

RURAL POVERTY RESEARCH PAPER SERIES

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RURAL POVERTY IN THE EASTERN TARAI:

A CASE STUDY OF BASTIPUR VILLAGE PANCHAYAT

Bindu Pokharel

HMG-USAID-GTZ-IDRC-FORD-WINROCK PROJECT

STRENGTHENING INSTITUTIONAL CAPACITY IN THE

FOOD AND AGRICULTURAL SECTOR IN NEPAL

FOREWORD

This Rural Poverty Research Paper Series is funded through the project, "Strengthening Institutional Capacity in the Food and Agricultural Sector in Nepal," a cooperative effort by the Ministry of Agriculture (MOA) of His Majesty's Government of Nepal and the Winrock International Institute for Agricultural Development. This project has been made possible by substantial financial support from the U.S. Agency for International Development (USAID), the German Agency for Technical Cooperation (GTZ), the Canadian International Development Research Centre (IDRC), and the Ford Foundation.

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The purpose of this Rural Poverty Research Paper Series is to make the results of the research activities related to rural poverty available to a larger audience, and to acquaint younger staff and students with advanced methods of research and statistical analysis. It is also hoped that publication of the Series will stimulate discussion among policymakers and thereby assist in the formulation of policies which are suitable to the development of Nepal's agriculture.

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RURAL POVERTY IN THE EASTERN TARAI:
A CASE STUDY OF BASTIPUR VILLAGE PANCHAYAT

Bindu Pokharel*

INTRODUCTION

The World Bank has listed Nepal as one of the least developed countries (World Bank, 1980). In terms of per capita income, Nepal has a very low annual income (US\$140) and low energy consumption. The country is plagued by food scarcity, low literacy, high infant mortality, inadequate supplies of safe drinking water, and poor health facilities.

A survey of employment, income distribution, and consumption patterns by the National Planning Commission (NPC, 1977) estimates that 40 percent of the population currently lives below the poverty line. Poverty largely occurs as a result of small landholdings, a lack of nonagricultural employment, absentee landlords, and poor farm policy management. Most of the labor force is unskilled and deprived of non-agricultural employment opportunities. In the Tarai, where farm labor requirements are much higher, the labor shortage is significant.

Several efforts have been made by the government to develop the rural agricultural sector--and assistance to small farmers was a priority in the Sixth Five Year Plan. Small farmers and other rural poor are characterized by small landholdings, low income, and a subsistence oriented approach to agriculture. They are socially disadvantaged in terms of literacy, health and nutrition, and play a subservient role to the comparatively fewer large farmers in rural areas. Government efforts to improve income and living standards of the rural poor through development programs have been disappointing. It seems likely that the income, employment, and nutrition levels of the rural poor will continue to decline as agricultural output fails to keep pace with the current rate of population growth.

One breakthrough toward increased participation of small farmers in the development process is the Small Farmers Development Program (SFDP). Farmers with landholdings of less than four bighas (2.67 ha) in the Tarai and 20 ropanis (one ha) in the hills are considered as small farmers by the SFDP. The main objective of this program is to raise the socioeconomic status of small farmers, tenants, and landless agricultural workers.

Objectives

This study is an assessment of the SFDP program. The objectives of the study are as follows:

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- Define the nature of rural poverty as reflected in one Tarai village.
- Collect and examine information on the economic and technical support extended by SFDP to the rural people of the study area.
- Suggest alternative strategies for combating rural poverty.

Limitations

This study has the following limitations:

- The findings and recommendations of the study have arisen from a field survey carried out in a village in the eastern Tarai and may not lead to broad generalizations.
- This study is the result of only 20 days of fieldwork.
- There is a lack of pre-project data with which to compare the post-project data. To reduce this problem, the researcher compared SFDP project farmers to nonproject farmers with the same size of landholding.

Data was collected from questionnaires and interviews given to local people in Bastipur Village Panchayat of Siraha District. The sample is divided into two categories: SFDP farmers and non-SFDP farmers.

POVERTY IN NEPAL

Definition

Two categories of the poor exist in Nepal: the below poverty-line poor and above poverty line poor.

