

# Pre-capitalist Reproduction on the Nepal Tarai: Semi-feudal Agriculture in an Era of Globalisation

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# Pre-capitalist Reproduction on the Nepal Tarai: Semi-feudal Agriculture in an Era of Globalisation

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**ABSTRACT** *This article highlights the continued significance of pre-capitalist formations in shaping the trajectory of economic transition in peripheral regions, even in an era of neo-liberal globalisation. There is a tendency for Marxist scholars to assume the inevitable “dominance” of capitalism over older modes of production. Using a case study from Nepal’s far eastern Tarai, this paper seeks to understand the reproduction of feudal social relations in a region which is both accessible and integrated into regional and global markets. The paper traces the early subordination of indigenous groups to feudalism from the eighteenth century onwards, and the political and ideological processes through which these social relations were reinforced. Through examining the historical role of feudal-colonial alliances, however, the paper notes that pre-capitalist reproduction in Nepal is a dynamic process, actively negotiated and reinforced by the external imperatives of capitalist expansion itself as well as through the entrenched political power of landed classes. Today feudal and capitalist formations co-exist and articulate, with surplus divided between landlords and non-farm employers. Understanding the complex dynamics of feudal or “semi-feudal” reproduction in an era of globalisation is crucial if one is to identify avenues for collective mobilisation against inequitable pre-capitalist and capitalist class relations.*

**KEY WORDS:** Nepal, Tarai, Madhesh, semi-feudalism, pre-capitalist, mode of production, agrarian change, articulation

Throughout the world, economic restructuring has facilitated the expansion of capitalist social relations in unprecedented ways. However, Marxian theorists are often too quick to assume the inevitable “victory” of capitalism over older modes of production, glossing over the vast diversity and complexity of pre-capitalist formations. In this context Nepal represents an interesting case study, being a country with a history of relative seclusion from *direct* integration into capitalist markets, and a preponderance of pre-capitalist social relations in rural areas (Blaikie, Cameron, and Seddon 2001). However, does this description still apply in the context of a liberalised economy, expansion of transport infrastructure and efforts to commercialise agriculture through both state and non-state development initiatives? This paper seeks to address this question using a case study in the far eastern Tarai plains. It demonstrates that although this region is increasingly integrated into capitalist markets, the spread of capitalist relations of production is highly selective in

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its extent, with “semi-feudal” social relations remaining predominant in shaping the trajectory of this unique social formation.

While the distorted character of capitalist expansion in peripheral regions is well known, there is a need to better understand the processes through which exploitative *pre-capitalist* formations are able to persist, particularly in the context of neo-liberal globalisation. These processes are by no means unitary, and the Nepal case represents how older modes of production have been reproduced through a matrix of geographically and historically unique economic, political, and ideological relations. Such questions are of critical importance in Nepal as it emerges from the decade-long People’s War and overthrow of the monarchy, and seeks to re-write its constitution. At the time of writing, political actors on the left had made limited progress in addressing the contradictions associated with both capitalist imperialism and *pre-capitalist* under-development.

This paper examines the processes through which feudal relations have remained entrenched in the far eastern Tarai over the last three centuries, adapting to contemporary political-economic changes. This study is careful to note, however, that feudalism is by no means an archaic formation “persisting” in the context of geographical and economic isolation. Instead, its reproduction has been a dynamic process, actively negotiated and reinforced by both the external imperatives of imperialism and entrenched social relations on the ground. It is subject to transformation through both internal contractions, interactions with other modes of production, and the expansion and contraction of diverse political and cultural formations across the social landscape.

This paper demonstrates how contemporary feudalism in the Tarai has its origins in the subordination of indigenous communities under early centralised state formations. Taxation combined with a contracting forest frontier subordinated indigenous groups to a form of feudalism whereby surplus was shared between a centralised state and an emerging functionary-landlord class. In the late nineteenth century, alliances between the ruling classes and colonialism to the south impeded organic industrialisation in the region and simultaneously reinforced feudal relations.

Although landlordism rather than state taxation had developed into the primary mechanism of surplus appropriation by the twentieth century, it is shown in this paper that land remains central to political power in the present era, ensuring feudalism remains unscathed by cosmetic “land reforms.” Industrial development across the far eastern lowlands has not drawn labour out of the vast tenant class, and today, the capitalist and *pre-capitalist* modes of production supplement each other in a classic articulation. It is anticipated that a better understanding of *pre-capitalist* reproduction will offer lessons for movements seeking social transformation in transitional Nepal and other peripheral regions.

## Mapping the Expansion of Capitalism

It would be difficult to deny that we are living in an era of global capitalist expansion and crises on an unprecedented scale. We have witnessed the liberalisation drive which characterised the 1990s and 2000s, imperialist wars driven by resource scarcities, continued globalisation of production systems, and the rapid expansion of capitalist social relations in the world’s most populous country, China and its former socialist neighbours. However, in this context, it is easy to overlook the continued persistence and relevance of

*pre-capitalist* economic formations throughout the world, and their continued role in shaping development trajectories, particularly in peripheral regions.

There is a tendency for scholarship on globalisation and economic transition to assume the inevitable growth of capitalist social relations. The peasant enterprise, defined as the subsistence-orientated family farm utilising primarily household labour (Shanin 1973), is often considered the basic unit of production in pre-capitalist agrarian economies. In *Capital*, Marx (1974) draws on the European experience to suggest that the peasant unit of production is destined to be disintegrated through differentiation and concentration of the means of production, separating labour and capital. Discussions of the dissolution of the small-scale family farm were expanded upon considerably in Lenin's ([1899] 1960) classic analysis of capitalist development in Russia, whereby the large farms of the more competitive *kulaks*, an emerging agrarian bourgeoisie, displace more marginal producers. Although these works by Marx and Lenin were based upon historically specific case studies, they have unfortunately been too often interpreted as representing an inevitable trend in pre-capitalist economies. For example, studies on India's Green Revolution sought to identify processes of class formation in agriculture along these classical lines (Byres 1981). However, more recent work on agrarian change in the context of neo-liberal globalisation has also tended to over-emphasise the expansion of capitalist social relations and differentiation within the peasantry (Bernstein 2003; Akram-Lodhi 2007, 2008).

Scholarship has, for example, demonstrated how processes such as the withdrawal of the state support for marginal producers and the expanding export-orientated sub-sectors in peripheral economies intensify peasant differentiation (Oya 2001; Bernstein 2003). Some studies have even gone as far as to suggest that the drive by capital from more developed regions to avert crises and locate "super-profits" requires differentiation by "extra-economic" means (Harvey 2003; Patnaik 2007). Akram-Lodhi (2007) terms this process of forcible separation "neo-liberal enclosure," or, as Harvey (2003) terms it, "accumulation by dispossession." In the contemporary periphery, for example, this is characterised by the appropriation of land for capitalist investment and the privatisation of common property resources, often with the support of foreign capital (Harvey 2003). Such processes release a global "reserve army" of labour, engaged in increasingly insecure and oppressive wage employment (Bernstein 2004; Walker 2008), often under conditions of unfreedom (Brass 1997).

While economic liberalisation, expanding markets and the drive by capital for new sources of profit may cast doubt over the stability of pre-capitalist modes of production in peripheral regions, does capitalist expansion necessarily require that older economic formations be "dissolved?" Can surplus value not be located *within* pre-capitalist modes of production as capitalism expands in peripheral regions?

Indeed, some studies have demonstrated how petty commodity production in peripheral social formations can be functionally articulated to supply surplus to capitalism (Banaji 1977; Bernstein 2003), a process de-Janvry (1981) termed "functional dualism." For example, under contract farming, smallholders are institutionally linked to larger capitalist enterprises, with limited control over what is produced and the prices received (White 1997). In such contexts, it is asserted that peasant farmers create a surplus which is extracted by the buyer of their crops (Banaji 1977), making them effectively "disguised proletarians" (Bernstein 1977, 69). The lack of accumulation prevents capitalist differentiation. Other studies have pointed to instances of *partial* differentiation whereby the

peasant producer maintains enough land to supply capitalism with cheap labour (de-Janvry 1981). This draws upon the tendency outlined by both Lenin ([1899] 1960) and Kautsky ([1899] 1988) for peasants to work on their land as well as being wage workers, so subsistence agriculture subsidises labour power.

While such studies highlight the important idea that pre-capitalist modes of production can be preserved, they also have much in common with theories asserting the dissolution of the peasantry. What both bodies of literature have in common is that they appear to assume the *inevitable* subordination of pre-capitalist economic formations to capitalism. The use of terms such as “disguised proletarians” or indeed “functional dualism” itself suggests that the persistence of older economic formations is *dependent* upon capitalism. However, the literature from Nepal suggests that capitalism is indeed present, but is far from achieving dominance at either a national scale or in localities, with limited capitalist differentiation or commercialisation of small-scale producers. Agriculture remains dominated by either small-scale owner cultivation or feudal landlord-tenant relations (Bhattarai 2003; Blaikie, Cameron, and Seddon 2001; Sugden 2009b).

