the group has been less active up to the recent kidnapping. Some of the smaller groups are accused of being influenced by criminal gangs, which is probably to some extent true.

In this paper we will attempt to explain the present conflict by deeper social and economic structures. Based on our research, during the last decade, on the village economies



of Terai we will describe the main socio-economic structures, and discuss to what extent the Terai groups represent the socially, and economically, excluded people. We will argue that the landowner class, as represented by the Yadavs, is dominating the Terai movement, and a main conclusion will be that the uprising is a struggle for political positions for the Madhesi leaders, rather than social and economic change. This contrasts with the Maoist insurgency, which to a larger extent has been a socio-economic struggle.

Section 2 of the paper describes the economic development during the last decade in Nepal, including possible explanations for the decline in poverty. Section 3 describes the economic structure of Terai, contrasting it with the hills, and discusses the social structure *within* Terai, with a focus on the position of different castes and ethnic groups. Based on section 3, section 4 discusses the economic and social basis of the Terai groups that are opposing the government in Kathmandu. Section 5 discusses possible future developments in Terai, with a focus on the danger of an escalating ethnic conflict, and the possibility of an uprising among the Terai Dalits. Section 6 discusses lessons from the government intervention into the Kamaiya system in Western Terai with a focus on similar groups of landless Dalits in the Eastern Terai. Section 7 discusses the design of other policy interventions, in particular land reforms, and representation of Madhesi castes and ethnic groups in a federal state. Section 8 concludes the paper.

## **2. Economic development during the conflict period**

Nepal Living Standard Survey (NLSS) is probably the best household level data we have from Nepal. The survey has been conducted twice, in 1995/96 and 2003/04. The poverty estimates are also the best available for Nepal. The poverty rates in Table 1 are reproduced from Table 1.2.2. in NLSS (2005). The poverty line is set to the rupees per person a normal household will need to buy a normal basket of food that contains 2124 kcal per day, plus normal additional spending for a poor household. The poverty line varies between regions depending on local prices, and was rupees 11 000 per person per year in Kathmandu for the survey period 2003/04, see Table 2.3.1 in NLSS (2005). For a six-person household this means 5 500 rupees per month. In rural Eastern Terai the poverty line is 6 000 rupees, which for a six-person household means 3 000 rupees per month. A normal wage in Kathmandu for casual workers is now in the range of 100-200 rupees, and in rural Terai it is in the range of 50-120 rupees. As casual laborers do not work every day, a poor household will need at least two working members, who are employed large parts of the year to cross the poverty line.

Now, the wage level has increased between the two surveys, even for the poor, which to some extent explain the decline in poverty that is documented in Table 1. The NLSS estimates are based on reported expenditure of the households, and not the less reliable reports of income sources. This means that expenditures that are based on remittances from labor migrants are included, and those have had a tremendous increase between the two survey periods. So, the increase in remittances appears to be the main source of the decline in poverty. The largest increase comes from labor migration to the Middle-East and Malaysia. But for the poor, seasonal migration to India for agricultural work, and more permanent migration for work in industries in India, is probably more important. Agricultural laborers from Eastern Terai travel as far as Punjab for agricultural work, while laborers from the Western Terai appear to take the shorter route to factories in the Delhi area. From Western Terai it takes less time to travel to Delhi than to Kathmandu.

Table 1. Poverty rates based on necessary expenditure to meet calorie requirements

Regions	Poverty rate 1995-96	Poverty rate 2003-04	Distribution of the poor, 1995-96	Distribution of the poor, 2003-04
Kathmandu	4.3	3.3	0.3	0.6
Other urban	31.6	13.0	3.3	4.1
Rural-west hill/mount	55.0	37.4	32.7	23.6
Rural-east hill/mount	36.1	42.9	19.4	29.4
Rural-west Terai	46.1	38.1	18.4	18.9
Rural-east Terai	37.2	24.9	25.9	23.5
Nepal	41.8	30.8	100	100

Reproduced from Table 1.2.2 in NLSS (2005)

The east includes the Central and Eastern regions, which for Terai means the districts from Chitwan eastwards. This is the core Madhes area. The Western Terai is what the Maoists have termed as Tharuwan. The Western Hills include the populous districts around Pokhara. Between the two NLSS surveys there has been a large decline in the population of the Western Hills, probably due to the conflict. As the poorest people are most likely to migrate, this may explain the large decrease in poverty in this region. Poverty has increased in only one region, the Eastern Hills. This is not necessarily a robust finding, as for this region, in particular, the change in poverty appears to depend on the selected poverty line. But, there are some underlying trends that may explain an increase in poverty. First, this is the only region where remittances have declined. Second, the Eastern Hills include the rural districts near Kathmandu, and poor people may have migrated to these areas from other parts of the country, which would add to the poverty rate.

Poverty has declined in rural Terai, and most so in the Eastern Terai. This is the only region of Nepal where a large proportion of the people are landless, which in turn may explain the low agricultural wages in Eastern Terai, see Table 2, which is reproduced from Table 1.6.5 in NLSS (2005). In particular households that depend on low wages will be sensitive to an increase in the wage level. So the increase in the average daily wage from 43 rupees in 1995/96 to 61 rupees in 2003/04 may, in addition to remittances, explain the decline in poverty.

