

### 1.1 Introduction

Nepal's history is better documented than Sikkim's but its society is more complex and its people more diverse. A small country at the collision zone of the Indian and Central Asian tectonic plates that lift the Himalayas to the highest points on Earth, Nepal has three very different regions north to south; high mountains abutting Tibet, a central hilly area, and a plain that borders India almost at sea level. North-south valleys cut deep by mountain streams divide it east to west. Travel in any direction is very hard. It was unified two and a half centuries ago under a Hindu king but most Nepalis continued to practice their own religion and identified with their tribe. Even today more than ninety languages are in use. The borders were closed and the kings became figure heads in the mid-19<sup>th</sup> century. For the next hundred years Nepal was run by a single family that tax-farmed everyone else. Half a century later, most Nepalis still live in poverty and remain bonded to their family and ethnic group. In 2008 they voted to establish a secular democracy in a federally structured republic. The politicians elected to draft the associated new Constitution within two years failed to deliver.

### 1.2 Geography

Sandwiched between India on three sides and China to the north Nepal occupies the central third of the Himalayas. It is roughly rectangular, about 500 miles wide and 125 miles north-south. In that short distance it ranges from just above sea level in the south to five and a half mile high mountains in the north. It is a little larger than Arkansas.



Because its latitude is about the same as Florida's it has a tropical climate in the south but its higher elevations are cool, cold, subarctic then arctic zones. Over 70% of its rainfall is in the summer monsoon when moist air blowing in from the Bay of Bengal is blocked by the Himalayas. The Indian tectonic plate forcing itself under the weaker

## 6 - Geography, History, People and Economy of Nepal

Tibetan crust raises it a couple of inches every year, twice as fast as our fingernails grow. The Himalayas are the fracturing edge of that crust.

The tectonic plates' collision centers on the main Himalayan thrust belt (MHT) from which rise four major east-west fault lines that change profile between central and western Nepal. Those fault lines form the boundaries between Nepal's low, middle and high altitude regions. Most of the fifth of Nepal's land that is usable for agriculture is in the Tarai, chiefly the Outer Tarai, an alluvial belt at the northern end of the Gangetic Plain divided from the valleys of the Inner Tarai by the Siwaliks, a 3,000 foot range of coarse sediments at the main frontal thrust (MFT).

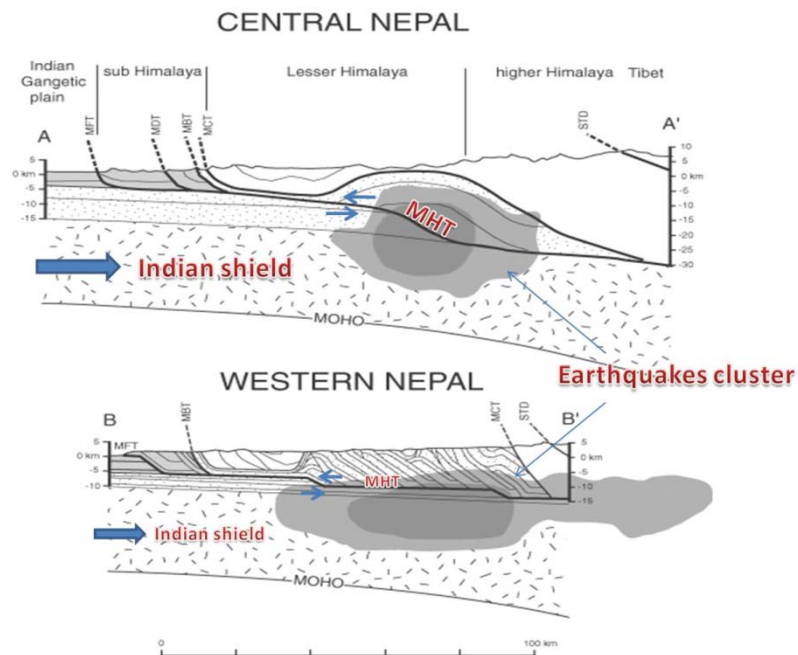


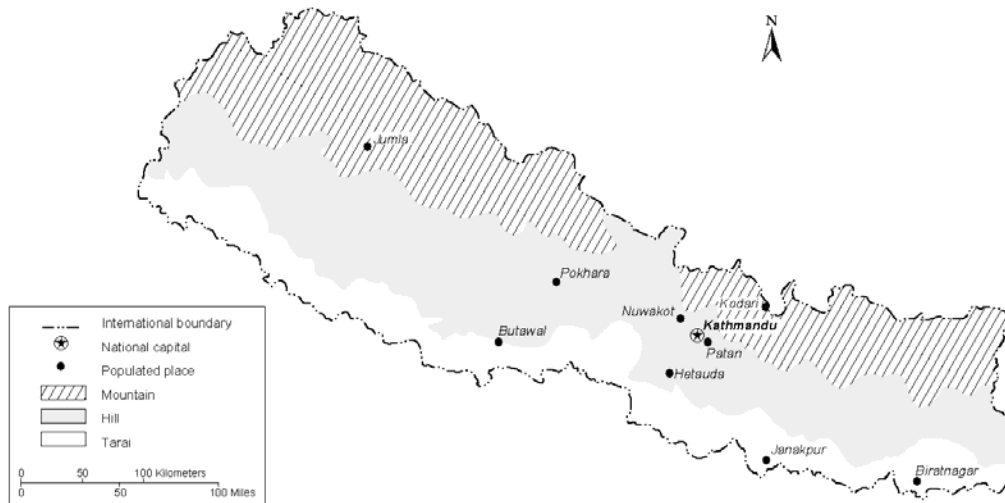
Fig 4: Cross-section and projection of microseismic activity (modified after F. Jouanne et al., 2004)

The hill region starts at the 3,000 to 5,000 foot high escarpment at the main boundary thrust (MBT). This south-facing precipice separates the cultures of the Tarai from the increasingly urban Kathmandu and Pokhara valleys and the Tibeto-Burman groups in the higher hills. The hill region extends almost to the tree-line at around 11,500 feet. About a quarter of Nepal's land is forest, much of it in the hill region since the Tarai was cleared for agriculture. Only the rice-growing lower valleys can produce enough food in the hill region. Many of its folk work seasonally in the Tarai or longer term overseas, most famously as Gurkha soldiers.

The Mountain region starts at the main central thrust (MCT) fault zone and rises rapidly to the giant peaks and the final major fault zone, the South Tibetan Detachment System (STDS) which forms the boundary with the Tibetan-Tethys area. Annual rainfall, which increases with elevation in the hill region, declines at higher altitudes in the mountains. The semi-arid glacial valleys of Humla, Jumla, Mustang, Manang and Khumbu among the snowy mountains can support only a few people, mostly of Tibetan/Mongol origin.