### Understanding Feudalism

Past studies associated with the mode of production debate have explored the persistence of feudal relations of production in South Asia and are of particular interest in understanding the Nepali situation (Bhaduri 1973, 1986; Bharadwaj 1985; Sau 1990). They offer valuable insights into the barriers to capitalist expansion in some contexts.

Unfortunately, although the “feudal” character of the past and present Nepali state and rural economic formation is readily acknowledged by scholars and activists, there is rarely any concrete definition of the term. The characteristics of feudalism as alluded to by Marx (1932) when discussing the European context,<sup>1</sup> include first, control over the means of production by a small land-owning class with political and ideological as well as economic power over a peasant majority. A second attribute includes the appropriation of surplus (usually in kind) through extra-economic means, backed up by the political power of landlords. R. S. Sharma’s (1985) definition of feudalism in the historical Indian context refers to a similar agrarian system whereby the peasantry is subjugated to overlords that use their extra-economic power to extract surplus and maintain control over landed property. A third characteristic of feudalism, which will also be incorporated into this paper, is the use of surplus for consumption rather than productive reinvestment. Marx (1932) asserts that the feudal lord consumes the product of the land rather than investing it as capital to maximise productivity. Even if the surplus is sold, generating “value,” it is used for the “superfluous product” or “luxury consumption,” as Marx notes in *Grundrisse* (1973, 469). The above three characteristics form the broad definition of feudalism that will be used throughout this paper. Although such processes can also be present under capitalist economies in some instances, under feudalism they arguably represent the predominant form of production and consumption.

Some of the scholarship from the mode of production debate demonstrated how feudal relations have remained important in the post-colonial South Asian context, whereby landlords maintain control over large estates cultivated by sharecropping tenants, impeding capitalist expansion (Thorner 1982; Bharadwaj 1985). For some of the literature, the coercive appropriation of surplus remains significant, although rather than occurring through political-ideological means, the emphasis is also on economic processes, such

as indebtedness, which bond tenants not only to money-lending landlords, but to merchants, often through “distress” commercialisation (Bhaduri 1973). The inclusion of market forces is one reason why these modes of production are referred to as “semi-feudal” rather than simply “feudal.”<sup>2</sup> In these contexts, however, the unproductive “drain” of surplus by landowners and merchants to meet the needs of simple reproduction only, and the pauperisation of the poorer strata of the peasantry, block the development of the productive forces. This constrains the emergence of profitable commodity production from which capitalist development could potentially emerge (Bhaduri 1973, 1981).

### **Understanding Pre-capitalist Reproduction: Overdetermination and the Articulation of Modes of Production**

The early studies on pre-capitalist formations associated with the mode of production debate represent valuable contributions to the literature on feudalism and constrained capitalist development. However, there is a need for a deeper understanding of the complexity of feudal formations. While the contradiction between the relations and forces of production is significant in understanding feudal reproduction, how does one understand why this formation remains entrenched in some regions of South Asia but less so in others? A shift in the theoretical lens is necessary if one is to fully understand why feudal – and other pre-capitalist – formations can persist and reproduce under specific geographical and historical circumstances, even in the context of dynamic capitalist expansion.

It is useful to outline a broad theoretical framework which can be mobilised to better address these issues in the context of Nepal. Althusser pioneered the school of Structural Marxism which sought to reformulate Marxian political economy to counter critiques of economism and essentialism (Resch 1992). Central to the Althusserian approach is the concept of *overdetermination*. This refers to the complex means through which the multiple processes or “contradictions” in the social whole are constituted by each other. Althusser (1969, 106) stresses that the conditions of existence of any given contradiction (such as the contradiction between labour and capital) can be understood only with reference to its relation to the multiple forms of the superstructure (e.g. the state, ideology), and its embeddedness within specific local historical contexts on the one hand (e.g. local traditions, patterns of class struggle, trajectories of internal economic change) and within a particular “world context” on the other (in particular relations of domination and subordination between nations).

The concept of overdetermination is central to understanding the character of particular modes of production. To Althusser and Balibar (1968, 215) the mode of production is constituted by three functional elements: the means of production, the labourer or producer, and the appropriator of surplus labour. These three elements are structured by two “connections.” This includes first, the relation between the labourer and the means of production, or the *forces of production*, and secondly, the *relations of production* – the property relation which defines how the surplus is appropriated and how it is put to use. It is the specific combination of these “elements” and “connections” at a given conjuncture which determine the historical specificity of a mode of production (212–216). However, if one accepts the concept of overdetermination, further theoretical clarifications are necessary if one is to understand the conditions of existence of a particular mode of production such as capitalism or feudalism and their relation with each other.



First, the transformation and reproduction of particular modes of production cannot be grasped without extending the analysis beyond the economic “level” to that of the political and ideological. These processes, which form part of the superstructure, are integral components of each mode of production and can have their own effectivity (Althusser and Balibar 1968, 216–224). In particular, this includes the influence of diverse state formations (Althusser 1971). Bois (1978), for example, demonstrates how feudalism in England differed from France due to complex spatial considerations associated with unique internal contradictions and the character of the medieval state in each region.

Secondly, as already mentioned, modes of production never exist in isolation, but co-exist and *articulate* with others at specific historical junctures. This is significant when understanding how older formations relate with an expanding capitalism. Althusser refers to a broader entity than the mode of production, the *social formation*. This is understood as a “totality” under which several co-existing modes of production are *articulated* in a functional unity. It is asserted that one mode of production is normally “dominant,” although this can be either capitalist or pre-capitalist (Althusser and Balibar 1968, 212–215).

Capitalism is a unique mode of production, in that it has a global reach. Bettelheim (1972, 265) usefully conceptualises a broader “world wide capitalist mode of production,” within which all social formations are subsumed in a hierarchy of “national” economies. Crucially, however, the influence of capitalism in each social formation is variable. Rather than pre-capitalist modes of production being “passive,” they are dynamic in their own way, like capitalism itself, and are prone to internal contradiction and transformation. These internal dynamics give them the capacity to articulate with capitalism, but resist complete subordination in certain contexts.

This articulation of modes of production was demonstrated in some of the radical anthropological studies of Africa of the 1970s and 1980s (Dupré and Rey 1979; Meillassoux 1973, 1980; van der Klei 1985) and, more recently, in India by Singh (2007). The diversity of pre-capitalist economic formations mean there is considerable variation in the trajectories of change which arise from contact with the market (van Geschiere and Raatgever 1985). Rey, for example, demonstrated how although African “lineage” modes of production were loosely articulated with capitalism through the exchange of commodities, they resisted further subordination at the stage of production through complex internal mechanisms of exchange between the youth and elders which impeded accumulation. It was only the *coercive* power of colonialism which was able to break the lineage mechanisms of reproduction by implanting capitalist relations of production, using primarily *political* mechanisms, such as taxation and the monetisation of the economy (see Dupré and Rey 1979; Resch 1992).

In a similar vein, just as political processes are used to “break” the autonomy of pre-capitalist modes of production, colonialism and imperialism have over the centuries played a significant role in directly reinforcing pre-capitalist systems through building *political* alliances with pre-capitalist ruling classes. This form of articulation has been well documented for India (Ghosh 1988; Alavi 1975) and Vietnam (Wiegiersma 1982), whereby landlords played a role in the colonial revenue appropriation machinery or were supported by the state for the political patronage they offered, allowing feudal surplus to be shared by both capitalist and pre-capitalist classes.

From the discussion above, it is clear that the historically specific means through which capitalism interacts with older economic formations represent multiple overdetermined



realities. The intersection of unique economic, political and ideological processes, not to mention the diverse geological and ecological contexts of particular locales, influence both the reproduction and transformation of particular modes of production, and their relation with others. This echoes Bois (1978), who makes the crucial point that the evolution of modes of production does not follow a pre-determined logic identifiable at the level of theoretical abstraction. Instead, the underlying dynamics of social transformation can be uncovered only through the historical analysis of empirical data for geographical and historically specific conjunctures. This is perhaps the most crucial epistemological break of the Althusserian tradition. Its goal is to identify historical individualities of given social formations rather than attempting to fit what is observed into a pre-ordained evolutionary framework which could be driven, on the one hand, by a vision of an all-powerful, all-encompassing capitalism; or, on the other, by an abstract economic model of feudalism.

This paper argues that the perpetuation of pre-capitalist economic formations in Nepal's far eastern Tarai, can be understood only through historical analysis of concrete social relations. The social formation of this part of the sub-Himalayan lowlands is thus conceptualized as constituting a unique series of interrelated and historically determined processes – political, cultural and economic – the expansion, contraction and transformation of which have had a lasting impact on the dominant mode of production, and its interaction with capitalism.