Table 2. Agricultural daily wages in rural areas (rupees)

Regions	Nominal 1995-96	Nominal 2003-04	Real 1995-96	Real 2003-04	Increase
Rural-west hill/mount	49	90	49	54	10%
Rural-east hill/mount	37	86	37	54	46%
Rural-west Terai	50	89	50	63	26%
Rural-east Terai	43	61	43	54	26%

Reproduced from Table 1.6.5 in NLSS (2005)

In Western Terai the poverty rate is higher than in the east, even though the average wage is also higher. These aggregate numbers hide a difference within the Western Terai. There is a low poverty rate in the Western region, as compared to the Mid- and Far-Western regions. This lower rate in the districts of Nawalparasi and Rupandehi appears to be explained by a more productive agricultural sector, as well as higher remittances compared to the other western districts.

Within Eastern Terai there is also an important difference between landed and landless households. While the landed households in the west are (almost) as poor (37%) as the landless households (46%), few landed households in the Eastern Terai are poor (15%). That is, the landless households, that are located mostly in the east, are poor, while very few landed households in the east are poor, which in turn explains the low overall poverty rate. The higher income for the landed households may be due to a better market for agricultural products in the east, but is probably also due to the lower wages of the landless workers, which leaves a higher income for the landed households. Furthermore, the separation between landed and landless households in the east also shows up in the employment data, the agricultural laborers work more in the east, which in turn means that the landowners may spend time on other income-generating activities, which contributes to the lower poverty rate. Remittances, on the other hand, are not higher in the east.

The lower average poverty rates in the Eastern Terai, to which we may also add the Western region, also shows up in the infant mortality data reported by WHO<sup>1</sup>. The districts with the lowest infant mortality rates are located in the Western, Central, and Eastern regions. The exception is the districts of Chitwan, Parsa, and Bara, which are located near the Chitwan tropical forests, where people may be more exposed to tropical diseases.

We conclude that poverty has declined in Nepal during the last decade. The main reason is labor migration, which gives income in terms of remittances, and a pressure on wages at home<sup>2</sup>. The decrease in poverty is also reflected in an increase in food consumption among the poor as illustrated by NLSS (2005) in their Figure 1.6.1. The poor has increased the consumption of basically all food-items, except for maize and wheat, which are replaced by an increase in rice consumption. The poor can now afford not only more rice, but also more fish and meat, which clearly indicates a reduction in poverty.

Although poverty has declined, it is still high (46%) among the landless households in Eastern Terai, where there still seem to exist feudal principal-agent relationships between the landlords and the landless workers. In Hatlebakk (2002a and 2004) we report empirical support for a theoretical model where landlords offer take-it-or-leave-it contracts to the laborers, that is, contracts where the working hours and the corresponding payments make the laborers only marginally better off than with their outside option. This means that the landlords get all the extra surplus that is produced by hiring laborers. Furthermore, the landlords may also influence the outside option, either by collaborating with other powerful agents in the village, as modeled by Kaushik Basu, see Basu (1997) and Hatlebakk (2002b), or by offering other benefits than wage, such access to drinking water, grassing rights and credit, as we find in Hatlebakk (2004), or by directly restricting the outside options, as in the Kamaiya case described by Hatlebakk (2006).

### **3. Economic and social structures of Terai**

In this section we will look into the economic structures of Terai, comparing them to the hills, and discuss the social structures within Terai. We shall see that there is a main difference between Eastern and Western Terai. Table 3, which is reproduced from Table 12.6 in NLSS (2004) shows the main sector of employment for individuals in the nationally representative NLSS survey.

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<sup>1</sup> See [www.un.org.np/health/district-profiles](http://www.un.org.np/health/district-profiles).

<sup>2</sup> For another discussion of the causes see World Bank (2006).

Table 3. Main sector of employment (%)

Regions	Wage agriculture	Wage non-agr.	Self agriculture	Self non-agr.	Other employment
Kathmandu valley	0.5	45.8	11.8	31.5	10.4
Other urban	1.9	21.8	38.1	25.1	13
Rural-west hill/mount	2.0	6.6	75.4	6.0	10.0
Rural-east hill/mount	3.8	6.4	77.9	5.9	6.1
Rural-west Terai	5.2	8.6	71.1	6.4	8.7
Rural-east Terai	16.2	7.4	58.1	7.4	10.8
Nepal	6.8	10.2	64.3	9.3	9.4

Reproduced from Table 12.6 in NLSS (2004)

First note that urban areas outside the Kathmandu valley also include agricultural households, about 40% of the population work in agriculture. When it comes to the areas defined as rural, there are only marginal differences in the level of non-agricultural activities, with, for example, non-agricultural wage labor ranging from 6.4% in the Eastern Hills to 8.6% in the Western Terai. If we look at the raw data we find that for the Eastern Terai more wage laborers work in manufacture, as compared to the Western Terai, while construction is still the most important activity in both regions. For most laborers, construction work means to produce and carry bricks for local house-building.

There is also a major difference within the agricultural sector. In Eastern Terai 16% of the population are farm workers, as compared to 5% in Western Terai, with a corresponding higher share of self-cultivators in the west. This difference is due to the larger share of landless households in the east, see the Eastern and Central regions in Table 4. The availability of landless workers explains the lower wages in Eastern Terai, as reported in Table 2. There is a corresponding lower wage also in the non-agricultural sector where the average wage is 110 rupees in the east and 122 rupees in the west.