## 6 - Geography, History, People and Economy of Nepal

The flow of Nepal's three main river systems, which are fed by glacial melt and monsoon rain, changes dramatically with the seasons. The Koshi in the east, Gandaki/Naryani in the center and Karnali in the west are prone to disastrous summer flooding as they meander over the Tarai toward the Ganges.



Located over an unimaginably huge crash that never ends, Nepal is not blessed with human-friendly geography. The mountains are uninhabitable, earthquakes and raging rivers destroy homes, dams, roads, bridges and farmland; precipitous hillsides and jumbled valleys thwart transport, communication and administration; much of the land is un-farmable; there are few useful minerals and there is no ocean access. Only hardy people can survive in such a place.

### 1.3 History

It is often written that Nepal's name<sup>1</sup> originates from a pious cowherd, Ne, who settlers in the Kathmandu valley chose as their ruler or who was advisor to the king. Others attribute the name to Bengal's Gopala dynasty that once ruled Nepal. They were known as Nepa, probably from Tibetan *ne* for home and *pal* for wool; the Kathmandu valley produced much wool. The most likely origin, however, is Sanskrit *nipalaya* meaning 'at the foot of the mountains' in the same way Piedmont lies at the foot of the Alps.

The first known inhabitants of Nepal are Mongol Kirats from the east who settled in the Kathmandu valley in the 7<sup>th</sup> or 8<sup>th</sup> century BC. The epic Mahabharata tells how their first king, Yalambar, met Indra, king of the Hindu gods, and was killed in a battle where gods and men fought side by side, presumably against unknown earlier inhabitants of the region. Not much is known about the Kirats' long history. Buddha is said to have visited them and Mauryan Emperor Ashoka certainly did. He erected stupas in the Kathmandu valley in the 3<sup>rd</sup> century BC and his daughter married a Kirat prince.

---

<sup>1</sup> Nepalis knew Britain as Bilait, from which British soldiers coined Blighty to mean home. Maybe the slang term "blighter" has the same origin, one who behaves ignorantly of local customs.

## 6 - Geography, History, People and Economy of Nepal

---

The Kirat age ended in the 1<sup>st</sup> or 2<sup>nd</sup> century AD when the Licchavi invaded from northern India and introduced Hinduism. The Kirats fled east and are believed to be the ancestors of today's Rai and Limbu. The Licchavi remained in power until the 9<sup>th</sup> century despite threats from the Indian Gupta Empire. Like the Kirats, the Licchavi ruled only in the Kathmandu valley. The rest of today's Nepal was small principalities.

The next rulers of the Kathmandu valley were Newari under Malla kings from the 13<sup>th</sup> to the 18<sup>th</sup> century. They extended their rule into Tibet and south to the Ganges before contracting into the independent city states of Kathmandu, Patan and Bhaktapur. At the end of the 14<sup>th</sup> century, unrelated Malla kings of Jumla ruled all Nepal west of Pokhara and from Tibet three quarters of the way south to India. The first known kingdom in western Nepal came under the influence of Hindus from Rajputana, the Khas, in the 12<sup>th</sup> century. They were followed in the 16<sup>th</sup> century by refugees from Mughal invaders. The Gorkha king who unified Nepal in the 18<sup>th</sup> century claimed Rajputs as his ancestors.

Nepal's unification dates from when king Prithvi Narayan Shah of the Gorkha principality conquered the Kathmandu Valley in 1769. In 1742 when he became king at age twenty-two the British East India Company was unifying northern India. Gorkha was very poor but the Kathmandu Valley had good farmland and dominated trade between India and Tibet. Gorkha had been trying to get into that trade since the early 1600s and invaded Tibet twice around 1630. After the Gelugpa gained control of Lhasa and Tsang in 1645, the Mallas in Kathmandu got a treaty to mint Tibet's coinage. Gorkha king Shah got control of the hills north of Kathmandu and cut off their trade with Tibet. He then moved south to strangle their trade with India. The Malla king sought help from British India but they sent only an easily defeated force and Kathmandu fell. Trade was promptly resumed under Shah's new regime. He figured taxes on trade would finance his government and he would pay the army by seizing new land from which army leaders could collect rent. To do that, more and more territory had to be conquered.

It is unclear if unifying Nepal was Shah's original goal. He spoke later of the new nation as a garden where all tribes and castes would live in harmony and he worked hard to establish a good administration for its diverse cultures. After he died in 1775, Nepal continued to conquer new territory. It was blocked to the north after a defeat in Tibet in 1792 and Nepal had to pay tribute to China until the Manchu dynasty fell in 1912 but it continued expanding east and west. By 1810 it was twice its current size, ranging from Sikkim to Kashmir. British power in India was also increasing, however, and they imagined invasion by Nepal to be a potent threat. In fact, Nepal was on a very weak foundation. For thirty of the forty years after 1775 it was ruled by regents.

Prithvi Naryan Shah's eldest son ruled for less than three years before he died in 1777 and was succeeded by his sixteen month old son Rana Bahadur with his twenty year old widow as Regent. His younger brother Bahadur Shah became Regent when she died in 1785. He began new conquests hoping to build loyalty with more grants of land but as the territory grew so did the army's cost. He tried to raise revenue by using private contractors to collect taxes. They exploited the tenant farmers. Soon after the defeat by China in 1792 nineteen year old Rana Bahadur dismissed the Regent and began his own rule. Many Nepalis, especially in the Tarai which was the source of most of Nepal's taxes, were leaving for India because the British offered more security and lower taxes.

## 6 - Geography, History, People and Economy of Nepal

---

The king did away with tax contractors and tried to replenish the treasury by re-possessing land. That alienated the aristocracy. Then he became obsessed with a beautiful widow who, because he already had wives, would marry him only if he guaranteed that their future son would become king. She fell ill in 1797 soon after their son, Girban Yuddha, was born and feared the king would not fulfill his promise. To ease her mind he abdicated in favor of their son in 1799. She died six months later.

Still only twenty-four and now enraged at the gods, ex-king Rana Bahadur tried to regain the throne but the army remained loyal to his infant son. He fled to India and his wives began contesting for the regency. The British offered to keep him in return for being allowed a Resident in Kathmandu. Nepal agreed and promised a stipend for the ex-king. The newly established Resident was a prickly fellow who, when the stipend was not paid, threatened to leave. Since Nepal could not pay and he would not back down, he was replaced. Then in 1804 Britain allowed the ex-king to return to Kathmandu. He began by acting as advisor to his son and two years later proclaimed himself chief minister upon which he was assassinated by his half-brother who was assassinated in turn by the ex-king's advisor, Bhim Sen Thapa. He made his relative Rana Bahadur's fifth wife regent and held the real power for the next thirty-one years.