### *The Research Site*

The plains of Nepal, known as the *Tarai* or *Madhesh*, are a unique and little studied region on the frontier between the Gangetic plain and the Himalayan foothills (Figure 1). The Tarai represents an ideal case study to understand the reproduction of older pre-capitalist economic formations. The pre-capitalist “semi-feudal” character of agrarian relations in the Tarai has been long acknowledged (Bhattarai 2003; Blaikie, Cameron, and Seddon 2001). However, it is a region that possesses at least the physical infrastructure for capitalist development; namely transport linkages and proximity to the expanding urban markets of the north Indian plains. It is also home to much of Nepal's limited industrial development. Given the considerable diversity as one travels from west to east across this tract, this paper focuses primarily on the region east of the Koshi River, encompassing the present-day districts of Sunsari, Morang and Jhapa – what will be termed the “far eastern Tarai.” This region, historically known as the Morang (or *Morung*) Tarai, is geographically separated from the rest of the Tarai by the Koshi river and the three districts have a similar history and cultural composition.

### *Methods*

This paper draws from multiple sources. The initial research was based upon one-year's fieldwork in central Morang district in 2007–08, with short follow-up visits in 2009 and 2011. While residing in Jhorahat Village Development Committee (VDC), an extensive quantitative survey was carried out in four wards of Jhorahat, and a further two wards each in neighbouring Bhaudaha and Thalaha VDCs (Figure 1).<sup>3</sup> This was combined with a series of in-depth interviews and oral histories collected locally.<sup>4</sup> To gain a broader regional perspective, historical records and studies from across the region were compiled,



**Figure 1.** Far eastern Tarai and location of far eastern Tarai.

including the extensive archives compiled by Mahesh Chandra Regmi. Qualitative comparative data were also collected in five other VDCs across Morang and Jhapa districts, and interviews were carried out with government officials at the district level.

### *Tracing the Trajectory of Change on the Far Eastern Tarai*

*Adivasi mode of production.* In order to understand the present-day social formation and the uneven impact of capitalist expansion at a local and global scale, it is necessary to trace its historical evolution. The alluvial plains at the foot of the present-day Nepal, Sikkim and Bhutan Himalayas historically represented a forested frontier belt at the edge of the Gangetic heartland, and there are unfortunately few historical records from this region prior to the late 1700s. Although at the fringes of Mughal influence, they fell under the influence of numerous smaller kingdoms over the centuries (Sugden 2009a). One of the earliest states about which there are records in the far eastern Tarai was that of Vijayapur in the sixteenth century, which some suggest was associated with the powerful Koch (Rajbanshi) state of Kamatapur centred on present-day Cooch Behar (Nath 1989). Vijayapur was eventually taken over by a succession of competing kingdoms ruled by the Hindu Sen kings in conjunction with *Kirat* chieftains in the hills (Acharya 1973). The boundary between the Sen and Koch kingdom, although normally at the Mahananda River near the present-day border, remained in flux (Nath 1989; Toulmin 2007).

Despite this expansion and contraction of loose state formations, this is unlikely to have had a significant impact upon the population of the region, which was sparse, and composed primarily of *adivasi* (indigenous) groups, such as the Tharu, Rajbanshi and Gangai, who lived across the forested lowlands between the Koshi and Tista rivers (Hamilton [1818] 2007). It is extremely difficult to reconstruct the historical “mode of production” in earlier periods due to the lack of written records. However, colonial accounts by Hamilton ([1818] 2007) in the early nineteenth century (shortly after the Gorkhali victory), reported that the indigenous peoples of the region east of the Koshi carried out a form of slash and burn agriculture and hoe cultivation.<sup>5</sup> The uncultivated forest lands were extensive and it is likely that the means of production was common property rather than being owned by individual households or clans. Modes of production in *adivasi* communities elsewhere in the sub-continent are known to have redistributive characteristics, driven by the survival and reproduction of the clan rather than

accumulation of wealth (see Singh 2007).<sup>6</sup> The present-day relics and recent memories of co-operative institutions in the far eastern Tarai, such as collective labour regimes (rare today) and the presence of clan- and village-based ritual activity, suggest that a similar egalitarian economic formation may have once been present. In the winter months, livestock was brought in from Indian provinces, such as Purnea, to graze on the comparably rich forest lands (Regmi 1969), perhaps representing an early articulation with feudalism to the south.

*1700s-1850s: Feudal subordination of indigenous communities.* Towards the late medieval period there is evidence of adivasi modes of production being gradually transformed through the extra-economic influence of early state formations, a process also mapped out in an earlier paper (see Sugden 2009a). The degree to which early states had an influence over these forest-dwelling communities and their indigenous forms of economic and political organisation is not clear, although the Sen state reportedly had some tax appropriation capabilities (Regmi 1970; Acharya 1973). What is evident, however, is that the feudal empire which succeeded that of the Sen kings appeared to have had a bureaucracy and revenue-generating machinery which surpassed earlier state formations (Regmi 1977b). In 1774, the far eastern Tarai was conquered by the Gorkhali dynasty of Prithvi Narayan Shah, the ancestors of Nepal's recently deposed royal family (Acharya 1973). The Tarai was subsequently incorporated into the new kingdom of Nepal with its capital in Kathmandu. It was the policies of this centralised state, in particular to expand its power and appropriate surplus from its newly annexed territories, which were instrumental in subordinating the older social formation of the Tarai to feudalism.

The direct appropriation of surplus by the bureaucracy represented one of the first interventions which set in motion the process of feudal subordination (Sugden 2009a). As in other kingdoms of the region, the state was the ultimate landowner and had more power than the local indigenous nobility. The acclaimed economic historian of Nepal, Mahesh Chandra Regmi, had termed this mode of production "state landlordism" (Regmi 1977b). Nevertheless, I will continue to refer to this economic formation as a form of feudalism. Sharma (1985, 21), with reference to early medieval India, makes the point that even when producers experience a "double servility" to the state and local-level landlords, this is just one amongst many mechanisms through which the peasantry are subjugated under feudalism. In line with the definition of feudalism given earlier in this paper, the Gorkhali regime sought to impose a mode of production grounded in control over land by a minority class and the appropriation of surplus through extra-economic means, facilitated by a powerful local administrative apparatus.

The indigenous cultivators of the Tarai were obliged to surrender a significant portion of their crop directly to the state, while also contributing labour service in construction and defence (Regmi 1977b, 1978, 1988). These multiple forms of surplus appropriation are likely to have impeded accumulation and technological development within the rural population, not to mention older forms of surplus redistribution within communities. As in the definition of feudalism above, surplus was used extensively for elite consumption.<sup>7</sup> However, surplus was also diverted for military uses,<sup>8</sup> a necessary expenditure if the regime was to both maintain political control over its newly acquired territories (and by implication its capacity to extract surplus) and continue its expansion.

A second crucial process of feudal subordination involved the creation of an indigenous functionary class. The top level posts, such as the *subba* or district administrator, were

taken by powerful members of the Gorkha elite, and indeed a brother of Prithvi Narayan Shah himself was appointed as administrator of the Tarai districts of Bara, Parsa and Rautahat in 1786 (Regmi 1971). However, across the Tarai, wealthier families from within the indigenous ethnic communities were given the lower level administrative positions, primarily in revenue collection and accounting (see Guneratne 2002). A *chaudhari*, often from within the predominant Tharu community (or Rajbanshi in the far east), was placed in charge of each revenue collection division to extract a portion of the crop from fellow indigenous cultivators as tax, with a number of lower level indigenous functionaries operating at the level of each locality (Regmi 1988). Functionaries were granted salaries and land assignments for their services (Regmi 1970, 1971). Oral histories from Morang recall how functionaries developed into an indigenous landlord class, many with large taxable personal lands which could be sub-let to their poorer counterparts. With the extraction of rent by landlords as well as tax by the state, there was an effective division of the surplus product between the state *and* the local landlord (Sugden 2009a).

The third intervention which was central to feudal subordination was the effort by the regime to expand the cultivable area and encourage settlement. This would have been instrumental in interrupting the traditional pattern of nomadic shifting cultivation, and extending the reach of feudalism from more populated regions into the remote forested belt. To increase state revenue, *chaudharis* in the Tarai were encouraged to clear tracts of forest and distribute land to tenants, who would go on to pay tribute (Regmi 1977b). At the same time, large grants of forest land began to be distributed to members of the hill bureaucratic elites under a tax-free tenure known as *birta* (Regmi 1977b, 1989). Recipients brought in tenants from more settled tracts to clear the forest, and maintained *de facto* property rights to their estates. The *birta* landlords continued to reside in the hills, extracting rent through local functionaries.