Table 4. Rural land values, measured in rupees, for Terai

Regions	0-10 000	10 000 - 100 000	100 000 - 300 000	300 000 - 600 000	600 000 -	All
Eastern	31.84	18.50	20.12	12.47	17.07	100
Central	34.82	19.21	20.45	12.77	12.75	100
Western	14.91	12.37	21.72	29.29	21.71	100
Mid-Western	14.70	23.29	28.44	19.29	14.28	100
Far-Western	8.65	12.83	22.83	19.94	35.75	100

Compiled by the author from NLSS2 raw data

We have compiled the land distribution table ourselves, since the NLSS (2004) does not include the landless households in their tables. As many researchers, as well as government- and non-government agencies use this statistical report, in stead of the raw data, this is a

serious flaw that may mis-lead people to look for other explanations, than the degree of landlessness, for the low wages in Eastern Terai.

In Eastern Terai (the Eastern and Central Terai regions) we find that 33% of the households are landless, as compared to 13% in Western Terai. Furthermore, 52% of the households in the east own land worth less than 100 000 rupees (appr. USD 140), while only 29% have such inferior landholdings in the west. There is a corresponding difference at the upper end of the land distribution, 15% have land values of at least 600 000 rupees in the east, as compared to an average of 23% for the western regions, with as much as 36% in the Far-Western region. In the Western region the high land values seems to be due to a productive agricultural sector, while in the Far-Western region the landowners have larger farms.

In the rural parts of Terai, the economic hierarchy is to a large extent determined by the land distribution, and, as we shall see, the land distribution is highly correlated with caste and ethnicity. Table 5 and 7 report the land values of different castes and ethnic groups living in respectively the rural Eastern and Western Terai.

Table 5. Land value in 1000 Rs, rural Eastern and Central regions of Terai

Caste/ethnicity	N	Median	Mean	95% Conf. Interval	
Hill Brahmin	50	<b>350</b>	<b>535</b>	343	727
Chettri	34	<b>275</b>	<b>476</b>	224	728
Newar	20	210	289	139	438
Other hill Janajati	88	180	263	202	324
Hill Dalit	25	50	100	39	161
Yadav	56	<b>300</b>	<b>462</b>	310	615
Mallah	38	0	80	41	119
Teli	39	155	389	218	561
Other Terai middle caste	102	70	254	168	341
Tharu	58	200	<b>631</b>	250	1013
Other Terai Janajati	76	60	236	129	343
Chamar	34	0	50	5	95
Musahar	28	0	0	0	0
Other Terai Dalit	34	0	59	9	108
Muslim	113	50	191	124	258

Compiled by the author from NLSS2 raw data

In the Eastern Terai the hill high castes constitute the upper level of the economic hierarchy, but together with the Yadavs and Tharus. This means that even though the migrant high castes now have gained control over major resources in Terai, the Yadav and Tharu landlords still hold on to their power-base in their traditional areas, as illustrated by Table 6, where we report only the landlords having land worth more than 500 000 rupees. The poor in the Eastern Terai are the landless, or near landless, Terai Dalits, including the Musahar and Chamar, as well as the traditional fishermen, the Mallah, and some of the hill Dalits.

Table 6. Land value > 500 000 Rs, rural Eastern and Central regions of Terai

Caste/ethnicity	N	Full sample	N/sample	N/sumN
Hill Brahmin	17	50	<b>34%</b>	<b>12%</b>
Chettri	12	34	<b>35%</b>	8%
Newar	4	20	20%	3%
Other hill Janajati	14	88	16%	<b>10%</b>
Hill Dalit	2	25	8%	1%
Yadav	21	56	<b>38%</b>	<b>15%</b>
Mallah	0	38	0%	0%
Teli	10	39	26%	7%
Other Terai middle caste	18	102	18%	<b>13%</b>
Tharu	18	58	<b>31%</b>	<b>13%</b>
Other Terai Janajati	10	76	13%	7%
Chamar	1	34	3%	1%
Musahar	0	28	0%	0%
Other Terai Dalit	2	34	6%	1%
Muslim	15	113	13%	10%

Compiled by the author from NLSS2 raw data

Table 7 and 8 reports the land distribution of the Western Terai. Also here, the hill high castes, together with the traditional Tharu landlords constitute the upper level of the economic hierarchy. In the west the less wealthy groups are the hill and Terai Dalits. But note that the poorest in the Western Terai have more land than the poor in the Eastern Terai.

Table 7. Land value in 1000 Rs, rural Western, Mid-Western and Far-Western Terai

Caste/ethnicity	N	Median	Mean	95% Conf. Interval	
Hill Brahmin	52	<b>420</b>	<b>795</b>	437	1153
Chettri	55	<b>375</b>	<b>564</b>	386	741
Newar	4	250	283	- 156	721
Other hill Janajati	44	240	365	235	495
Hill Dalit	29	110	179	116	242
Yadav	15	<b>348</b>	445	215	676
Mallah	2	105	105	- 1229	1439
Teli	3	1167	1003	- 962	2969
Other Terai middle caste	18	240	270	155	386
Tharu	118	260	<b>613</b>	393	832
Other Terai Janajati	6	230	204	95	313
Chamar	10	116	364	- 128	856
Musahar	1	0	0		
Other Terai Dalit	3	207	239	- 179	657
Muslim	30	134	289	128	450

Compiled by the author from NLSS2 raw data

Table 8. Land value > 500 000 Rs, rural Western, Mid-Western and Far-Western Terai

Caste/ethnicity	N	Full sample	N/sample	N/sumN
Hill Brahmin	24	52	<b>46%</b>	<b>22%</b>
Chettri	17	55	<b>31%</b>	<b>16%</b>
Newar	1	4	25%	1%
Other hill Janajati	10	44	23%	9%
Hill Dalit	2	29	7%	2%
Yadav	3	15	20%	3%
Mallah	0	2	0%	0%
Teli	2	3	67%	2%
Other Terai middle caste	3	18	17%	3%
Tharu	40	118	<b>34%</b>	<b>37%</b>
Other Terai Janajati	0	6	0%	0%
Chamar	1	10	10%	1%
Musahar	0	1	0%	0%
Other Terai Dalit	0	3	0%	0%
Muslim	5	30	17%	5%