The income required to meet subsistence level expenditures is considered the poverty line income level. In Nepal, NRs.2 is considered the poverty line income level. People with daily incomes below NRs.2 and a calorie intake of about 1750 calories (compared to 2256 calories required for survival) are considered as below poverty line poor, or the "poorest of the poor." People with daily incomes of NRs.2 and above but below NRs.2.68 are considered to be above poverty line poor. Per capita daily incomes above NRs.2.68 are considered sufficient for meeting the national average per capita daily consumption expenditure. The below poverty line poor have been treated as the absolute poor, and above poverty-line poor as relatively poor. The combination of absolute and relative poor make up the total poor in Nepal.

The number of the above poverty line poor in 1977 was estimated at 2.3 million, or 18 percent of the total population. Accordingly, the population of total poor stood at 6.8 million, or 55 percent of the total population (NPC, 1977).

Rising numbers of the total poor stems mainly from the lower increment of family income compared to inflation. The net burden of inflation affecting the consumption basket of the poor is responsible for raising

the per capita daily subsistence income necessary for survival from NRs.2.00 in 1977 to NRs.2.20 in 1980 to NRs.2.50 in 1985, and the per capita daily national average consumption expenditure from NRs.2.68 in 1977 to 2.87 in 1980 to NRs.3.41 in 1985.

The rise in per capita consumption expenditure is also increasing the number of those households which have been identified as living above the poverty line but below the national average per capita consumption expenditure in 1985. In addition, any rise in national gross domestic product increases the per capita daily income level.

Development Projects for the Poor

The history of rural development in Nepal dates back to 1952 when the Village Development Program was launched in the name of the late King Tribhuvan. This American funded program was to improve rural infrastructure with self-help programs based on principles of community development and increased production. A land reform program was launched in 1964 to reform the agrarian structure. Because of administrative and legal problems, this program has fallen short of its objectives.

Integrated Rural Development has gained popularity in international development as an effective approach since the 1970s. At present, seven Integrated Rural Development Programs are being implemented in Nepal with financial assistance from bilateral and multilateral organizations.

The Agricultural Development Bank/Nepal began in 1968 to provide short-term production credit to small and marginal farmers. As part of the institutional support at the farm level, Sajha cooperatives were organized in various parts of the country.

The Small Farmers Development Project began as an experimental project in 1975. The purpose of this program is to assist the government in improving income levels and standards of living among the poor. Small farmers comprise between 85 and 90 percent of the total population. This percentage includes landless laborers with problems similar to those owning small areas of land.

CAUSES OF RURAL POVERTY IN THE TARAI

The following are some factors contributing to poverty in Bastipur.

Education

For the most part, the people of Bastipur village panchayat are illiterate, and educational facilities are limited. Of the sampled households, only 17 percent of the male and four percent of the female population are literate. The male-female average of ten percent is far lower than the national average of 26 percent. Villagers do not regard education as a worthwhile investment. Despite SFDP efforts to eradicate illiteracy by improving educational facilities and popularizing education, most of the children as well as adults are still engaged in traditional economic activities.

As shown in Table 1, the number of school children from the Brahmin/Chhetri caste group is highest and the number of school children

from the Mushahar caste group is lowest. Girls from the Chamar, Mushahar, and Muslim caste groups do not attend school due to their household activities, early marriages, and a lack of freedom (parda system).

Table 1. Number and Percentage of School Children by Caste

Caste/ethnic group	Boys		Girls	
	Number	Percentage	Number	Percentage
Brahmin/Chhetri	42	28.2	30	46.2
Tharu	33	22.1	10	15.4
Shahu	24	16.1	17	26.1
Yadav	21	14.1	8	12.3
Chamar	9	6.0	-	-
Mushahar	5	3.4	-	-
Muslim	15	10.1	-	-
Total	149	100.0	65	100.0

Source: Field survey.

Health and Family Planning

The village has no health post. The nearest hospital is in Lahan, about 4 km from the study area. Either because of low income or ignorance, people are scarcely concerned about the state of their health. In most cases of illness, people prefer to go to the local healers rather than an allopathic doctor. People visit the hospital only under serious circumstances. According to the field survey, the average annual family expenditure on health services is about NRs.182.