To strengthen his hold, Bhim Sen Thapa started the army attacking towards Kashmir. When Britain responded by claiming the Tarai he made a defensive alliance with the Mahratta and Sikh Indian states. In 1812 Britain asserted control over three dozen Tarai villages and when negotiations failed in 1814, took possession of twenty-two. When Britain withdrew their troops at the start of the monsoon, Nepal ousted the remaining police posts. After the monsoon, the British attacked all along the border. The Nepali soldiers terrified the Indian troops. One British commander was killed, another deserted and two more were paralyzed by fear. In April 1815 the remaining commander with a larger force decisively defeated Nepal's greatest army leader and two weeks later the war was over. The help Bhim Sen Thapa was counting on from the Mahrattas and Sikhs never came. Defeated Nepal lost its territories east and west of its current borders as well as a substantial part of the Tarai. It was now surrounded by the superior force of the British on the east, south and west, and China to the north. Bhim Sen Thapa negotiated a new border because Britain had seized so much of the Tarai that Nepal could not support itself. He made the British realize raiding would have been unstoppable. He remained in power until 1837 but his power weakened after 1831 when King Rajendra came of age<sup>2</sup>. Abetted by the Senior Queen, enemies he made by increasing taxes engineered a show trial after which he was imprisoned and told his wife had been paraded naked through the streets. He committed suicide with a kukri and his desecrated body was given to the dogs.

A period of confusion followed while King Rajendra, his queens and ministers jostled for power. That ended with the Kot massacre in 1846 when General Jung Bahadur seized control. Thirty-two nobles were killed and their families exiled after the queen, who said she was acting on behalf of the king, appointed Jung Bahadur as chief minister. When she later tried to have him assassinated the king exiled her to India and put twenty of the plotters to death. The king himself later tried three times to have Jung Bahadur

---

<sup>2</sup> He came to the throne in 1817 when 20 year old king Girvan Yuddha died

## 6 - Geography, History, People and Economy of Nepal

---

assassinated but he was protected by the army. They exiled Rajendra to India and replaced him with Crown Prince Surendra and Jung Bahadur as ruler. That was the start of what turned out to be a hundred years of Rana supremacy.

The way Jung Bahadur came to power was not unusual; only one chief minister had died a natural death in the previous seventy years. He was, however, unusually capable. He reorganized the administration, established monthly payroll reporting and vigorous performance reviews of all state employees, and made significant land ownership and revenue reforms. He also got the king to elevate his family to the Rana sub-caste in 1848, claiming the Rana family of Chittar in India as his ancestors. This enabled his kin to marry into the king's family. He invited himself to England in 1850 and saw how a system of laws enabled every government process to be controlled. Back home he initiated codification of Nepalese law. The resulting 1854 code became the only comprehensive application of Hindu legal principles to a whole nation. He established a Civil Service to operate on the British principle that government officials must act solely according to the law, uninfluenced by the King, Chief Minister or any other person. That turned out to be unenforceable.

Another thing Jung Bahadur saw was the immense wealth Britain got by trading opium for China's tea and silk. Since opium grew in the Tarai he decided to get into the business, too. Britain's control of the oceans was too great an advantage, however. His only shipment disappeared without trace on the two year round trip to Peking. A successful initiative was his offer to help the British in the 1857 Indian Mutiny<sup>3</sup>. That was a year after he got the king to grant him supreme hereditary power. He would not allow his troops to be divided or serve under British command and they returned with enormous loot. He was the only prince on the Indian continent who came to Britain's defense. He was rewarded with the Knight Grand Cross and the western Tarai was restored to Nepal. That was the high point of his prestige. There was increasing corruption and nepotism in the second half of his time in power. He established rules of succession to every important government office. Members of the families of Jung Bahadur and his six brothers put dependents in sinecures. Administration became an ambitious person's best career path.

When Jung Bahadur died in 1877, Ranoddip, his fourth brother who commanded the army surrounded the palace and informed Jung's sons that King Surendra had appointed him to all Jung's lands, titles and position. In 1878 the Crown Prince died, allegedly of smallpox, more likely poisoned. Three years later King Surendra died and was succeeded by his six year-old grandson. Two months later ex-king Rajendra died. Chief Minister Ranoddip ruled ineffectively and with growing opposition for eight years before being killed in 1885 by the sons of his youngest brother. They tried to kill all of Jung Bahadur's sons at the same time but got only the eldest. Jung's line and those of his brothers were eliminated from the succession, however, and replaced by the Shamsher line.

Bir Shamser replaced his assassinated uncle Ranoddip as Chief Minister, had difficulty being accepted by Britain as Nepal's leader, and led another ineffective administration. He faded to a quiet death in 1901, two years into Curzon's time as Viceroy of India, and

---

<sup>3</sup> Known in India as the 1<sup>st</sup> War of Independence

## 6 - Geography, History, People and Economy of Nepal

---

was succeeded by Dev Shamser who began a program of reforms that outraged the nobles and delighted everyone else. Within three months he was replaced at gunpoint by his brother, Chandra Shamsher. Chandra Shamsher was immediately acknowledged as Chief Minister by Viceroy Curzon. They had just been tiger hunting together in the Tarai. Curzon supported him because he believed Russia was moving into Tibet and wanted India to have a buffer. Chandra supported the mission Curzon sent to Tibet in 1903. China protested the treaty forced by Curzon's emissary Younghusband. London reversed it and acknowledged Tibet's dependence on China<sup>4</sup>. They also switched the China-India trade route to Sikkim and Nepal lost its transit tax revenue. Chandra attempted administrative reforms but little money was available until after WW1. He offered Nepal's entire military resources to Britain in August 1914 even before war began<sup>5</sup>. By war's end, Nepal had supplied over 100,000 soldiers. In response Britain recognized Nepal's independence in 1923. The British had everything they wanted from Nepal without ruling it. Recognizing its independence was no sacrifice. They remained cautious about losing influence, however, because the 1919 outbreak of the 3<sup>rd</sup> Afghan war sparked revolts in Waziristan, instability in Tibet, and growing Japanese influence in Mongolia. It was only in 1934 that accredited British and Nepali ministers were stationed at each other's courts, the traditional symbol of independence. That allowed Nepal to start establishing relations with other countries.

WW1 also had negative results for the Ranas. Soldiers returned with new ideas, including freedom. Nepal's borders had been closed since 1816. Apart from a few traders the British resident and his staff were the only outsiders in Nepal until 1951. It was not just that large numbers of Nepali soldiers saw wealth and freedom abroad; their farms were devastated by their absence. Chandra ameliorated unrest with the million rupees a year Britain granted for war services and began large scale public works. He also abolished the Hindu ritual of Sati (self-immolation by a widow on her husband's funeral pyre), ended slavery (over 60,000 slaves were freed), and returned to systematizing the administration. When he died in 1929 he was much admired for what he had done for Nepal. He'd also done well for himself. He left vast land holdings and great palaces. His heirs are still among the wealthiest of Nepalis.