Compiled by the author from NLSS2 raw data

We conclude that the less wealthy households in Terai are also the socially excluded households, as defined by the Hindu caste system. The Musahars, Chamars, and other Dalit groups are at the very bottom of the caste-system. In particular the Musahars rarely get other work than hard farm labor, in particular they are employed digging to prepare the fields for new crops. They live in separate settlements at the outskirts of the villages, or near the fields, normally on unregistered government land, or on their landlord's land. It is quite common to send children as servants in the landlord's house, and the children rarely go to school. The housing is poor, the bamboo-huts have normally a very low standard, even compared to other farm workers.

Although there is a correlation between landholdings and caste-based status, the causality is not obvious. Can prejudices, and social norms, related to caste explain why Terai Dalits are not able, or allowed, to purchase land, or is it the observation of a lacking ability to save, and invest in land, that leads to the prejudices? It is basically impossible to disentangle these historically embedded norms and economic structures, and we cannot say that one is the cause of the other. However, we can separate the effects of land distribution, and caste, on the agricultural wages. Hatlebakk (2002a) documents that caste is the most important determinant of the low wages of Terai farm workers, that is, a landless high caste tends to be better paid than a landless Dalit. Hatlebakk (2000) reports similar findings for the informal credit market. Terai Dalits, and other low-status ethnic groups, pay higher interest rates in the informal credit market than other castes, while the landholdings of the workers, or borrowers, had no explanatory effect. Thus, the landlords appear to use their market-power in the labor and credit markets, not only to set the wages, and interest rates, according to their liking, but even



to discriminate between castes by charging an even higher rate, or offering a lower wage, for the low castes that are willing to accept these rates.

#### **4. The socio-economic basis for the Terai uprising**

In the previous section we demonstrated that the upper castes control the main resource, land, in the rural economies of Terai. However, there is a clear divide between the upper castes. The relatively recent migrants from the hills have purchased, or otherwise got hold of large landholdings, during the last generations. For one description of the process by which the hill migrants took control of land after the eradication of malaria in Terai, see Guneratne (1999). For a more comprehensive historical description of migration and integration of Terai, see Gaige (1975).

Although the migrant upper castes now control land and politics in many towns and villages of Terai, there are still traditional, middle and high caste, Terai landlords that dominate many villages of Terai. The most numerous are the landlords within the Tharu ethnic communities, who are most important in the Western Terai, and the Yadav landlords in the Eastern Terai. These Terai landlords have a large degree of economic and political power within their villages, but have less political influence within the government bureaucracy and the political system. The recent uprising in Terai can thus be interpreted as a political uprising led by the Terai upper castes. Their main demands have not been economic, which is not surprising as they constitute the wealthiest households within a relatively wealthy region of Nepal. They, rather, demand political representation in Kathmandu, and a larger degree of self-governance in Terai. The most extreme groups want to replace civil servants of hill origin, and the Terai leaders, in general, want political control of the federal units that may result from the ongoing restructuring of the state.

It is not a surprise that the upper castes took control of the movement in Terai, as this has been the case for all popular movements in Nepal. The Maoist movement is led by the hill upper castes, Sharma (2002) reports that 5 out of 7 members of the standing committee are hill upper caste. At the lower level there is a better representation of other groups, but that means the ethnic groups of the hills such as Tamang, Magar, Gurung, and Newar. The most prominent Maoist leaders from Terai are from the Tharu (Choudhary) or Yadav communities, the traditional landowner castes. In the same manner the dominating leader of MPRF, Upendra Yadav, is from the Yadav community. There are a few exceptions. Some of the

recently appointed Maoist MPs are Terai Dalits, or from low-status Tharu communities, and one fraction of JTMM is led by Jwala Singh, who is from a Terai Dalit community.

Next, except for the leadership of the Terai uprising, which is dominated by the Terai upper castes<sup>3</sup>, what is the social basis for an ethnic based federalism, which is the main demand of MPRF? Table 9, which is reproduced from Table 47 in UNDP (2006) shows the ethnic composition of the different ecological belts of Nepal, according to the latest census.

Table 9. Caste/ethnic composition

Regions	Mountain	Hill	Inner Terai	Terai	Nepal
Hill B/C	<b>48.2</b>	<b>42.0</b>	<b>34.7</b>	<b>17.4</b>	<b>30.9</b>
Terai B/C	0.1	0.4	0.6	3.7	1.9
Terai middle caste	0.9	1.1	1.6	<b>27.4</b>	<b>12.9</b>
Hill Dalits	8.6	10.7	9.4	3.2	7.1
Terai Dalits	1.3	0.9	0.8	9.2	4.7
Mountain Janajatis	5.7	0.8	0.2	0.2	0.8
Hill Janajatis	<b>33.6</b>	<b>41.9</b>	<b>31.8</b>	10.6	<b>26.6</b>
Inner Terai Janajatis	0.7	0.9	3.8	0.9	1.1
Terai Janajatis	0.1	0.3	<b>15.5</b>	<b>16.7</b>	8.7
Muslims	0.1	0.4	0.7	9.1	4.3
Unidentified	0.6	0.5	0.9	1.5	1.0
Total	100	100	100	100	100

Reproduced from Table 47 (and 44) in UNDP (2006)

We find that, despite heavy migration from the hills, the Terai castes and ethnic groups constitute 67% of the population in the Terai belt. Thus, there is numeric support for the idea of ethnic based states in Terai, in particular in the Madhes region of Central and Eastern Terai. The exception is the eastern districts of Jhapa, Morang, and, to some extent, Sunsari, where the proportions of the Terai groups are respectively 25%, 44%, and 61%. Similarly in the western part of Madhes, where the proportion of Madhesi people is very low in Chitwan district. Thus, an ethnic based Madhes region may constitute the districts from Parsa in west to Saptari in the east, with Janakpur as the historical capital?