People hold a vague concept of family planning and are hesitant about using contraceptives. However, a few people are reported to have undergone sterilization. The STDP has occasionally organized sterilization camps. But villagers are not fully convinced of the benefits of family planning. The main reasons for not using contraceptives are religion and the fear of unpleasant side effects.

Because of the ineffective population education program, villagers are generally unaware of the population problem in Nepal.

Size of Landholding and Cropping Pattern

Land distribution patterns illustrate the magnitude of poverty in an area (Table 2). The average size of landholding is 1.5 ha, or .5 ha below the figure for the Tarai as a whole. The average landholding size is lowest among the lower caste groups (Mushahar, Chamar, Muslim). The fragmentation of land through inheritance and high land prices contribute to the small size of landholdings.

The traditional cropping pattern varies from single cropping to triple cropping. An average of 37 percent of the land is irrigated throughout the year. Most of the land is ploughed by oxen, and improved

techniques of cultivation are not practiced. Because agricultural productivity offers little more than subsistence, it is a main cause of poverty in the study area.

Table 2. Average Landholding Size

Caste/ethnic group	Size of landholding (ha)
Brahmin/Chhetri	3.70
Tharu	2.20
Shaha	2.00
Yadav	2.10
Chamar	0.14
Mushahar	0.18
Muslim	0.19

Source: Field survey.

Income and Expenditure

Brahmins/Chhetris earn the largest portion of income from farming among the different ethnic groups (Table 3). The three lowest caste groups receive the greatest income from labor, and then farming.

Table 3. Average Annual Income from Different Sources (NRs.)

Caste/ethnic group	Farming	Livestock	Cottage industry	Services	Business	Wage labor
Brahmin/Chhetri	15000	1500	1000	8000	3000	-
Tharu	9000	2200	9000	4000	1500	500
Shahu	7000	1800	1000	800	1100	200
Yadav	8000	3000	-	1000	-	300
Chamar	2000	350	200	-	-	3500
Mushahar	1900	250	-	-	-	3600
Muslim	5000	1200	2000	-	90	300

Source: Field survey.

Traditional Occupations

Traditional social caste classifications still prevail in rural Nepal. The low caste groups, such as tailors, blacksmiths, cobblers, and fishermen, traditionally derived much of their livelihood from clients in a relationship called bista. Each occupational household had bista relations with other groups of people. Currently, the well-defined occupational services are disappearing. Traditional artisan groups have not adjusted well to changing economic pressures. In some cases, the increasing pace of modernization has replaced traditional artisans altogether. Tailors and carpenters are being driven out of work by small scale clothing and furniture factories. Even though SFDP dis-

perses loans to update traditional occupations, traditional artisans hardly earn enough to obtain their minimum food and cloth requirements.

Wage Labor

About eight percent of the village population perform wage labor. When the season is right, they can earn NRs.12 per day for agricultural work. During the nonagricultural season, these individuals have difficulty finding other forms of work. SFDP has no program for the economic improvement of this group of the rural poor.

All ethnic groups in the study area spent the largest proportion of their income on foodgrain, then clothing and other foods (Table 4). Villagers in all ethnic groups spent the smallest proportion of their incomes on education and health.

Table 4. Average Annual Expenditure for Different Purposes (NRs.)

Caste ethnic/group	Clothing	Education	Festivals and ceremonies	Meat, milk, fish, vegetable	Oil and ghee	Health care
Brahmin/Chhetri	2100	1500	2000	1200	500	400
Tharu	1100	800	1500	800	250	225
Shahu	1200	700	1400	600	200	200
Yadav	1000	650	1350	650	225	125
Chamar	700	100	350	250	100	75
Mushahar	650	75	275	200	100	75
Muslim	800	150	500	450	200	175

Source: Field survey.