Chandra was succeeded by Bhim Shamser, a quiet man in his sixties who died in 1932 after an insignificant rule. He was succeeded by army General Joodha Shamser who failed to understand the rising forces of Nepalese nationalism and opposition to Rana rule but got a temporary boost in popularity from his response to Kathmandu's catastrophic earthquake in 1934. The next year he set up an economic development board and tried to negotiate foreign trade treaties to develop new industries but there was no real progress. Nepal's first political party was formed in 1938, secretly financed by King Tribhuvan. Its leaders were jailed in 1940. When WW2 broke out Joodha sent more than 200,000 soldiers to help Britain. It became clear as the war progressed that even if Germany and Japan were defeated the British Empire would not survive. The end

---

<sup>4</sup> Details in Chapter 8 – Geography, History and People of Tibet

<sup>5</sup> Wikipedia (June 27, 2008) says *"The Ranas wanted to join the war in support of Britain, which controlled India to the south. The prime minister always had his way with the young king who was interested only in worldly pleasure and copulating activities. Tribhuvan eventually ordered the troops to go to war."* It seems unlikely King Tribhuvan's copulating activities were far advanced at this time because he was barely eight years old.

## 6 - Geography, History, People and Economy of Nepal

---

of its rule in India would be bad for Nepal because the annual gift for its services in WW1 was paid from Indian resources. Independent India would not continue those payments. Believing Nepal's problems were insuperable, Joodha almost resigned in 1942 but Britain's Viceroy persuaded him to stay. Immediately after the war Joodha turned over rule to Padma Shamsher.

The Nepali National Congress (NCC), Nepal's first mass political party, whose goal was to replace the Ranas with an elected government under a constitutional monarchy, was established the same year India became independent, 1947. Nepal's first industrial strike broke out the same year at the Biratnagar Jute Mill. The army responded too late with too much force. Realizing change was inevitable Padma asked India's help to develop a constitution. He could not overcome opposition to the constitution from other Ranas even though they would have remained in power. Britain proposed to develop Nepal's hydroelectric potential as a gift to strengthen its economy. He could not get that done either. He survived a currency crisis and mounting protests, promulgated the new constitution in 1948 then resigned.

Mohun Shamser, the leading opponent of change now took control. The newly promulgated constitution established free speech, free compulsory elementary education and universal adult suffrage. Nepalis for the first time had basic rights. Mohun immediately squelched free speech and banned the NCC. When its jailed leaders began a hunger strike he said it was their own responsibility if they died. Nehru protested because it would be a mortal sin to cause the Brahmin NCC leader's death. Nehru believed the Ranas should stay in power because change should be gradual. With no local support, Mohun had to have Nehru's and released the strikers. The next year the Indian Socialist Party condemned the Rana regime. In 1950, Mohun inaugurated Parliament as the constitution required but every seat was filled by a Rana supporter and it never met. The NCC sent armed protesters to Kathmandu. Mohun arrested its leaders. Tribhuvan blocked their execution. Mohun decided to replace him. When Crown Prince Mahendra would not cooperate he planned to put Tribhuvan's grandson on the throne. Late in 1950, pretending they were going on a picnic, Tribhuvan and family drove off in a motorcade but turned in at the Indian Embassy and the gate was locked behind them. Four days later, Nehru evacuated them by air to New Delhi and armed revolt broke out.

Mohun Shamser claimed Tribhuvan had abdicated. Nehru refused to recognize that. He wanted to use Tribhuvan's presence in India to force a settlement stabilizing Nepal so he could focus on China. Nepal's 1949 application for UN membership was blocked by Russia because Hungary and others they considered their satellites were denied. Now China was claiming Nepal as part of its territory as well as Tibet. Nehru had made treaties with Nepal, Sikkim and Bhutan to guide their external relations after China invaded Tibet. Indian public opinion was strongly opposed to the Ranas. Nehru at first supported the NCC insurgents who claimed to have captured a third of the country but he worried Nepal would be destabilized if the Ranas fell. Maybe liberated Nepalis would turn to communist China? The Communist Party of Nepal (CPN) had been formed in 1949. In any case, the Ranas were the only ones with any experience of government, so in February 1951 Nehru forced the "Delhi Compromise", a new constitution under which Tribhuvan remained King, Mohun Shamser Chief Minister although not on a hereditary



## 6 - Geography, History, People and Economy of Nepal

---

basis, and there was a Cabinet of five Ranas and five popular representatives. King Tribhuvan proclaimed; *"the government of our people will be carried on henceforth according to a democratic constitution prepared by a constituent assembly elected on the basis of direct universal suffrage."* Seven months later the NCC leader led the popular bloc out of the Cabinet and Mohun had to resign. Tribhuvan ruled directly for a short time but his health was failing and rivalry crippled other attempts to lead. As the British Ambassador reported in 1954, *"the main political parties have broken into fragments. Not one could stand by itself yet each is loud in the abuse of others. Those of the people who concern themselves with politics, they are not in a large proportion anywhere outside Kathmandu, are taking an unwholesome interest in Communism as an alternative to the futility of the present political squabbles."*

Tribhuvan was succeeded in 1955 by Mahendra. He introduced limited democracy that banned opposition parties in 1960 and a new constitution in 1962. Many of the established elite were voted out in the subsequent elections. Mahendra ruled directly via a Western-style permanent civil service. His ministers and the parliament had no real role. On his death in 1972 he was succeeded by his son, Birendra. Birendra also ruled autocratically but he was forced by riots in 1990 to lift the ban on political parties. Parliamentary democracy was established, civil servants were no longer tenured and most of the senior ones were removed in 1993. It began to look as if a system of government by and for the people was being established even though no government survived more than two years and a Civil War started in 1996 by the Maoist party spread to the whole country. Nonetheless, Birendra came to be regarded as Nepal's best king. Then in 2001 he and his family were massacred at a royal dinner by his eldest son Crown Prince Dipendra. The official explanation is that Dipendra was drunk and enraged by his mother's opposition to his proposed marriage.

Birendra was succeeded by his brother Gyanendra who many Nepalis believe was behind the massacre. Gyanendra's forceful direct rule from 2003-6 became increasingly unpopular. Riots orchestrated by the Maoists forced him into a ceremonial role from 2006-8 that came to an end with an election in which the Maoists won 30% of the vote and abolished the monarchy. Their leader headed an interim government until he resigned over a dispute about integrating Maoist guerilla forces into the army. That interim government elected to draft a new constitution by May 2010 failed to meet the deadline. In the following months politicians jostled for leadership of the no longer fully legitimate government and made no discernable progress. It is impossible to know what will happen next or when because Nepal has never had an effective representative government, its people are extraordinarily patient, and Nepali time is in any case elastic.