This author is very skeptical to such an ethnic based federalism. First, should the very eastern districts of Sunsari, Morang and Jhapa constitute a separate state of hill migrants? And, with the districts of Chitwan and Nawalparasi being a second state of hill migrants, separating the western Tharu state from the Madhes state? Furthermore, even if these migrant-dominated districts are excluded, not only will there be minorities from the hills, there will be minorities within the Terai community that do not necessarily feel at home in a Tharuwan or Madhes state, in particular the large Muslim communities. How will ethnic based states treat ethnic and religious minorities? And, how will a Madhes state, possibly ruled by politicians

<sup>3</sup> In Table 7 the Yadavs are classified as middle caste, but they are considered as a high-status middle caste.

from high caste landlord communities, treat the Terai Dalits who constitutes a large share of the population in the Madhes region. Finally, at the national level, how will the less developed hill and mountain districts get their share of the national tax income?

## **5. Possible future developments in Terai**

This far the Terai movement has apparently won some victories. On March 9, the interim parliament amended the interim constitution as a result of the Terai uprising. Kathmandu Post reported that the parliament amended the constitution by "defining the future model of the government as federal, providing for a commission to redraw electoral constituencies and pledging a proportional share for minorities and marginalized groups in all state mechanisms." The electoral constituencies are already redrawn, with the Terai getting (almost) their share of the seats. The pledge for proportional representation of minorities remains to be implemented, and when it comes to the federal state many practical, economic and political issues have to be solved.

We do not expect to see a proportional representation of all minorities in the foreseeable future, and we do not even believe that the different political groups expect it to happen. The Terai Dalits are today barely represented in political positions, whether it is at the national, or local level. The literacy rate among the Musahars, of 14 years or older, is only 7%, as compared to 45% among the rest of the Terai population. That is, 94% of the Musahars have never attended school, according to the NLSS data. The most common cause reported for not attending school is that the "parents did not want" (36%), followed by "too expensive" (21%), "had to help at home" (15%), and "not willing to attend" (12%). Even though some Musahars can read and write, and a few have attended school, it is a far stretch from attending primary school, to take active part in politics. There are definitely some educated Musahar activists, with, or without schooling, and we expect the Musahars, and other Dalits to become more involved in politics, but a proportional representation does not seem to be realistic, and we believe that, for example, MPRF see the same.

Furthermore, this is not necessarily their goal, the MPRF leaders may be more interested in political positions for themselves. By defining all Madhesi people as a disadvantaged group, the high caste Madhesi leaders may also represent the Dalits. Such a strategy will not necessarily be beneficial for the Terai Dalits. They may not benefit from local rule by high caste Terai leaders. In Uttar Pradesh we have an interesting parallel to the processes taking place in the Terai of Nepal. The recent election in Uttar Pradesh was won by

a Dalit party, and the new chief minister Ms. Mayawati Kumari, who is from the Chamar community that is also an important Dalit community in Terai, is now replacing Mr. Mulayam Singh Yadav, who is from the same ethnic group as Upendra Yadav of MPRF.

Now, we may wonder whether we shall expect a Dalit uprising in Nepal, similar to what we have seen in the neighboring states of India? We do not believe so. It is only in the Terai that the Dalits are concentrated in poor settlements, and thus potentially may start an uprising similar to India. However, we believe that the Terai Dalits are still so closely linked to the ruling landlord castes, that an independent Dalit uprising does not appear realistic. In particular, it appears that the MPRF are more able in recruiting the Madhesi Dalits than the Maoists. Thus, a continued political uprising among the Madhesi, led by the upper caste political leaders, seems to be much more likely than an Indian style uprising among the Dalits.

When it comes to the implementation of federalism, which may stagger a continued uprising, we are skeptical. The details of a federal structure are barely discussed, with the most difficult issues being the demarcation of the states, and distribution of tax-income between the states. As discussed in section 4 an ethnic based set-up will be problematic. There will always be large minorities within each state, and some of the states will lack economic resources. Many Nepali politicians, and scholars, understand these underlying problems. But, still it appears that federalism is unavoidable. Realizing this, one should look for a solution that minimizes the problems, as we will discuss in section 7. The challenge is to involve responsible, and representative, Madhesi leaders in the political processes to gain support for a sensible solution.

## **6. Lessons from a governmental intervention - the Kamaiya case**

In July 2000 the government of Nepal banned the Kamaiya bonded labor system of Western Terai. Despite what some news-reports say, this was an effective intervention. Today there are very few bonded laborers left. Most Kamaiyas are now either renting land on a sharecropping basis, or they work as casual laborers. They are, of course, still poor, but their contracts are better than their previous contracts, with the long working hours of the Kamaiya contract being the main difference, see Hatlebakk (2006). The government intervention was actually a set of interventions, with the most important being:

- The Kamaiyas got the right to receive 5 kattha land, which is 1/3 of the median farm size in Nepal.
- The Kamaiyas did not have to pay any debt they had to the landlords.