ROLE OF SFDP IN BASTIPUR VILLAGE

After more than two decades in which development was seen largely in economic terms in Nepal, social development is receiving increasing attention. The alleviation of poverty has become a major aim of government policy. Now there are many ongoing Integrated Rural Development Projects based on a multi-sectorial approach with the major emphasis on improving the standard of living of the rural poor. Unfortunately, many development targets have not been fulfilled through these projects. The Small Farmer Development Program was designed to overcome some of the obstacles encountered thus far by these efforts. Specifically, the SFDP aims to:

- Organize small farmers at the village level into self-reliant groups of 12 to 15 members.
- Train group organizers to be responsible for selecting eligible participants, assisting them in group organization, selecting economic activities, and developing their self-reliance so as to make them self-sustaining.

- Assist in implementing various income-raising activities such as livestock rearing, crop production, and cottage industries.
- Develop receiving and utilization mechanisms for acquiring the services of various line agencies by building group identity.
- Integrate social programs pertaining to population, education, health, sanitation, nutrition, and adult education.
- Conduct action-based research to assess the expansion of the program to other areas.
- Develop appropriate technology, communication networks at the national and local levels, make consumption and production credit available, and have production potential serve as collateral for various enterprises.

SFDP was launched in Bastipur, Parariya, and Govindpur village panchayats in 1979-80. There are 1805 households in these villages, of which 1680 households are occupied by small farmers.

The ethnic group receiving the most benefits from the SFDP project in the area is Tharu, followed by Yadav, Chhetri, and Koiri. The lower caste groups Mushahar, Chamar, and Damai have gained the least from the project.

To achieve the project's main objective of increasing small farmers' incomes, the project calls for the creation of a suitable social environment in which to operate. Considerable importance is attached to modifying existing traditions and the social structures which seem to have a constraining effect on community development. In this respect, the aim of the project is to develop a group approach where members are encouraged to develop self-reliance.

SOCIAL IMPACT OF SFDP IN BASTIPUR VILLAGE

Group Organization

Individually, small farmers are too weak and dispersed to benefit from the existing agricultural inputs mechanisms. This is why group organization is important, for as a group farmers should be able to build their own receiving mechanism.

Initially, farmers were to be organized into groups with the help of group organizers. After two to three years, the groups were to be self-reliant--they were to operate as an efficient receiving mechanism without the help of an SFDP Action Research Fellow/Group Organizer (ARF/GO).

There are 51 SFDP groups in this area. There are two female and 49 male groups. Altogether, 480 males and 26 women members are involved in these groups. Various group attributes are discussed below.

Composition. On the basis of landholding, most farmers involved in the project are small ones. Yet, in reality, the landholding criteria does not represent the actual status of farmers. Farmers who have small

landholdings potentially can earn more income from other businesses than farmers with large landholdings. Thus the landholding pattern may not reflect the real condition of the farmers. This study finds that in certain groups farmers with large landholdings and per capita income were also included in the SFDP--thus demonstrating that some groups were not formed according to the established SFDP poverty criteria.

Homogeneity. Group homogeneity is closely related with cohesiveness which is important for effective group functioning. The SFDP office emphasizes an atmosphere of cohesiveness for the groups. With respect to social status, only two of the groups are homogeneous. Regarding economic status, such uniformity has not been established, as only 45 percent of the group members are more or less equal in economic status.

Purpose of joining. People join SFDP groups for different reasons. Fifty-two percent joined the group because of the greater access to loans; 18 percent were attracted because of the progress made by other groups; and 30 percent became involved because of the ease and convenience of the program.

Self-reliance. In the construction of drinking water wells, a group common house, and roads, the groups prepared work plans by themselves. Most groups received assistance on income-raising activities from the ARF/GO. Some informants pointed out that because of the diverse nature of group formation, it is difficult to make decisions on various problems.

Division of labor. To ensure equal participation and the smooth operation of activities, a division of labor is essential within SFDP groups. All group members are to have specific roles and responsibilities in the group. In most groups however, it was observed that several member dominate the other group members in the meetings.

Income-raising activities. Fish farming, cottage industry, biogas production, rice milling, and vegetable growing were carried out jointly by the groups as income-raising activities. The trend toward group activities is increasing in this area.