### 1.4 People

The structure of Nepal's population mirrors its geography. Ethnicity, religion, language, culture and economy of people in the high hills are from Tibet. People of the lowland Tarai are indistinguishable from Indians on the Gangetic plain. Hill farmers in western Nepal are the same as those in northwest India. In the Kathmandu valley are Nepal's former rulers, the Newar, and high caste Hindus who unified present day Nepal. Because travel is so difficult Nepal's culture has remained diverse. Tibetan Buddhism overlaid on shamanism predominates in the high hills. Non-scholarly Hinduism, often

## 6 - Geography, History, People and Economy of Nepal

---

including animal sacrifice and consumption of alcohol, governs the social and religious practices of the Tarai and the western hills. The Newari adapted their Buddhist culture to the scholarly Hinduism of the Ranas. Although excluded from government they remained relatively wealthy. Everyone outside the Kathmandu valley stayed poor.

When the turmoil of unified Nepal's first stage ended with the start of Rana rule in 1846, a caste structure was codified. Based on the Indian system where Hindus are born into a major caste and an occupational sub-caste, it also accommodated Nepal's majority non-Hindu population. The Indian system has four varnas, the Brahmana who study the veda and perform sacrifices, the Ksatriya kings and warriors, the Vaisya peasants, merchants and craftsmen, and the Sudra who serve the higher castes. Below are the Untouchables. The Nepali system is also a hierarchy of five groups, but with a different structure. At the top are the pure castes of 'wearers of the sacred thread' and two categories of alcohol drinkers, non-enslavable and enslavable. Beneath them are two divisions of impure castes, touchable and untouchable.

Most tribes, especially Tibetan-influenced ones, were classified as enslavable alcohol drinkers. A few such as the Gurung whose culture is closer to Hindu practice were non-enslavable. Europeans and other outsiders were impure but touchable. Untouchables dealt with society's refuse, sharpened tools, prepared leather or performed other impure acts like those at the lowest level of Tibetan society. Caste's key feature is that status equates to purity. The caste into which you're born sets your maximum purity. Your level can be lowered temporarily or permanently by your actions. In the Indian system caste also determined occupation. In Nepal because communities were small and isolated most occupations were allowed for all. Food practices were important in both systems. The main prohibition on impure Nepalis, even if they are touchable, is that higher castes cannot accept water from them. Beyond that, caste rules were complex and confusing. Indian Hindus, for example, must be vegetarian while Nepalis could eat various meats depending on their caste. Caste is less important now Nepal is a secular republic but the cultural impacts of geography remain significant.

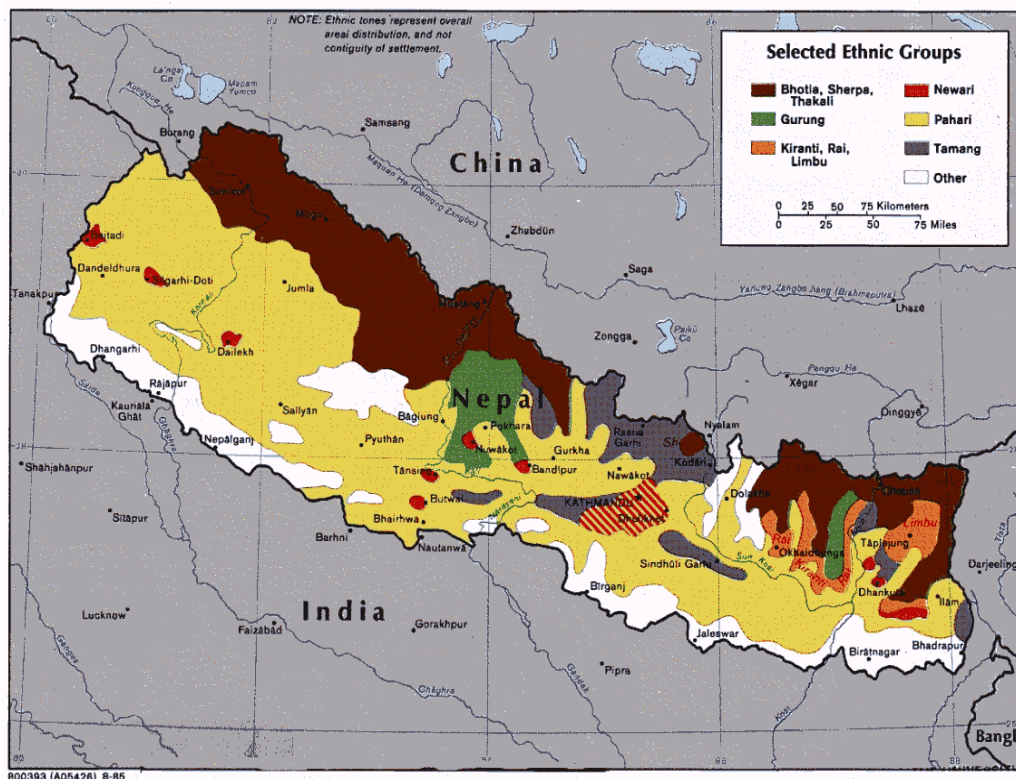
The Bhotia (label for many small tribes), Sherpa and Thakali live and believe very much as their ancestors did in Tibet. The culture and practices of the Gurung and Tamang who also live in the hills and are among the largest non-Hindu tribes are also Tibetan-influenced. The Kiranti, Rai (label for many small tribes) and Limbu are also non-Hindu but their cultures incorporate more from India. The Pahari, who speak Indo-Iranian languages not the Tibeto-Burman languages of the previous groups, are Hindu. They include subsistence farmers in the western hills and plains whose Hinduism is markedly unorthodox and the wealthy, powerful and scholarly Hindu families of the Kathmandu valley where the Newari also live. The ancestors of all these people came at different times from different directions. The Sherpas came from Tibet around 1,500. The Rai arrived much earlier, but we're not certain when or even from where they came.

**Brahman and Chhetri** people have dominated ever since Nepal was unified. The Indo-Aryan language of the Gorkhas is now the mother tongue of about half the population. Over half of all Nepal's Brahmans and Chhetris live in the western hills where they make up about 80% of the population. They are believed to have fled from Muslim invasions of India in the 14<sup>th</sup> century. Von Furer-Haimendorf says those peasant farmers who

## 6 - Geography, History, People and Economy of Nepal

moved to eastern Nepal after the country was unified are responsible for deforestation. Unlike Sherpas and others who use seasonal pastures, they cut branches and shrubs for fodder. Brahmans and Chhetris cremate their dead beside a river.

The 11<sup>th</sup> to 13<sup>th</sup> century empire of the **Khas** in western Nepal extended east to Mustang, south into the Tarai, and encompassed much of western Tibet. The Khas practiced Tibetan Buddhism until Brahmans and Chhetris from the southern plains of India came and established themselves as top dogs of a new order. Most educated Khas converted to Hinduism and many subsequently claimed to be Chhetri. The majority of Khas are subsistence farmers who are nominally Hindu and cremate their dead beside a river but in practice they are primarily shamanists. Like the Rai, the Khas commonly honor their dead by making a shaded resting place for travelers.