The intervention was successful probably because it was the result of a political campaign led by national and international NGOs, and supported by the main opposition party at the time, the UML. When the decision on liberation was taken in Kathmandu, after a sit-in outside the parliament, it was announced in the villages, and the Kamaiyas left their landlords, either immediately, or at the end of the annual contract period. The Kamaiyas turned up at the local land reform offices, demanding the 5 kattha land, and after some months delay, during which the offices identified useful plots, the Free-Kamaiya camps were cleared, normally in the forests. As expected, the land quality is below average, but still the majority of the Kamaiyas live on this land 6 years later.

As important as the land itself, the Kamaiyas now live away from the landlords, and thus away from the tight economic and social relations that was the basis for the landlord's power within the villages. The cost is that their security net is not as good as it used to be, but the contracts are better, and the benefits appear to dominate the costs for the Kamaiyas. Otherwise, we would expect that most laborers returned to their landlords. At the time of the liberation it was quite common for landlords to support, and inform the Kamaiyas that they should leave the farm. Even though they lost the control with the laborers, and thus had to pay higher wages in the future, they were apparently afraid that the government would confiscate the 5 kattha land for each Kamaiya working for them.

The critical news-reports that regularly turn up in the national media focus on the relatively few Kamaiyas that never received 5 kattha land. But, it is hard to identify them. After the liberation the number of Kamaiyas has increased, according to the Kamaiya censuses, and we believe that some of the new people registered were never actually in a Kamaiya contract. A more substantial problem is that some of the ex-Kamaiyas still have inferior contract terms with the landlords, that is, if we compare with other sharecroppers. They may have to work additional days for the landlord without pay, or their children may have to work as servants.

The lesson from the liberation of the Kamaiyas for other socially excluded and landless groups would be to get organized. NGOs and INGOs may support these processes. As in the Kamaiya case, we believe that the national and international trade unions may take the lead. In the Kamaiya case, ILO and GEFONT collaborated with a local NGO, the BASE

(Backward Society Education). After the liberation of the Kamaiyas, there are still other households in similar inferior long-term contracts, such as Haliya and Haruwa. However, it is our view that landless and low caste farm workers may be even worse off than people on long term labor contracts. Low caste farm workers will rarely get other work, and agricultural labor is seasonal, so they may go for months, where they have to rely on other sources of income and food, such as low-scale fishing, hunting, and other forms of food-gathering. The poorest among the poor in Nepal are the Musahars, a Terai Dalit caste. We would recommend a low-key program working with the local Musahar leaders at the village level. In particular, one should avoid NGOs that are led by other caste groups on behalf of the Dalits. It is quite common in villages of Nepal to find teachers, or other, socially minded, upper caste activists that attempt to represent the Dalits. Even though they may have good intentions, and are not engaged to get hold of donor funds, it is our view that they are rarely able to understand the needs of the Musahars.

## **7. Governmental interventions in support of the Madhesi people**

In this section we will discuss alternative reforms that may counteract the need for revolt among the poor, or among the ethnic groups of Terai. We will discuss land reforms, federalism, and electoral reforms, starting with the latter.

### Election reforms

In the last national election held in Nepal, in 1999, Terai had 88 of the 205 seats in the House of Representatives, that is, 43% of the seats, while the population share in the 2001 census was 49%. A fair geographical representation in 2001 would mean 101 seats to Terai, with the additional 13 seats (a 15% increase) being distributed among the 20 Terai districts, with Kailali getting 2 additional seats. Due to the larger increase in population in Terai, a fair share in 2007 will probably be higher, maybe even more than 50%. After the amendment of the interim constitution in March 2007 the number of seats is increased by 28 in Terai and 7 in the hills, which will add up to 116 for Terai, and 124 for the hills. That is, 48% of the seats go to Terai, which is near the population share of the 2001 census. Now, one may believe that the problem of representation is solved, but this appears not to be the case, a number of additional issues related to proportional representation have been raised:

- Mountain districts are overrepresented

- Castes and ethnic groups should be represented according to their population share
- Political parties should be represented according to their vote-share

While Kathmandu has 7 seats in the parliament, and the Terai districts have 3-7 seats each, all districts of Nepal are represented with minimum one seat, including the less populated, but large area mountain districts. Thus, the MP from Manang is representing a small population as compared to many Terai districts. However, it is hard to say what the solution of the Terai activists will be. Morang district has seven seats, and a population in 2001 of 840 000, that is 120 000 per seat, while the five mountain districts of Manang, Mustang, Dolpa, Mugu and Humla have a combined population of (almost) 120 000, and five seats, that is, a population of 24 000 per seat. A fair solution, according to population, would thus give Morang 7 times as many seats as the mountain districts, whether that is implemented with only one seat for the whole region of five mountain districts, or Morang district gets 35 seats. The Terai activists have indicated the first solution, that is, they say that the people from Manang in the east, to Humla in the west, should be represented by a single MP from, for example, Dolpa district.

There were 100 castes and ethnic groups in the 2001 census. With a population of at least 24 million, and a proposed parliament of 240 members, one may conclude that any ethnic group with a population of at least 100 000 should be represented in the parliament. In the 2001 census 31 groups crossed this line, and with a proportional scaling of the population from 22.7 to 24 million, we have to add 5 more groups that have possibly crossed that line by 2007. Constituencies for the single Rajbansi MP, or the two Musahar MPs, would be relatively easy to identify, as they mostly live in the Eastern Terai. However, what about the single constituency for the Terai Brahmans, who live all over the Terai, as well as in hill districts, or the three Sarki MPs that should represent people from the Sarki community that live all over the country.