These three processes consolidated the dominance of a feudal mode of production in the far eastern Tarai where land was controlled by both the state and local landlords, with surplus being divided between the Kathmandu bureaucracy and ruling families on the one hand, and the local nobility on the other. At its base was an emerging class of increasingly sedentary indigenous tenants.

Following internal power struggles within the ruling class, the Rana dynasty took control of Nepal in 1846. Although the mechanism of surplus appropriation remained the same, there was a restructuring of the revenue-generation apparatus. A new position was introduced, known as the *jimidar*, with both administrative and tax collection responsibilities (Regmi 1978). Although many of the original *chaudharis* and wealthier indigenous cultivators also took up new positions, such as that of the *jimidar* and its subordinates, they were also joined by upper castes both from India and from the hills (Guneratne 2002; Regmi 1977b, 1988).

There was great pressure on the *jimidars* to expand the cultivable area and open new forest estates, expanding the demographic composition of the tenant class. Tenants were drawn not only from the existing indigenous population but from the caste Hindu population of Bihar and the *adivasi* population of the Santhal Parganna in central India (see Sugden 2010). The contraction of the forest frontier maximised agrarian tax revenue, and even where forest land remained intact, as in parts of Jhapa, cultivators were taxed to raise livestock (Shrestha 1976). Functionaries, meanwhile, were not only offered taxable *jirayat* lands as a form of salary, they were able to increase their control over the means of production by annexing the land of indebted tenants (Regmi 1977b; Yadav 1984).

Despite the important role played by the indigenous nobility as functionaries at the local level, the Ranas retained the ultimate control over land, and the largest landlords were powerful members of the bureaucracy, mostly from the Brahmin and Chhettri castes of the hills. The state continued to distribute *birta* grants to individuals close to the ruling class to maintain their loyalty to the regime, and such estates would go on to represent 36% of Nepal's farm land by 1952 (Adhikari 2011). The authority of the Ranas and their inner circle to rule and appropriate surplus was legitimised further by the institutionalisation of the caste system. The 1854 *Muluki Ain* or civil code, sought to institutionalise the relations between Nepal's diverse communities at a state level (Höfer 1979; Satyal Pravat 2011). Indigenous communities, such as the Tharu, who were never part of the classical *varna* hierarchy, were given an intermediate position well below the Brahmin and Chhettri who dominated the bureaucracy (Höfer 1979).

*1850s-1950s: The onset of imperialism and internal feudal transformation.* By the second half of the nineteenth century, the far eastern Tarai was dominated by a feudal mode of production whereby much of the peasantry was subjugated to dual surplus appropriation by the state and landlords. However, it is during this period that capitalist formations first emerged across the sub-Himalayan lowlands in neighbouring India. While Purnea to the south had been under colonial control for several decades, to the west the Darjeeling Tarai and Western Dooars (skirting the Sikkim and Bhutan Himalaya) fell to the British in 1850 and 1846, respectively. This region had been subject to a similar feudal regime under the Sikkimese and Bhutanese states (Ray 2002). While the existing feudal social structure was maintained to facilitate administration, the British were quick to see the economic potential of the sub-Himalayan plains for the production of cash crops and tea. The establishment of plantations, commercial forestry and communication infrastructure thus facilitated the development of a capitalist mode of production. This operated alongside the older economic formation which, in turn, provided it with a supply of subsidised labour (Ray 2002; Chaudhuri 1995; Sugden 2010).

In the Nepal Tarai to the west, however, a more complex relationship with capitalism was emerging at the turn of the century. While the region was by no means unaffected by the expanding colonial social formation to the east, imperialism did not seek direct articulations with the Tarai's older modes of production through labour relations, as was occurring in the plantation economy of India (Sugden 2010). Nepal initially offered the colonialists not labour, but a source of raw materials and untapped market for manufactured commodities, including both luxuries for the ruling class and daily consumption goods (Blaikie, Cameron, and Seddon 2001). In this context it actually served their interests to maintain Nepal's formal territorial sovereignty. An alliance developed with the Ranas, whereby the British guaranteed Nepal's formal independence so long as they opened their borders to imports and allowed them access to resources such as timber (Blaikie, Cameron, and Seddon 2001). The British had also been impressed with the abilities of Nepal's soldiers during its earlier wars with the kingdom, and thus sought the continued recruitment of Nepalese troops to the British army (Caplan 1995).

The Rana-British alliance provided the colonialists with raw materials, troops and a captive market and raw materials,<sup>9</sup> while saving them the costs and risks of administration. In geopolitical terms it ensured the presence of a loyal regime between British India and Tibet (Blaikie, Cameron, and Seddon 2001). The Ranas on the other hand, were able to appropriate a share of the surplus obtained by colonialism. In collaboration with a



growing, largely mercantile, comprador bourgeoisie (as opposed to a national bourgeoisie) they were enriched not only by agrarian revenue, but now also from taxes on imported British consumer goods as well as the exports of raw materials (Bhattarai 2003; Blaikie, Cameron, and Seddon 2001, 2002). The vast sums of revenue collected by the regime was used to strengthen the state apparatus and to further fund luxury consumption (Blaikie, Cameron, and Seddon 2001).

The development of rail heads on the southern border from 1895 to 1898 was instrumental in further entrenching this unequal relationship. It maximized outflows of raw materials, while imported commodities served to impede the development of domestic industry in the Tarai or indeed anywhere else in Nepal (Blaikie, Cameron, and Seddon 2001). The once-burgeoning cottage industry sector, including textiles, metal ware, woodwork and mineral extraction, was undermined (Regmi 1977a). On the ground in the far eastern Tarai, the comprador-colonial alliance arguably intensified feudalism. It impeded the emergence of alternative livelihood options for a pauperised peasantry, while on a political level it strengthened the wealth and power of the class with primary control over land, the Ranas. What is evident in this context is that the *external* dominance of capitalism actually reinforced and shaped the *internal* dominance of Nepal's pre-capitalist economy.<sup>10</sup> This has occurred, however, through *political* alliances between a feudal comprador class and a burgeoning colonial power.

This did not, however, prevent the occurrence of internal transformations within the feudal economy. Given that imperialism offered new sources of revenue, land tax from the peasantry was gradually declining in importance for the state. By the early twentieth century, the regime had introduced a number of interventions in the context of expanding market relations. However, rather than undermining the feudal mode of production, it simply led to a shift in its character (Sugden 2009a). The first intervention was the development of property rights for *raikar* land, allowing cultivators to buy or sell their state-owned holdings so long as tax was still paid (Regmi 1977b). The second intervention was the monetisation of land tax. As the monetised tax rates remained static, despite rapidly rising commodity prices in the period, the *raikar* landowner needed a smaller amount of grain to meet tax obligations. This made it more desirable for landlords to rent out excess holdings, because after paying tribute to the state, rents could be increased while still allowing tenants to meet their minimum subsistence needs (Regmi 1977b).

These two processes encouraged *jimidars* to further expand their holdings while also providing an incentive for other individuals with capital to buy land, worsening the concentration in landownership. At the same time, the state continued to encourage the clearing of the remaining forest land by large farmers of hill origin, creating completely new landed estates. A notification from 1923 in the government mouthpiece *Gorkhapatra* called hill people who had migrated to India to return and clear forest land set aside for the purpose in Morang district. Incentives were given in particular for farmers with capital to clear large estates, whereby they would be given large personal holdings as reward, and would be appointed *jimidar* in the case of estates over 100 bigha (approximately 67.7 ha) (Government of Nepal [1923] 1974). Zamindars from India were also encouraged to establish estates (Gaike 1976).

It is worth noting that falling land tax rates and the emergence of property rights also meant that those with their own plots of land were now emerging as an independent cultivator class who could retain much of their surplus. This can be considered an "independent peasant" mode of production based upon the owner-cultivation of private



plots which emerged through *internal* feudal transformation. However, this group was small in number and growing indebtedness to money lenders following the monetisation of tax (and the wider economy), resulted in many peasant landowners falling back into the grasp of feudalism as they lost their property to the traditional landed classes and became tenants. Elders in the study communities noted how *jimirdars* themselves used to appropriate land from those unable to meet tax or debt repayment obligations. It is likely that the destruction of domestic industry and accompanying demand for cash would have intensified this process. Regmi (1977b, 118) estimates that while some *jimirdars* in Morang district owned up to 22,000 bigha as of 1948, 23% of cultivating households owned less than one bigha each.

There was some limited capitalist development in the 1930s with the establishment of some early industries in Biratnagar in a joint comprador alliance between the Ranas and Indian capital (Karan and Ishil 1996). However, the enterprises, which included jute and sugar processing, remained speculative in character, employment was scarce, and profits were often repatriated to India (Regmi 1977a). In sum, the devaluation of tax, monetisation, and the rising concentration in landed property which accompanied it consolidated ground rent to landlords as the primary form of surplus appropriation. This was backed up by the power of the state, and is the origin of the predominant form of landlordism in today's Tarai.