The **Newari** ruled the Kathmandu valley from the 13<sup>th</sup> to the 18<sup>th</sup> centuries. More than half the Newari still live there. In their heyday they built magnificent multi-tier pagoda temples. Their craftsmanship was prized throughout Nepal and far beyond, especially their elaborately carved door and window frames, until the Ranas began to model their mansions on French and Italian palaces. The Newari are not a tribe but an ethnic group with a caste hierarchy of thirty main categories that predates the national system. They appear to have come from both southeast Tibet and other directions because while they have a common cultural heritage they are of both Mongol and Mediterranean physical types. They came to be known as Newar in the 15<sup>th</sup> century and have been treated as a separate ethnic group since the 18<sup>th</sup>. Their language, Tibeto-Burman with numerous mutually unintelligible dialects, has had a written form since the 12<sup>th</sup> century when most Newars were tantric Buddhists. After the high caste Hindu Mallas whose kings were

## 6 - Geography, History, People and Economy of Nepal

---

considered to be avatars of Vishnu arrived from India in the 13<sup>th</sup> century the language was heavily influenced by Sanskrit and Newari Buddhism embraced the caste system. It always lacked a celibate monastic community and featured animal sacrifice; now its priests became a hereditary caste. Hinduism grew to have more prestige than Buddhism but most Newaris still practice a blend of the two. Pashupatinath, the local form of Shiva who speaks through shamans is worshipped as Buddha, the great Buddhist shrine of Swayambhu includes a shrine to the Hindu goddess of learning, and the most important divine figure for Newaris, Bungadya, is an incarnation of Avolokiteshvara, the Buddha who represents compassion and is the patron deity of Tibet. Most Newari are urban business people or craftsmen. All Newars cremate their dead beside a river except the tailor caste who use burial. Funeral societies insure that Newari death rites will be properly taken care of as life insurance was set up to do in the West.

The **Rai and Limbu** in east Nepal are descendants of Nepal's first known inhabitants, the Kirats. Their villages are in the hills between three and six thousand feet. Their dwellings are well separated homesteads. Most Rai and Limbu are farmers. Many are in never-ending debt using their land as collateral. They raise grain, pigs and goats and get cash chiefly by joining the Indian army or working overseas. Their religion is animism overlaid with Buddhism from the north and Hinduism from the south. They bury their dead and honor them by making a resting place with a pipal shade tree for travelers.

The **Tamang** live in the hills around Kathmandu, usually in compact villages between five and seven thousand feet. They are Tibeto-Burman. Their tribal name derives from Tibetan *ta* meaning horse and *mang* meaning trader. Their religious practice is a mix of shamanism and Buddhism. Most professional porters when Nepal was opened to the outside world half a century ago were Tamangs.

The **Magar** are a Tibeto-Burman people in western Nepal. Through long contact with Indo-Aryan Khas and Brahmans from northern India their society has become much like that of hill-dwelling Hindu villagers. Like the Rai, the Magar are chiefly farmers whose cash needs are met by service in Gurkha army regiments.

The **Jirel** and Sunwar of eastern Nepal are small groups thought to be related to the Magars. The Sunwar language is similar to Magar and their culture is heavily influenced by Hinduism although the Jirel language and customs are closer to those of the Buddhist Sherpas. Jirels may be descendants of mixed Sunwar and Sherpa marriages. Both groups are primarily peasant farmers. Their main source of cash income is from outside sources such as road construction.

**Sherpas** came from 1,200 miles away in Kham and settled in the uninhabited high hills of Solu-Khumbu in north-east Nepal around 1500 AD. A second wave came from just over the border in the mid-1800s. The highest area they settled, Khumbu, ranges from 12,000 to 14,000 feet, the middle area, Pharak, runs along the Dudh Kosi (*milk river*) that drains Mount Everest, and the lower valley, Solu, lies between 8,500 and 10,500 feet. The original settlers were probably fleeing from Mongol invaders and seem all to have been relatively wealthy. They did not establish a feudal hierarchy but did retain most features of Tibetan society. Early in the 20<sup>th</sup> century they began using surplus wealth to establish quite large monasteries. Sherpa economy is based on agriculture in

## 6 - Geography, History, People and Economy of Nepal

---

the relatively fertile Solu valley and animal husbandry further north where the climate is harsher, the soil is poor and crops can be grown only on narrow terraces. Solu villages have fifteen or twenty houses surrounded by fields. The higher elevation Khumbu homes are clustered, a couple of hundred houses in some villages. Sherpas traditionally earned cash via trade. Namche in particular grew prosperous when it got a monopoly on the salt trade with Tibet in 1828. Many Sherpas worked on the Darjeeling tea plantations or as porters for mountaineers. They were fortunate that Nepal opened its borders to trekkers at the same time China cut off trade with Tibet. Barley and wheat were their original crops and their population grew markedly after the potato was introduced in the mid-19<sup>th</sup> century, allegedly from the British ambassador's garden in Sikkim. Corn and squash introduced in the mid-20<sup>th</sup> century are now grown throughout Solu. The high pastures are owned collectively by clans. Many families have summer and winter homes and relocate seasonally. They raise cattle and yaks for butter. Buddhist law prohibits killing but it is OK to eat an animal that dies of old age or accident.

Sherpa society is made up of fifteen clans. Your clan affiliation comes from your father and you must marry into a different clan. Families are in lineages that usually go back only a few generations and are mainly mutual aid groups. Ideally, a father should build or buy a house for each of his sons except the youngest. Daughters get a dowry but no land. As each son marries, he should be given a house and an equal share of his father's land and herds. The youngest inherits his father's house and must live there with his own family and support his parents in their old age. A downside of dividing the estate is smaller and smaller fields, a problem that was often solved until it was outlawed by sons marrying a common wife and farming collectively. The usual solution now is for a son to sell his share to a brother and move away to work. Unlike in Tibet where monasteries were supported by the state and monks did not need an inheritance Sherpa monks are supported by land worked for them by their family. Sherpa villages have no official head. Half a dozen men discuss what affects the community and their decision is usually accepted. One of them acts as their representative at the district council.

**Gurungs** are Tibeto-Burman hill people of the southern Annapurna slopes. They, along with Magar and Khas, made up most of the Gorkha king's army that unified Nepal. Their cash needs are still supplied chiefly by army service. They are primarily farmers. Their dead are either buried or cremated depending on the position of the stars at the moment of death. They have a social institution called a *rodi*, a club for a dozen or so boys or girls of the same age that starts when they're around ten and ends when they're about seventeen. An elderly man or woman provides help and supervision and allows the *rodi* to use their house as a dormitory. Members of a *rodi* work and socialize together, and male and female *rodies* visit each other.