Theoretically it would be possible to define ethnic constituencies, maybe in addition to the regional based constituencies, and maybe only for particular castes, and ethnic groups, that would otherwise be underrepresented. However, note that this would require that ethnicity would have to be registered in public records, and/or identity cards, which is probably against humanitarian law. Now, in Nepal ethnicity is normally revealed by your name, but still a name can be changed if the person does not want to disclose his ethnic background, and ethnicity is not always revealed by the name.

A practical solution may be to reserve seats in the parliament for certain groups, such as specific Dalit groups, or ethnic groups from the hills, and make voluntary registers of voters from these groups. However, it is our view that the focus on Dalit, and ethnic, issues is now so strong that we expect all political parties to nominate candidates from these groups to compete for the voters. Note that the existing constituencies in Terai are relatively small geographical areas covering only a few VDCs. So, some of these areas will be dominated by particular ethnic groups, and the parties will probably have to nominate representatives from the dominating ethnic group to be able to be elected. The danger is that the Dalits will always be in minority, and thus never be elected. So, if any caste-based constituencies are formed, it should be for the most excluded Dalit groups.

There is also a discussion of fair representation of political parties based on their vote-share. We will not go deep into this discussion here, as many good proposals are already presented in Nepali media. We only note that a mixed system can give a representation according to vote-shares, if the district representatives are first elected, and then additional representatives are elected to give all parties their proportional representation.

### Federalism

MPRF, and also the Maoists, appear to favor an ethnic based federalism. As we have argued, this may lead to new caste- and ethnic based frictions as there will always be low castes, and ethnic groups, that will be in minority in any ethnic-based state. Furthermore, the poorer hill regions may get into financial problems as the main tax income will come from Kathmandu, and the Terai districts. A more equitable solution might be to establish federal states based on the present regions of Nepal, but again there will be even more ethnic minorities within each region. So, the overall best solution appears to be to make sure that all districts, and constituencies, of Nepal are represented according to their population in the parliament. And, possibly add seats for the most excluded groups, such as the Terai Dalits.

### Land reforms

The first land reform act of Nepal was passed in 1964, and covered 16 districts the first year, 25 districts in 1965, and the remaining districts in 1966, see Ghimire (1992). The land ceiling for Terai was set to 17 ha, which is the same as 25 bigha. The land ceiling was lowered to 11 bigha in 2001, according to most sources (some say 10 bigha). Now there is a discussion of whether the ceiling should be lowered to 5 bigha. The land reform acts have had some effect, most notably that brothers split into separate households, and share their father's land to keep



up with the land ceiling. An active land reform policy today may affect a few large estates, but the majority of rural farmers have already adjusted their landholdings. According to NLSS 1% of the households have land above the ceiling, which is also consistent with the census data. Lowering the ceiling to 5 bigha will add another 2-3% of the households.

If we assume a uniform distribution of land between 5 and 10 bigha, perfect implementation of the land reform, and that 20-30% of the population share the redistributed land, then the lowering of the ceiling will add 0.25 bigha, that is 5 kattha, to each household's land. This is the same amount of land as the Kamaiyas received. However, we shall not expect the proposed land reform to be more effective than the previous ones. Normally the farmers divide their land prior to the reform. So, we expect to see only marginal redistribution of land at the village level. However, with a strict implementation we may expect some large estates to be redistributed, including land owned by the royal family.

In addition to the implementation problem on the landowner side, there is a similar problem on the side of potential beneficiaries. In the present political situation the beneficiaries may not trust any redistribution of land. In Western Terai, the Maoists have attempted to redistribute large landholdings to landless Kamaiyas. But they refused to move there, probably because they had doubts when it comes to the authority of the Maoists in these issues. This may change now, if the decision is made by the parliament, but still, people know that the present situation is unstable, and they may not want to occupy the land. This can, of course, be counteracted, if the Maoists themselves till the land.

Another, more fundamental issue is the problem of mechanization, and land consolidation of small plots. Now, family members and neighbors may collaborate even if they own separate plots. But still, ownership may be an additional barrier to mechanization of the agricultural sector. It may be beneficial to keep some larger farms in each village where the owner may afford modern equipment and thus function as an example for the others. The downside is of course that these farmers may dominate the labor-, as well as other markets in the village. As the poor get alternative employment options, and the distance to the main markets become less important due to improved transportation facilities, the feudal principal-agent relationships may become less of an issue, and the benefits of larger farms for modernization may become relatively more important.

A related issue is the proposed Land Bank that will give loan to poor people for purchase of land, using the purchased land as collateral. This appears to be a very good idea, and is a supplement to other credit programs. In particular the left is opposing the program, as it is their opinion that the poor should get land for free. But, with land redistribution rarely

being a success, we believe that the Land Bank should be implemented, at least in some regions. Based on our analysis, an obvious candidate would be the Musahar villages of Eastern Terai. Such a program must be supported by training programs in agricultural techniques, conducted among the Musahars at the village level.