*1950s-2000s: The rise of absentee landlordism and industrialisation.* In 1951, the Ranas were overthrown by the Shah monarchy, the descendants of the early Gorkha dynasty. Following a brief experiment with parliamentary democracy, King Mahendra seized absolute power and introduced the partyless Panchayat System. The new regime combined authoritarian rule with an exclusionary nationalism grounded in the identity of the dominant Nepali-speaking castes of the hills (Gaige 1976). As the rulers sought legitimacy they toyed with discourses of "rural development" and attempts were made at land reform, culminating in the 1964 Lands Act. The reforms abolished the *jimirdari* system, which by this stage had declined in significance as landlordism became the primary mechanism of surplus appropriation. The Act also abolished *birta* tenure while setting the maximum ceiling for land at 25 bigha for the Tarai (Regmi 1977b).

However, as was outlined above, *birta* grants and the *jimirdari* system had incorporated the feudal landlords within a state bureaucratic alliance. This remained the same, despite the changed leadership (Mishra 2007). Given that landlords remained support bases of the king it was inevitable that reforms would do little to end the concentration of landed property and undermine feudalism. Political leaders continued to use the rhetoric of land reform to gain support while simultaneously striving to retain ownership of their personal estates (Adhikari 2011). Regmi (1977b) notes that by 1972, only 22,000 hectares of land were actually redistributed, benefiting only 10,000 households.

On the ground in the Tarai, landlords could not only benefit from a government with little commitment to change, but could consciously avoid the reforms when attempts were made at a local level to implement land ceilings. In Morang, elders recalled how many landlords registered themselves as cultivators, while renting out the land to tenants unofficially, a process also described by Regmi (1977b). Some were able to retain their estates by dividing up land amongst family members to avoid exceeding the government ceilings (in one case a couple reportedly divorced to spread their property). *Birta*

recipients pursued similar avoidance measures but only after converting it to taxable *raikar* tenure (Adhikari 2011).

However, it is worth noting that in the case study communities of Morang, that the hill origin Brahmin and Chettri landlords were more successful in retaining their control over landed property than the indigenous elites (Sugden 2009a). It was recalled by elders that the indigenous Tharu nobility did not have the same links to the bureaucracy as their high caste counterparts, and were therefore the primary losers from the reforms.<sup>11</sup> It is in this context one can observe the crucial *political* mechanisms through which feudalism is both reproduced but also undergoes internal transformation. The indigenous landlords had served their purpose as intermediaries under a more centralised form of feudalism. Their weaker political power (and position outside the dominant Nepali-speaking high caste community) made it more difficult for them to bypass land reform legislation and maintain their power as a landlord class. Indigenous landlords reportedly also lost land following the greater penetration of merchant capital into the lowlands, with rising indebtedness, a process also affecting smaller owner-cultivators.

These internal feudal transformations in the second half of the twentieth century meant that the indigenous landowning class had declined significantly in some communities. The powerful class of former *jimidars* and *birta* owners (many of whom had other forms of employment), retained their power but were increasingly settling in developing urban centres, from where they continued to extract rent as an absentee landowning class. Surplus extracted by landlords was generally put towards consumption of imported luxuries and speculative investment (Adhikari 2011). Locally based landlords did retain their power in some parts of the far eastern Tarai although these included both Maithili-speaking castes as well as indigenous communities.

Although the relations of production were still “feudal” on lands controlled by the absentee landlords, this class had become increasingly diverse, and increasingly encompassed urban professionals buying up land as well as the traditional landed elite. Although the draft land reform legislation in the 1960s originally set rent at one-third of the crop, this was changed later to half of the crop to favour landed interest groups (Adhikari 2011). This not only legally sanctioned feudal relations, but ensured that land remained a profitable investment in the short term. On the other hand there were only limited opportunities for (often indebted) landless tenants to buy land. In fact, reactionary citizenship laws biased against non-Nepali-speaking Tarai communities (see Gage 1976), also deprived many households from the citizenship papers necessary to make purchases.

The growing diversity of the landlord class, alongside the increased influence of market forces in the rural economy, means that it is better to term the mode of production as “semi-feudal” rather than “feudal” from this point. In other words, although a small (albeit diverse) class retained control over land and appropriated surplus in kind, market relations such as debt were increasingly part of the process through which this economic formation was reproduced. There had thus been a transformation in the second half of the twentieth century from feudal system whereby the monopoly over land was shared between landed indigenous households and a predominantly Brahmin and Chettri political elite, to a new “semi-feudal” system dominated by an absentee as well as local landlord class.

While the position of independent peasant cultivators remained tenuous, this mode of production expanded significantly in the northern tract of the far eastern Tarai from the 1960s onwards. This followed a wave of state-sponsored migration from the hills which

colonised large tracts of forest land (Gaige 1976; Shrestha and Velu 1993). The population of migrants in the Tarai had risen to 685,000 by 1981 (Shrestha and Velu 1993). Most of the settlers were owner-cultivators receiving allocated plots of land, in contrast to the imposition of feudalism during the early reclamation schemes where *jimidars* were invited to clear new lands (Shrestha and Velu 1993). Interestingly, however, the encouragement of migration from the north rather than the regions of severe landlessness in neighbouring parts of the lowlands may well have represented a mechanism through which the state could increase its control over the Tarai belt by expanding settlement, while retaining the semi-feudal mode of production already entrenched to the south. It could at the same time offset demographic pressure in the hills and limit dissent.

The introduction of multi-party democracy in the 1990s had little impact on social relations on the ground in the regions dominated by semi-feudalism. Rather than representing the class interests of the majority, across Nepal, many political parties degenerated into patronage networks mediating access to resources (see Pfaff-Czarnecka 2004). Scholars have suggested there is continuity in the social relations they represent, with landed families and comprador-merchant capitalists well represented in party leadership (Karki 2005). Respondents in Morang reported that some of the largest, longest established landlords included leaders from most of Nepal's mainstream (i.e. not Maoist) parties. There was also evidence of patron-client relationships. One respondent in Morang noted how politically active landlords would offer menial jobs and "favours" to tenants, often in return for support in elections.<sup>12</sup>

In the face of a rising Maoist insurgency in the early twenty-first century, land reform inevitably appeared on the political agenda once again (Adhikari 2011). However, landed interests in parties and the bureaucracy remained entrenched, and reforms had limited impact (Nepali and Pyakuryal 2010; Adhikari 2011). The government consistently lacked true commitment and policing of legislation has been limited (Adhikari 2011; Khanal, Rajkarnikar, and Acharya 2005). This cannot be understood in terms of technocratic institutional failures, but requires a reiteration of the importance of land to political authority in Nepal over the last two centuries.

At a macro-scale, independence in India and democracy at home has done little to undermine Nepal's subordinate relationship within South Asia over the last half a century. Political leaders in the centre have maintained semi-colonial trade relations with India in collaboration with the comprador bourgeoisie (Blaikie, Cameron, and Seddon 2001). There was a wave of industrial development centred on the Biratnagar-Itahari corridor in Morang and Jhapa districts from the late 1950s onwards. However, given the weak pre-existing industrial base, local manufacturers could not develop the productive forces to levels sufficient to compete with the cheaper commodities being imported from India and overseas (Blaikie, Cameron, and Seddon 2001; Regmi 1977a). Most of the industries which were established were subordinate to Indian capital (see Gaige 1976), and most of the profits were repatriated, impeding accumulation and the long-term domestic development of the productive forces (Bhattarai 2003).

Today manufacturing is dominated by low value agricultural, textiles and timber-related industries, which represent 56% of total invested assets in the far eastern Tarai in 2006–07 (Central Bureau of Statistics 2008). Aside from the dependent industrial sector, the proximity to North Bengal had encouraged the development of tea plantations in the eastern district of Jhapa towards the second half of the twentieth century. Field visits to Maheshpur VDC revealed that some larger landlords had themselves developed their

estates into plantations in recent years, although this process is restricted to a relatively small area.

*Semi-feudalism and industrial expansion: articulation of modes of production.* While it has been established how semi-feudal relations have become widespread, a crucial question which addresses this paper's core theme, is how industrial growth has impacted the semi-feudal economy of the far eastern Tarai. Important insights can be gained from the Morang case study villages which are within the sphere of influence of the Morang-Sunsari industrial corridor.