The **Thakali** northwest of Pokhara and the **Lopa** further north in the ten to twelve thousand foot high upper Mustang desert are also of Tibeto-Burman origin. Thakalis dominated trade with Tibet via the Kali Gandaki valley just as Sherpas dominated the eastern route. People living above about 8,000 feet cannot raise enough food and must buy or trade for more. When Thakalis had a monopoly over the Tibetan salt trade some grew quite wealthy. They have a system for raising capital called *dhigur*. A pool of perhaps twenty investors contributes an equal amount of money annually. Each year's lump sum goes to one of the pool until all have had their share. Whatever profit or loss

## 6 - Geography, History, People and Economy of Nepal

---

each makes with their share is their own. Thakali religion is a mix of Tibetan Buddhism, shamanism and Hinduism. The Lopa grow buckwheat wherever irrigation is possible and raise goats, horses and yaks. They suffered greatly because of over-grazing when Tibetan refugees fled with their animals in 1959, and from the border closure that ended trade with Tibet and prevented summer pasturing there. Many gompas were abandoned then, some of which are now being restored.

**Other tribes** include many in the Tarai. The **Tharus** appear to be the earliest tribe in that area, which was formally known as Madhesh. Tharus live in forested areas and are animists whose worship incorporates some Hindu deities. Others in the Tarai are closer to Hindus on the Indian side of the border. A **Madhesi** movement claiming to represent everyone in the Tarai did well in the 2008 elections and got a promise of proportional representation but the Tharus later protested they are not like the “recent immigrants from India” and Muslims in the Tarai protested against being lumped in with the Hindu majority. Such claims are gaining traction despite fears of balkanization. The Rai, too, after initially supporting a Mongol party to promote the cause of all tribes that originated in the north, protested that “Rai” were headman of many separate tribes each with their own language and culture that were lumped together by the center only because it administered (i.e., taxed) them via their Rai. Similarly, the **Gurkhas** whose role in the Indian Mutiny and the World Wars elevated them to mythic status<sup>6</sup> are primarily Magars, Tamangs and others, not just **Gorkhas**.

A role of mythic status on our treks is the **PGV**. When given a choice our crew would always select for our campsite the house of the Prettiest Girl in the Village. In Buddha's time in India there was a tradition that the most beautiful woman in a town must not marry because that would lead to jealousy and fighting. Instead, she must become *nagarvadhu*, the wife of the whole town. In that role she was respected by all. She was, however, visited only by princes, generals and other aristocrats.

### 1.5 Economy

An economy is a system of production, exchange, distribution, and consumption of goods and services. It results from geography, resources, ecology, technology, social organization and other factors governing how a people's wealth evolves and who gets how much. Before unification the only part of Nepal to generate more than subsistence needs was the Kathmandu Valley. For the next three quarters of a century a surplus began to be extracted from newly conquered areas. Army leaders were paid by granting them land from which tenant cultivators had to contribute half their production. After British India blocked further expansion and the Ranas got control in the middle of the nineteenth century, Nepal was run as a business whose profits were consumed almost entirely by the Rana family. Three quarters of Nepal's workforce still labors on the land. Wealth is still highly concentrated. Per capita income is barely over \$500.

---

<sup>6</sup> As John Masters puts it, *“In 1857, lit by the lurid glare of the Mutiny, there stepped onto the world stage these small men from a small kingdom, who were in the next hundred years to die on many fields, always with honor, in battle against the enemies of their friends. For the first time the world learned the Gurkha code: ‘I will keep faith’.”*

## 6 - Geography, History, People and Economy of Nepal

---

Prithvi Naryan Shah assembled present day Nepal methodically and pragmatically. The rich soil of the Kathmandu Valley adjoining Gorkha's poor lands had to be won first. Then the Tarai, potentially even more valuable because it is so much larger and its grains and timber were already being exported to India. The Rajputs there had to be conquered so production in the Tarai could be taxed and expanded. Principalities to the west whose rulers were also Chhetri like Shah had low value but were a good source of soldiers so those princes were allowed to remain as subjects of the new state. The eastern hills had little value and the terrain made the Limbu people hard to subdue so they got a treaty where they acknowledged Shah as king and kept their land. He established not a nationally integrated state but a politically integrated empire.

The entire empire was classified as Raikar, meaning state-owned, except for the Limbu's community owned land termed Kipat. Raikar land was allocated as Birta, Jagir or Guthi, or reclassified as Rajya. **Birta** grants rewarded army leaders, almost all of whom were Chhetri. Those grants, which were usually inheritable and transferable but not irrevocable, created a privileged class that supported the regime. Their loyalty was assured because Birta rights were often taken back. A third of all Nepal's cultivable land was reclassified and granted to Rana families around 1900. There was no limit on the rent Birta owners could charge or their ability to evict tenants. Because many grants were tax-exempt the tax records that existed before unification were not maintained. Collection grew arbitrary and revenue that should have gone to the center was often under-delivered. The state's primary source of income was tax on trade with Tibet, an undependable source that was cut off after the 1773 Nepal-Tibet war. In 1803 the regime had to borrow from an Indian merchant to stay afloat.

**Jagir** grants were used instead of cash to pay military and civil leaders for ongoing services<sup>7</sup>. Unlike Birta grants they lasted only while the assignee was in service to the government and were reconfirmed (or not) annually. In return for supplying troops and weapons a Jagirdar got a defined income from but could not sell his land. The rent was set annually by the government and recorded on a Tirja certificate that could be and often was resold. Tirja buyers collected additional rent to make a profit. Since Nepal was not monetized or centralized, rent and taxes were assessed in kind and collected locally unlike China where canals and warehouses for rice distribution were well established. Most Jagir grants were on newly conquered land but it was also common for Birta grants to be rescinded and reassigned as Jagir. Especially after the post-1804 westward expansion, grants of wasteland often came with the obligation to reclaim it. Because they held their land only at the ruler's pleasure, which frequently changed, no feudal land-owning class could develop to challenge central authority. Their counterparts in medieval Europe owned their land and grew powerful when central power broke down. Both Birta and Jagir grants included the right to dispense justice and exact unpaid labor as well as produce. Neither Jagirdars nor Birta owners had an obligation to "protect, defend and warrant" their tenants as feudal landowners did in medieval Europe.

**Guthi** endowments were made to some religious institutions. Guthi is essentially the same as Hindu *debutter*, Indian Muslim *waqf* and grants to Christian churches in medieval Europe. Guthi comes from Sanskrit *gosthi*, a system used by Shakyas and

---

<sup>7</sup> Like stock options by early stage US businesses

## 6 - Geography, History, People and Economy of Nepal

---

Licchavis in North India early in the Christian era to mean a group that supervised an endowment. The term is now used by Newars to mean a mutual aid group.

Rajas (princes) in the far west who submitted to Gorkha rule retained their traditional rights over what was now classified as **Rajya** land. Birta land could be subdivided, sold or mortgaged. That was not allowed for Jagir or Rajya. There were three categories of Rajas. One paid a contractual percentage of farming profit to the center. The second, Mustang for example, paid a fixed annual tribute. The third kept the entire proceeds of farming. Unlike Birta owners and Jagirdars, Rajas were like medieval Europe's feudal barons. All but four, Mustang again being one, were abolished in 1961.