Mutual cooperation among group members. The SFDP groups are formed voluntarily consisting of relatives, friends, and neighbors. During the survey, mutual cooperation and understanding existed among the group members, although there were some disagreements in decisionmaking. The groups either settled the disputes themselves or with the help of a group organizer. Although there were no formal intergroup meetings, a few group members exchange views on an informal basis.

Group savings. The collection of a group savings fund is one of the major achievements of the project. Each member of the group regularly contributes a certain amount of money per month to the group account. This fund can be used for production, transportation, vegetable growing, or for any business purposes of group members. For emergencies like sickness and marriage, interest is not charged, however interest is charged for production and business purposes. The amount of interest depends upon the kind of work performed by the individual.

Social Characteristics

Education. Among the 50 respondents who have benefitted from the project, 54 percent are literate. Regarding the 50 respondents who have not participated, the literacy rate is about 49 percent. The main reason for the higher literacy rate in the SFDP farmer group is from the adult education facility provided by the project. Among the SFDP group, 69 percent of their children are attending school. In the case of the non-SFDP group, only 57 percent are going to school. About 31 percent of the SFDP respondents could not afford to educate their children, while 43 percent of the non-SFDP group claimed the same. Overall, literacy and school enrollment are slightly higher for the SFDP group in comparison to the non-SFDP group.

Family planning. Family planning has been an important means of improving the economic condition of the disadvantaged groups and small farmers as it stabilizes the family size. The SFDP family planning program is not popular in this area, but the SFDP farmers are conscious of it. Among the 50 members of the SFDP farmer group, only three have used contraceptives. Among non-SFDP group, only one has used contraceptives.

Drinking water. Thirty percent of the SFDP farmer group have private handpipes or wells. Only 26 percent of the non-SFDP group have such access to clean water. Most of respondents use public handpipes or wells, but only six percent of the respondents in the project area still claim a problem with drinking water.

Latrine. Ten percent of the SFDP farmers use latrines--the same amount as the non-SFDP group. Because of the existence of open fields, there is little interest in private latrine construction.

Nutrition/consumption pattern. The major items consumed in the study area are rice, wheat, pulses, vegetables, and sweet potatoes. The highest expenditures incurred arise from cereal grain consumption. The per capita consumption rate of the SFDP group is a bit higher than the minimum requirement level. Per capita consumption in the SFDP group is also greater than the non-SFDP group. The percentage of calories in the daily diet is high because of the high calorie content of basic foods like potatoes, sweet potatoes, wheat, paddy, and millet. Due to the low consumption of pulses, fish, meat, and milk, the protein content of the diet is poor. All these factors have been responsible for malnutrition. The food quality of both groups is equal.

Milk and milk products. Milk consumption is low in the study area. Per capita milk consumption per day is 25 kg for the SFDP group and 15 kg among the non-SFDP farmers. Ghee consumption is slightly higher among the SFDP group than the non-SFDP group. Neither group produces other milk products such as cheese.

Meat and fish. Meat and fish consumption among the SFDP farmers is NRs.145 annually, and is NRs.126 for non-SFDP farmers.

Social status. The project has brought both social and political changes to the area. Small farmers who were previously neglected are now becoming more active in village activities such as joining the

village panchayat council. In addition, all the SFDP farmers have also become members of the local Sajha cooperative. In these ways the SFDP programs have helped improve the social mobility of small farmers.

Increased Income

In terms of increasing the incomes of small farmers, the SFDP project is assessed under the following headings: landholding, cropping pattern and crop production, technology, cattle and other livestock, horticulture, and cottage industries.

Landholding, cropping pattern, and crop productivity. The average landholding of the SFDP farmers is 67 ha, 35 percent of which is irrigated during the dry season. For the non-SFDP farmers, the figure is 75 ha, 26 percent of which is irrigated. With the increase in the availability of irrigation to the project benefit farmers, paddy and wheat have gained greater importance as well as multiple cropping. This group has also begun to grow jute and sugarcane, and overall crop productivity is reported to be higher.