A glance at the rural social formation suggests that a semi-feudal mode of production remains predominant. The VDCs of Bhaudaha, Jhorahat and Thalaha lie well to the south of the region settled by the hill peasantry, and have a long history of landlordism. There is a large Tharu community in Jhorahat, although the power of the Tharu nobility is greatly reduced. Alongside the Tharu there are some Brahmin and Chettri who migrated from the hills in the second half of the twentieth century. Bhaudaha and Thalaha to the east are today home predominantly to smaller indigenous communities, such as the Bantar, Rajbanshi and Jhagar. In all the VDCs there are limited populations of Maithili-speaking middle castes who are often involved in trade, and small settlements of Tarai Dalit communities, such as the Rishidev (Musahar). Households predominantly cultivate a single crop of monsoon *dhan* or paddy, which is stored during the dry months while they cultivate a smaller harvest of wheat, mustard and pulses. Cash crops are limited to jute, which is cultivated by a few farmers and is often for home use as well as for sale.

Table 1 shows that tenant farming is prevalent in the sampled wards of Bhaudaha and Thalaha. Some 25% of sampled households in Bhaudaha and 20% of households in Thalaha are "part-tenants," both renting and owning agricultural land, while 33% of sampled households in both communities are "pure tenants," only renting land. An additional 28% of households in Bhaudaha and 35% in Thalaha rely solely upon wage labour for other households (including tenants) or in the non-farm economy. It is thus clear that close to two-thirds of the sampled households for these two VDCs are entirely landless. Table 2 similarly shows that 70% of the operated land by the sampled households in Bhaudaha and 77% in Thalaha is under tenancy. In the sampled wards of Jhorahat on the other hand, owner-cultivation is more prevalent. Some 33% of households are "independent peasants" (Table 1), and owner-cultivated land represents 49% of the area cultivated by the sample (Table 2). This is unsurprising given the historical status of privilege that the Tharu and Bramhin/Chettri communities (who are predominant in Jhorahat) have held within the state apparatus on the far eastern Tarai. However, tenant relations remain important here also, with 20% of households as part-tenants and 15% as pure-tenants, with the remainder as landless labourers.

There are few large landlords actually residing *within* the selected VDCs given the decline of Morang's traditional Tharu landowners discussed above, although there are larger locally based landlords in other VDCs of Morang district. Of the 6% of wealthier households in the three VDCs who rent out land in local-level feudal relations, share-cropped plots are on average only 1.6 ha. They are not, therefore, a significant landlord class. In fact, a substantial 73% of the land in the total sample is operated by urban-based landlords in Kathmandu and Biratnagar. This includes members of the traditional landed elites, such as *birta* recipients and those who have purchased the land more recently.

**Table 1.** Landownership and form of cultivation in sample from Jhorahat, Bhaudaha and Thalaha VDCs

Type of household by land tenure		Jhorahat	Bhaudaha	Thalaha	All three VDCs
Owner-cultivation only ("independent peasant")	%	33	14	10	21
	<i>n</i>	27	6	5	38
Owner-cultivation and tenancy ("part-tenant")	%	20	25	20	21
	<i>n</i>	16	11	10	37
Tenant cultivation only ("pure-tenant")	%	15	33	33	24
	<i>n</i>	12	14	16	42
No land operated ("landless labourer")	%	28	28	35	31
	<i>n</i>	23	16	17	56
Renting out land only with no cultivation	%	5	0	2	3
	<i>n</i>	4	0	1	5

*n*, number of cases.

Source: Survey by author.

**Table 2.** Proportion of land under different tenure types within sample from Jhorahat, Bhaudaha and Thalaha

Type of household by land tenure		Jhorahat	Bhaudaha	Thalaha	All three VDCs
Land owned and cultivated	Area (ha)	43.44	16.62	10.65	70.71
	% total	49	30	20	36
Land cultivated under tenancy	Area (ha)	30.69	38.49	40.53	109.71
	% total	34	70	77	55
Land rented to others	Area (ha)	15.11	0.67	1.34	17.2
	% total	20	1	3	9

Source: Survey by author.

The most striking observation is the limited accumulation of surplus within the peasantry. Athreya and colleagues (1987, 159) clarifies the definition of "surplus" for a peasant household as "what is available for luxury consumption or for accumulation, once the requirements of simple reproduction have been met." The requirements of simple reproduction include the reproduction of labour power through provision of food, and the reproduction of the means of production necessary to produce these subsistence goods.<sup>13</sup> Therefore, in a peasant household, the aggregate household labour time in which the needs of simple reproduction are met within a set unit of time, can be classified as their "necessary labour time." "Surplus labour time" thus refers to the extra hours in which a surplus product can be produced.<sup>14</sup>

What is evident, however, is that much of the surplus is appropriated through ground rent. After cultivating paddy, wheat, or pulses, tenants pay the landlords either 50% of each harvest through the *adhiya* sharecropping system, or a fixed rate through the *thekka* system. This absorbs much of the product of "surplus" labour time and, for many, a portion of the product of "necessary" labour time. For example, a selection of respondents were asked what they felt was the minimum annual grain requirements of a household with a typical family of six (in the survey, 5.6). The response was invariably between 40

to 45 *maund* (1 *maund* = 40 kg) of paddy and 10 to 11 *maund* of wheat (approximately 357 kg of grain for each family member). Only 23% of pure-tenants were able to produce this, despite the fact that the average rented holdings of this group was 2.1 bigha, more than double the 0.94 bigha required to produce this amount at average rates of tenant productivity (calculated at 2,285 kg of grain per bigha). This suggests that landlords and merchants appropriate a portion of *necessary* as well as surplus labour time.

Interestingly, it appears that the appropriation of surplus through extra-economic means which was central to feudal relations of production in the Rana era is less common today in the case study communities. There was little evidence, for example, of rents being forced up through coercion or debt bondage. This may be due to the fact that the predominant absentee landlords rarely visit their estates, and rent is often appropriated through a locally based agent or *kamtiya*. Coercive surplus appropriation, however, has been observed in the forms of attached labour in other VDCs of Morang where there are more large locally based landlords (Hatlebakk 2004). The lack of “coercion” does not mean that feudal relations are declining in the case study communities. This was only one element of feudalism outlined at the start of the paper, and land still remains concentrated in the hands of a politically powerful landlord class. With or without coercion, the severe levels of landlessness ensure competition for tenancies remain high and there appear to be few incentives for the absentee landlords to lower rents.<sup>15</sup>

Aside from rent, households are subject to further surplus appropriation by merchant capital in value form through price manipulation on sales and interest on loans. Most farmers borrow money from private lenders, such as local business people, their landlords or (more commonly) as advance purchases by the grain merchants, or *katawalas*, whereby they repay the loan in kind at harvest time with interest. Table 3 shows that pure-tenant and part-tenant farmers on the whole are most dependent on such loans, having borrowed on average Rs8,125 and Rs10,216 from private lenders over the last year, as opposed to the Rs1,933 borrowed by independent peasants. Such households are also more dependent upon the smaller loans taken from microfinance banks (Table 3).

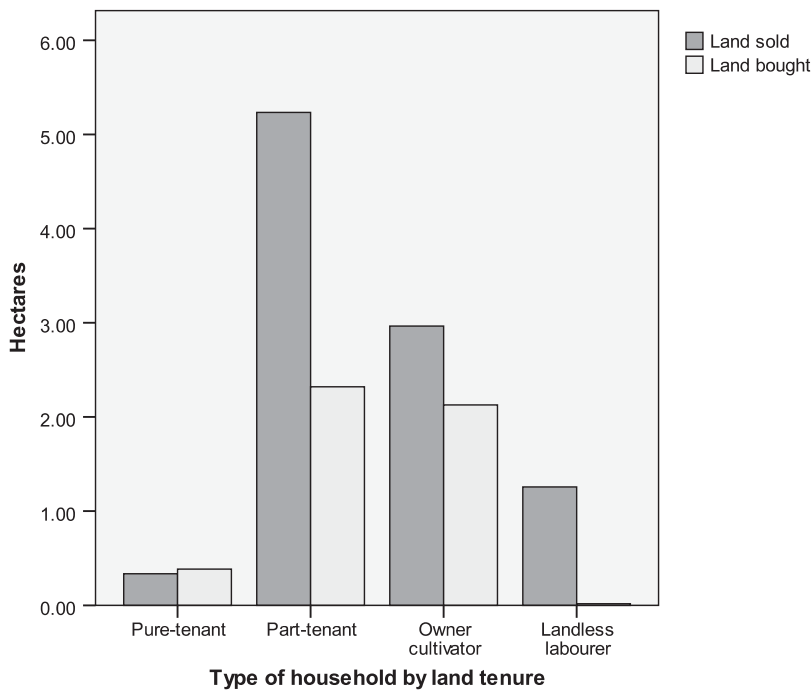
Interest by private lenders varies from 3-5% per month until the loan is repaid in cash or in grain, usually after the harvest. The rate often depends upon the wealth and resultant bargaining power of the household, with poorer producers or those in urgent need of cash being reportedly charged the most.<sup>16</sup> Merchants, most of whom are from the *Baniya* and *Marwari* business communities, are rarely large-scale landowners, so there is limited inter-linkage of landlord and merchant capital, as described in Bhaduri’s (1973) classic study of semi-feudalism.<sup>17</sup> Nevertheless, both forms of surplus extraction are intricately connected with the economic insecurity which in the first instance is derived from the

**Table 3.** Average size of loans taken by households under different tenure regimes over last year

Type of household by land tenure	Average loan borrowed from private lenders (Rs)	Average loan borrowed from microfinance banks
Independent peasant	1,933	2,786
Part-tenant	10,216	6,027
Pure-tenant	8,152	1,052
Landless labourer	98	4,383

Source: Survey by author.