## **8. Conclusions**

As a result of the eradication of malaria in the Terai in the 1950s there has been a relatively heavy migration from the hills of Nepal, as well as from India, into the Terai. The hill people, both high castes and different ethnic groups, got hold of relatively inexpensive land, and settled in the Terai. In particular the high castes were favored by the state, and are strongly overrepresented in the bureaucracy and political positions. The hill high castes have thus replaced the more traditional local elite, at least when it comes to formal positions. The traditional landlords, whether they are the Tharu landlords in Western Terai, or the Yadav landlords in the Eastern Terai, still have a large degree of informal power in the villages. This may explain why the Madhesi People's Rights Forum (MPRF), led by Upendra Yadav, can so easily mobilize people when necessary. The uprising in Terai can thus be interpreted as a political struggle for formal political influence for the traditional Terai leaders, presumingly on behalf of the Madhesi population.

Also the Maoists have been aware of the ethnic sentiments that have been fueled by generations of migration from the hills, and they have attempted to mobilize the Terai people for their cause by way of ethnic fronts. We are not sure that the Maoist leadership, which is dominated by hill high castes, actually wants an ethnic based federal state, with strong local units. They have probably seen ethnic federalism as an important factor in mobilizing people. In Terai it is now a struggle between the Maoists and MPRF for the support of the people, and this far it appears that MPRF has the strongest support, in particular in Eastern Terai.

However, we are not sure that this is a deep-rooted support. The MPRF is a front without a clear program, they have a few demands, but the demands are not clearly identified, and on paper the interim parliament has already agreed, and implemented their demands. Since the demands are so vague, the MPRF can still say that their demands are not met, which to some extent is true. The MPRF leader(s) are probably intentionally vague. Now they can stand as the representatives for a wide Terai movement. If they state more specific goals, they may lose support as people realize that they disagree with MPRF. The MPRF probably faced the same problem when they decided to sign up for the CA-election. A political party will

need a specific program, and the cost of that is loss of support. But, if they do not participate in the election, then other parties will benefit from the Terai movement, and the MPRF leaders may not be represented in the assembly.

The way ahead towards a peaceful solution must be to involve the MPRF leaders in the political process, including the discussion of federalism that has to come. In parallel to the political processes, the rule of law has to be maintained. This means that groups that violate the Comprehensive Peace Accord between the government and the Maoists, as well as the rule of law, must be prosecuted. This includes the perpetrators behind the Gaur incident, as well as the most recent atrocities conducted by the Maoists' Young Communist League (YCL). Otherwise we may again end up in a civil war. In forming a federal state, it will also be essential to secure the rights of all minorities, including the Terai Dalits. The MPRF is not necessarily the best representative for the Terai Dalits, and the marginalized ethnic groups of Terai, that may all be worse off with a Madhesi state led by the local elite.

To avoid an uprising among the Terai Dalits, as we have seen in India, and which may happen in the future in Nepal, it is essential to improve the living conditions of these excluded groups, who are the poorest of the poor. In addition to lack of land and human capital, they are also discriminated against, even as compared to other low-status landless people. It is hard to imagine that the Terai Dalits' position will improve without a strong demand for change at the grass-root level. As we have seen in the Kamaiya case of Western Terai, a strong locally based organization, which also is connected at the national level, can be able to change discriminatory social- and economic structures, even within the feudal societies of Eastern Terai. The government should support such local efforts by way of education and training programs that should preferably be initiated and led by the local leaders of the excluded communities.

Furthermore, the government should implement feasible land reforms, as it was done in the Kamaiya case. Such land reforms may include purchases of land from private owners, and use of public land, including land that can be made available by clearing forests. To ensure that the most productive people get the land, the poor should, at least partly, finance the purchases themselves, which can be implemented as in the suggested Land Bank of Nepal, where credit will be applied to buy land, which in turn will be used as collateral for the loan. Land for the poor is not only beneficial as an income-generating asset, but will also help the poor to escape the feudal system that sustains the landlords' control and exploitation of the poor.

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## **Appendix: Timeline of events leading up to the Terai uprising**

1990:

People's Movement that led to parliamentary democracy

1991:

Parliamentary elections. Upendra Yadav was a losing candidate for CPN-UML in Sunsari

1994:

Split in CPN (Unity Centre) and their political front, United People's Front (UPF). The Maoist faction of UPF, led by Baburam Bhattarai, was not recognized by the Election Commission.

1995:

The Maoist faction of Unity Centre, led by Prachanda, renamed itself to CPNM.

CPNM announces an "Ethnic Policy in Nepal"

1996:

February 13: CPNM starts People's War

2001:

June 1: Royal Massacre

November 23: CPNM attacks army posts for the first time

2004:

February: Upendra Yadav (today leader of MPRF) and Matrika Yadav (today a Maoist minister) arrested in New Delhi. Upendra Yadav splits from the Maoists and establishes contacts with Hindu nationalists in India

Summer: MT splits from CPNM

July: JTMM (Goit) splits from CPNM

2005:

February 1: King Gyanendra dissolves parliament, arrests political leaders, and curbs media and all communication

November 19: 12-point agreement between CPNM and SPA

2006:

April 5-24: People's movement

April 24: King reinstates House of Representatives

August: Singh faction splits from JTMM

November 21: CPA is signed between the government and CPNM

2007:

January 15: The Interim Constitution is proclaimed, and Maoists enter the Interim Parliament

January 16: MPRF burns the Interim Constitution, 28 people arrested in Kathmandu

January 18. MPRF announces indefinite Terai-bandh

January 19: Maoist cadre kills a student in a scuffle with MPRF

January 20: MPRF activists, and others, start a violent campaign

February 9: MPRF leader Upendra Yadav suspends the protests, 24 people killed in total

March 21: 26 Maoists killed in Gaur by MPRF supporters, possibly including hired criminals

April 1: Maoists enter the Interim Government