Technology. The amount of fertilizer inputs used by the SFDP farmers is higher than that of the non-SFDP farmers. In the case of improved seeds for paddy and wheat varieties, 67 percent of SFDP farmers use them as compared to only 46 percent of non-SFDP farmers. Pesticide use is also greater for the SFDP group (22 percent) than for the non-SFDP group (14 percent).

Livestock. Cattle raising is considered as a major income-generating activity in the area. Cattle can directly generate cash income while indirectly helping to increase soil fertility. Calf raising has been the most profitable business in the area. Livestock rearing activities are considered as individual rather than group projects, and most SFDP loans were for livestock production.

Horticulture. There is little fruit production in the study area. Both the SFDP and non-SFDP groups grow some fruit for domestic use. Fruit and vegetable growing for cash income has been undertaken by one SFDP group in the area. This activity is facilitated by the existence of markets in the area, such as Lahan Bazar. Growing vegetables has made a significant contribution to the incomes of participating farmers.

Cottage industry. Out of the total SFDP investment, 12 percent has been used for cottage industries. Cottage industry has not occupied a substantial role in this area. One SFDP group is directing the handloom industry and another group is starting a biogas rice mill. Unfortunately, the handloom is not profitable because of insufficient demand, and the rice mill is unprofitable because of high share distribution.

Doko and dhaki making. Under this SFDP program, one lower caste group has made dokos and dhakis from bamboo. Even though this activity only takes place during the nonagricultural season, it has contributed to greater income for the participants.

Training. There is a SFDP policy of arranging special training courses for different activities to involve small farmer groups. One member from each group is selected for short-term training in agri-

culture, cottage industry, handloom making, sanitation, and population education. Many of these courses are offered by various agencies in the panchayat. While hard to measure, such training has certainly helped familiarize local farmers with modern methods of cultivation and alternate sources of income.

ALTERNATIVE STRATEGIES FOR ALLEVIATING POVERTY

Nepal has three decades of experience in planning and implementing rural development programs intended to remove poverty through rural works and productive employment. Recent Integrated Rural Development Projects have analyzed mechanisms for implementation better than earlier programs. But accomplishing targets in the field and achieving results which benefit individual households have been elusive objectives. The delivery system of projects is the weakest point. Urban centers offer access to better socioeconomic conditions and subsidized social services, and consumer goods, while the rural areas remain poor in every sector.

Effective land reform remains an unresolved problem. Small farmers do not have sufficient incentives to use better techniques for increased production. Without expanded production in the farm sector, the number of poor will increase. Many support institutions have been created during the last two decades in every region of the country. Agricultural credit, input and extension services, transport and communication, education, and health facilities have been established to cover major rural settlements. But the delivery of support services has not been directed at the needy section of the population. Those who have resources obtain subsidized credit and inputs, and those who lack them are not even aware of public services.

Implementation of the SFDP also has this limitation. The line agencies are run by centrally appointed bureaucrats, while technocrats administer the services and execute the program. They are more inclined to fulfill targets of input distribution or achieve physical results. The participation of the small farmer in the development process is poor. Measures should be taken to monitor the participation of every farm household. Although SFDP has mixed success, it has improved the condition of the rural poor to some extent.

The achievement of the project in group formation is satisfactory. During the five-year project (ending in 1984), it succeeded in forming 51 successful groups. It was found, however, that most groups have yet to learn to function according on a self-reliant basis.

RECOMMENDATIONS

1. The SFDP should be expanded to other parts of the district. The main emphasis of the program should remain as the elimination of poverty from rural areas.
2. There should be better coordination between the agencies responsible for the economic improvement of the rural poor.

3. Special emphasis should be given toward livestock development. Farmers should be given financial support and technical resources for animal husbandry, poultry, and farm fishing.
4. Better provision of veterinary services and a coordinated approach to livestock production and marketing should be established through consultation of local people.
6. The selection of ARF/GOs should be careful, taking into account the specific needs of the local people.
7. Population education should be given to small farmers for effective implementation of family planning.
8. To increase the involvement in the development process, more cottage industry programs are recommended in the project site.

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