**Figure 2.** Aggregate land bought and sold by sampled households over the last ten years (ha).  
*Source:* survey by author.

relations of production. Semi-feudal rent reduces incomes and increases the demand for credit, driving farmers to merchants for loans. At the same time, economic insecurity and debt decreases producer's bargaining power, driving them to accept high interest rates and low commodity prices.

Many households in this context are in cycles of debt, as in the past, culminating in the gradual distress sale of what land remains under owner cultivation. Over the last decade from the time of the survey, Figure 2 shows that significantly more land has been sold than has been bought. Part-tenant households appear to be in a particularly precarious situation and, as a group have sold 5.23 ha, while having purchased only 2.32 ha, suggesting the amount of land under tenancy is increasing. Even the independent peasants have collectively sold more land than has been bought. In fact, the average area of land sold to absentee landlords by sampled households over the last decade was found to be 0.5 ha, as compared to 0.34 ha sold to local owner-cultivators. The concentration of land resources in the hand of an absentee landed class arguably limits the extent to which holdings can be expanded, even for the independent peasants who one would expect could display "accumulation" tendencies.

The "drain" of surplus by landowners and merchants and the pauperisation of the poorer strata of the peasantry block the development of the productive forces and reproduce the semi-feudal mode of production. There is limited investment in inputs aside from fertiliser, and only 23% of pure-tenant and part-tenant households in the sample have been able to raise the capital to irrigate their lands to produce a second

rice crop. Technologies, such as threshers, are present, but these are mostly rented from a few wealthier farmers for a portion of the crop and thus, for the majority, act as a convenience more than a source of accumulation.

Absentee landlords played a very limited role in encouraging innovation or development of the productive forces. For 23% of sampled tenants (including part-tenants) the landlord had not visited at all over the last year and a local agent or *kamtiya* ensures rent is paid, while 54% tenants reported that their landlord had visited only once or twice, mostly with the sole purpose of collecting the rent. Only 45% of tenants had ever received guidance from their landlords, such as advice on inputs or crops.

A remaining question to ascertain the “semi-feudal” character of landlordism is how surplus by landlords is used, or whether it “reappears” elsewhere in the economy in “capitalist” enterprises. It is difficult to ascertain how each individual landlord invests their surplus and this represents an avenue for further research. Nevertheless, if rent was collected for profit-maximising purposes one would expect efforts by landlords to develop the productive forces and encourage investment. Furthermore, initial testimonials from farmers and officials suggest that rent is mainly used by landlords for consumption, supplementing their (already high) incomes which derive from the service sector and positions in the bureaucracy, long the domain of landed households. Furthermore, a large number of “capitalist” enterprises, such as factories, are run by Marwaris who in this region were reportedly not significant landlords.

*The role of industry.* In the case study villages, it is clear that in the context of high rent, usury and low yields, tenant agriculture is insufficient to support a family, particularly when households have cash needs on top of their nutritional requirements. Employment in the non-farm economy on the other hand, offers a supply of cash, although as with tenancy, the unskilled non-farm wages are insufficient to support a family and, at the time of research, were on average just Rs125 (US\$1.70) per day. Furthermore, given the underdeveloped character of the capitalist sector, work is insecure and difficult to find. In this context, they intensify the use of their family labour, completing a portion of their “necessary” labour both on and off their land, with the entire surplus being appropriated through rent, interest on loans and off-farm wages.

Out of the sample, 26% of tenant households (including part-tenants) farm while also working in manufacturing industries, thus rotating between the capitalist and semi-feudal modes of production. Another 35% have not been able to secure factory employment, which is in high demand, and instead seek work on a more casual basis in Biratnagar town, as rickshaw or hand-cart pullers or as labourers in the burgeoning construction sector. Although not directly capitalist, Biratnagar’s industries and the comprador import-export sector would not be able to function without this supporting labour, not to mention the bureaucracy through which the entire social formation is reproduced.

While it is evident that there is an articulation of modes of production, what are the structures of dominance in this social formation? It appears that the presence of industry by no means has the potential to undermine semi-feudalism by causing a “pull” out of agriculture. In fact, the two modes of production supplement each other. First, control over land by an absentee landlord elite constrains farmers from meeting their subsistence needs through agriculture due to rent obligations. This drives tenant farmers to simultaneously compete for work in the industrial and urban sector, where they are willing to

receive wages below subsistence levels. This benefits capitalism in both the manufacturing industry and the urban tertiary sector on which the former depends. Secondly, levels of employment and wage rates remain at levels that competition for tenancies remains high despite industrial development, favouring landlords. In this context tenants' necessary labour time is carried out on both the land and in the non-farm sector, while the net surplus produced by households is "shared" between urban-based landlords and capitalist employers (both directly in the case of industry and indirectly in the case of casual urban labour).

A remaining question relates to the landless labouring households. Could they signify the emergence of a class of free (or unfree) capitalist wage workers? This appears unlikely. First, many of these labourers cannot really be separated from the tenant class. Households move in and out of tenancies periodically, and many who are classified as "landless labourers" are simply those who were unsuccessful in finding land to rent at the time of research. These periods of complete separation from the land usually cause families to intensify their labour off the farm, normally in the urban informal sector, while pursuing other activities dependent upon common property resources, such as fishing or livestock raising. Secondly, the proportion of landless labourers employed in factories is only 11%, with just 28% working as casual urban labourers. In fact the landless labourers actually participate *less* in the non-farm labour market than those simultaneously engaged in tenant agriculture (61% of tenants engage in non-farm labour as opposed to 39% landless labourers). This is probably because many of the remaining landless labourers have very limited involvement in the capitalist sector in the first place. They are dependent mostly upon agricultural labour, often within the *pre-capitalist* semi-feudal or independent peasant mode of production, whereby wages are paid in both cash and kind. This includes labouring for other tenants or owner-cultivating peasants who are facing (often temporary) shortfalls of family labour, such as during the paddy transplanting season, as well as working for the few locally based small landlords. They represent the poorest group in the region with subsistence needs pushed to the physiological minimum, and many are from the Rishidev (Musahar) community.

It is clear, therefore, that capitalist industry in the Tarai is far from undermining landlord power. As of 2008 across the far eastern Tarai (Sunsari, Morang and Jhapa districts), only 9% of active workers have found employment in manufacturing (Central Bureau of Statistics 2008). A small increase in manufacturing jobs will be unlikely to succeed in undermining the articulation with feudalism unless competition for jobs is substantially reduced to the point that wages begin to rise and rents fall. This seems unlikely to occur so long as industry remains dependent upon foreign (mostly Indian) capital, and comprador interests remain entrenched in the bureaucracy. This has consistently impeded the development of domestic enterprises producing higher value products, not to mention the forward and backward linkages associated with broad-scale industrial capitalism.

Further analysis would be necessary to identify the more complex convergences and divergences of interests between the landlord and industrial capitalist class, although for now it seems that a stable and mutually beneficial articulation has emerged between the two modes of production they control. The mediating role of the state is perhaps significant in supporting this articulation and preventing conflict, given its historical role representing the interests of landlords, Indian expansionism and a domestic comprador class.

*Migration and pre-capitalist reproduction.* A final question relates to the role of overseas migration in undermining or reproducing the semi-feudal mode of production. In the 1990s and 2000s across Nepal, there has been a significant rise in overseas labour migration to the Gulf and newly industrialised economies of Southeast Asia (Graner and Gurung 2003). According to the 2003–04 National Living Standards Measurement Survey, 18.1% of households in the rural eastern Tarai now receive remittances from abroad (Lokshin, Bontch-Osmolovski, and Glinkskaya 2007). In this context, the government has actively facilitated the remittance economy (Graner and Gurung 2003; Sugden 2010). This arguably serves to reinforce Nepal's subordinate position in the global economy, reinforcing a structure of economic dependence from which the comprador class has benefited for generations, while possibly averting class struggle.

The vast majority of these migrants come from the Tarai's hill settler population, particularly from the prosperous regions to the north of the Tarai settled in the 1960s.<sup>18</sup> Migration is, however, also becoming more significant in the regions where the semi-feudal mode of production remains pre-dominant. In the case study VDCs described above, the field survey recorded that 8% of households had at least one family member overseas. However, migration requires capital, and thus it is primarily the better off farmers, most of whom at least hold some land as owner-cultivators, who are receiving remittances. These patterns of migration represent an international articulation of modes of production whereby predominantly male labourers supply cheap labour to capitalism abroad, while their families are supported at home by pre-capitalist agriculture.

Although articulated primarily with independent peasant farming, migration also serves to reinforce semi-feudalism as some of the farmers who could *potentially* show signs of accumulation have instead chosen to migrate, sometimes leasing out their land as tenancies to poorer households. This explains the 3% of renting-out households in Table 1. Interestingly, ethnic unrest in the Tarai over the last few years has encouraged many of the larger landlords to sell off some of their estates in more remote regions. Recent discussions in the field, however, revealed that many of these are being sold not to local landless tenants or labourers, but to the families of migrants, who continue to rent them out, pointing perhaps to a further shift in the dynamic of feudalism over coming years.

## Conclusions

This paper has demonstrated how pre-capitalist feudal modes of production have persisted in parts the far eastern Tarai, a process which has been mediated by the intersection of diverse political, cultural and economic relations across the sub-Himalayan lowlands, including those associated with capitalism itself.

Following the early subordination of indigenous communities by expanding centralised states, feudalism in the far eastern Tarai has evolved from a system grounded in state appropriation of surplus to a more decentred mode of production whereby individual landlords appropriate much of the surplus. Nevertheless, the earlier social formation had integrated landlords within the state bureaucratic alliance. These landlords, most of whom are of high caste hill descent, were able to maintain more power than the indigenous nobility, whose political networks were less conducive to the reproduction of their class position. Today, therefore, politically mediated control over land has remained important to the perpetuation of present-day feudalism, whereby "land reforms" have been avoided and political patronage legitimates the existing class structure.

At the same time, the Tarai's (and Nepal's) position in the global and regional economy has impeded the emergence of organic capitalist development which could have undermined feudal relations. This has emerged from a legacy of political alliances between the Kathmandu rulers and a comprador bourgeoisie serving the interests of foreign (mostly Indian) capital within the same bureaucracy which represents landed interests. Profits from the far eastern Tarai's manufacturing industries continue to be drained to investing economies while development of the sector remains limited. In fact, the legacy of subordination to both imperialism and feudalism manifests itself today in an articulation of modes of production, whereby the largely landless tenant and labouring households provide cheap semi-proletarian labour to the Tarai's capitalist sector. The net product of surplus labour is thus shared between landlords and the predominantly foreign-owned industries.

This raises important lessons for the analysis of globalisation. It is clear that capitalism is by no means an omnipotent force that will transform economies in its wake. Its interaction with older modes of production is far more complex. Political and ideological processes within social formations, as well as the external imperatives of capitalism itself, can serve to reinforce the power and autonomy of older economic formations, while selective opportunities for surplus appropriation by capital are developed without challenging pre-capitalist authority.

The multiple levels at which semi-feudalism has been reproduced in the far eastern Tarai also points to fundamental challenges to transitional Nepal and may shed some light on the lack of social transformation, despite the political changes of the last five years. While the king, who could be considered as a symbolic representation of feudalism has been removed, and left parties are influential in the government, much of the old bureaucracy remains in place. It would thus be naïve to assume that the feudal-imperialist nexus would have contracted in the monarchy's wake, just as one cannot assume that capitalism will flourish following "technocratic" development interventions. Of course, what is required to facilitate transition to a more equitable economic formation is not "more capitalism." Instead, Nepal requires a much deeper structural transformation. This must be directed by effective social mobilisation on the ground against both capitalist and pre-capitalist class contradictions which are present at multiple geographical scales on an economic and political level.

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### **Notes**

- <sup>1</sup> Marx refers to these characteristics of feudalism in a number of his writings, but it is dealt with most systematically in the discussion on "Rent of Land" from the Economic and Philosophical Manuscripts.

- <sup>2</sup> As Bhaduri (1981, 44) notes: “Translated into the language of daily politics in India, our schematisation of the class structure in Indian agriculture corresponds to the coexistence of ‘feudal remnants’ (or semi-feudalism) sustained by a nexus of forced commercial relations and ‘capitalist tendencies’.”
- <sup>3</sup> The VDC is the primary unit of local government in Nepal, comparable to the Indian *panchayat*.
- <sup>4</sup> For the survey, all homesteads in the selected wards were given a number on a self-made map of the community. A random number table was used to select 20% of households, producing a total sample size of 180. Selected households were approached and the purpose of the study explained prior to beginning the survey. One household opted out. A further 20 households (who showed an interest in the research and were from different class and ethnic groups) were selected from the sample to participate in in-depth qualitative interviews. Several informal focus groups were also conducted and oral histories were collected from key informants residing locally.
- <sup>5</sup> This also parallels colonial accounts in 1911 from the Western Dooars, the eastern extension of the Nepal Tarai in contemporary North Bengal, a region with similar ethnic and ecological characteristics (Grunning [1911] 2007).
- <sup>6</sup> According to Singh (2007) any potential accumulation of surplus which does take place in *adivasi* social formations is undermined by redistributive mechanisms. It is taxation and other coercive measures of capitalism and/or feudalism which restructure this mode of production.
- <sup>7</sup> There are a series of interesting government directives from the far eastern Tarai in the late eighteenth century usefully compiled by Regmi (1971). These records indicate the feudal character of the regime, with the diversion of surplus to elite consumption within the ruling class. The Morang *subba* or district administrator lists the expenditures made with agrarian revenue, including gifts for distribution within royal networks, wedding and medical expenses for the royal family and salaries for artisans to maintain palaces. A later directive indicates expenses such as providing hospitality for visiting “Englishmen, Nawabs and Rajas and Wakils” (Regmi 1988, 1).
- <sup>8</sup> A set of directives from 1804–05 recorded in Regmi (1973) point to military uses of revenue. These include the use of tax revenue from Morang to purchase steel from Kolkata for the manufacture of munitions. The above two directives were also discussed in Sugden (2011).
- <sup>9</sup> Labour recruitments from Nepal increased in the later colonial era as workers migrated to populate the tea plantations in Darjeeling, the Dooars and Assam, although the British did not require territorial control of Nepal to mobilise these workers.
- <sup>10</sup> This echoes Bettelheim (1972), who suggests that the global capitalist mode of production is subject to a “twofold tendency.” First, it reproduces the relations and forces of production at the scale of each national social formation, including the reproduction of specific forms of domination between capitalist and non-capitalist modes of production. Secondly, at an international scale it reproduces the unequal relations between these social formations. The degree to which capitalism can actually achieve dominance within a given social formation is thus mediated by these relations (Bettelheim 1972).
- <sup>11</sup> Gaige (1976) notes that across the Tarai in the 1960s, high caste hill settlers had relatively good connections with the local and Kathmandu-based bureaucracy.
- <sup>12</sup> More examples of patron-client relationships involving political parties in Morang are documented in Ollieuz (2011).
- <sup>13</sup> Investment in means of production entails the investment in inputs which maintain existing levels of productivity. Under capitalism, the reproduction of the means of production is paid for out of surplus value. However, as labour has not been separated from the means of production, investment in the inputs necessary to produce enough for the family to subsist must be paid for with the product of necessary labour time.
- <sup>14</sup> The product of which is appropriated by the bourgeoisie in value form under capitalism (Marx 1974, 208–209).
- <sup>15</sup> The determination of households to secure tenancies is evident in the main Bantar village of Bhaudaha. It was revealed that seven households are farming as sub-tenants. A few “enterprising” tenants have used their social networks to rent out extra land and then sub-let it to those not fortunate enough to have the necessary contacts, making five *maund* (200 kg) profit as the discussants termed it, “*for no extra work*.” They went on to suggest that poor farmers were willing to take up sub-tenancies at inflated rates of rent given the high unemployment and landlessness.
- <sup>16</sup> With this inter-linkage of merchant and usurer capital, further inflation of interest often occurs at the time of sale, whereby the trader decreases the grain price against which repayments are calculated to *below* the market rate. As farmers are obliged to repay the loan they cannot sell to a different grain trader offering a better rate (see Crow and Murshid 1994; Harriss-White 1996).



- <sup>17</sup> A nexus between merchants and landlords has been found to be present in other parts of the eastern Tarai in Hatlebakk (2002). Labour-employing landlords collaborate with merchants to keep agricultural wages low.
- <sup>18</sup> A sample survey of Gulf migrants carried out by Graner and Gurung (2003) recorded a significant under-representation of indigenous Tarai communities.

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