Starting in 1886 **Kipat** land began to be converted to privately owned Raikar, most of which ended up in the hands of high caste Hindus because Rai and other Tibeto-Burman smallholders whose land could barely support them became deeply indebted and lost their land. After 1903 Hindu immigrants to eastern Nepal were legally entitled to take ownership of wastelands owned by the Limbu and convert it to taxable Raikar land<sup>8</sup>.

Rents were first set using the Adhiya system of the central and eastern hills under which a cultivator paid half his crop to his landlord. The Kut system was introduced in 1812 to increase rents in preparation for war with British India. In that system the landlord set what a tenant must pay and could replace him if someone offered more. Tenants increasingly had to pay in cash and many had to make loans to their landlord for military expenses. The Jagirdar paid them 5% interest but they had to borrow to make the loan and were charged 25% or more by money lenders because they had no security. Cash-strapped tenants often had to pre-sell their crop to a middle-man at a low price. Many had to leave for work in India. They were often replaced by Indian peasants who were encouraged to immigrate, restore vacant farms and bring new land into production. When they in turn ran short of cash they, too, had to leave.

Trade in the hills was chiefly for subsistence needs, especially salt from Tibet because there is none in Nepal. The small amount of trade for profit was mainly by Indians and Newars from the Kathmandu Valley. Grain and timber was traded from the Tarai into India. Newars became traders because the Kathmandu Valley was on the main route between India and Tibet since the late 14<sup>th</sup> century. A mid-17<sup>th</sup> century treaty with Kathmandu stipulated that Tibet would use no other route. Portering for the small amount of trade grew more important after unification to transport military supplies. Unpaid labor was levied as a tax and relays of porters carried supplies all across the country. This Jhara tax was also used for building, irrigation projects, and cultivation of crown lands. Slavery existed but was not common because Jhara made it unnecessary. Some tenant farmers sold themselves or their children to pay debts. Slavery was also used to punish serious caste offences.

For the first half century Nepal's economy ran on military activity for expansion. Not only was expansion no longer possible after British India's victory in the 1814/16 war but loss of the Tarai cut off most state revenue. If some of the Tarai was not restored the state would have collapsed. Bhimsen Thapa maintained the army even though he knew

---

<sup>8</sup> Like American Indian land seized under the US Homestead Act of 1862



## 6 - Geography, History, People and Economy of Nepal

---

further battles would lead to ruin. Under his military dictatorship from 1806-37 the state's finances grew steadily worse. In 1816 Britain controlled only a small part of India but by mid-century they ruled coast to coast from Sind and Punjab to Bengal and Assam. They had eliminated any threat from China by the 1840-2 Opium War.

When Jung Bahadur got control in 1847 he set a policy of friendliness towards Britain. He figured Nepal had nothing to tempt the British and its terrain made invasion too costly. He believed Britain would not attack a stable and friendly regime. He did, however, refuse to build a trading road to India that could be used for invasion and he closed the borders. His 1850 state visit to England confirmed his assessment of their power and showed him how the administrative apparatus enabled the power to be used. As soon as he got home he initiated development of Nepal's first legal code, the Mulaki Ain, and established a tightly run new administration. The economy improved but life for most Nepalis did not. The new administration enabled Jung Bahadur's extended family to appropriate over 80% of total state income. When the far western Tarai was restored by Britain in 1860 for Nepal's help with the Indian Mutiny he took half of it as Birta land for himself and shared the rest among his six brothers. Most Birta grants to Ranas were unconditional and non-taxable but those to others often were not. The Ranas operated not a nation but a family business. By 1950 they owned over a quarter of all Nepal's land while half of all rural families owned none.

There was no distinction between the state treasury and the Rana Prime Minister's own coffers. All state revenue flowed to him and he paid all the state's direct expenses. Nepal's first ever public funds budget was in 1952. Most of the state payroll was met indirectly via land grants. State revenue was artificially low because most Birta, Jagir and Guthi grantees paid no tax. The state got about an eighth of the land production. Land tax was made up of a "roof tax", a tax on hillside land based on size, and one on rice land based on its estimated yield. Over 97% of all land tax in 1851 came from the Tarai (76% in 1965/6). More than 75% was from the eastern part where production was highest and collection was more dependable even though collectors often absconded to India. Jung Bahadur got an extradition treaty as a reward after the 1857 Indian Mutiny. Mineral rights the state retained even on Birta land contributed 7% of state revenue in 1851 but the surface mines were soon worked out. Transit taxes amounting to less than 10% because of the low volume of trade were even lower after Britain opened a new route via Sikkim. Nepal's terrain made tax collection and all administration very challenging. It took four or five weeks to get from Kathmandu to the extremities of Nepal's 100 by 500 mile territory. It was much quicker to go via India after railroads were built in the late 19<sup>th</sup> century. Railroads also encouraged growth in exports of food and forest products from the Tarai, then imports of mass -produced goods supplanted Nepal's own small scale local manufacturing in the first quarter of the 20<sup>th</sup> century.

When the Rana regime fell in 1950 Nepal was still a pre-industrial economy. Of its 8 million people, only 5,000 had jobs in industry. Nepal's first industrial enterprise, the Biratnagar Jute Mill, was only established in 1935. The only towns with populations over 10,000 were Kathmandu, Bhaktapur and Patan in the Kathmandu Valley and Nepalganj, the western hub for trade with India. Pokhara, established by Newars from Kathmandu in 1752, had 3,755 people. There was a midnight to 4 curfew in the Kathmandu Valley, checkpoints on all roads in and out, and Kathmandu had no fire brigade when it was

## 6 - Geography, History, People and Economy of Nepal

---

devastated by the 1934 earthquake. The judiciary was not separated from the executive until 1940. Nepal Bank was only established in 1937 and paper currency introduced in 1945. There was almost no education until the 1930s although a few wealthy families sent their sons to school in India after WW1. The 300 primary schools existed only because Britain required army recruits to have a workable grasp of English. It is worth remembering, however, that despite its excellent schools for the elite, when the British left, only 1% of India's rural population was literate.

Rana Nepal lacked a professional civil service. Every appointee had to make a gift to the Prime Minister (high officials also made an annual cash gift). Tenure and promotion depended on loyalty, which included formal obeisance at daily meetings. The only other requirement was to be at your desk when someone from the Government Personnel office came round every day. All positions were renewed annually, or not, and one could be dismissed and have one's property seized based only on an accusation of disloyalty. Prime Minister Chandra Shamsheer did that frequently to increase his wealth. Nevertheless, the civil service was less insecure than commerce or farming and enabled financial gains through extortion.

Similar in size, terrain and land-locked situation to Switzerland, unified seven years before the USA was born and twenty years before the French Revolution, Nepal barely changed in the following two centuries. There was no central registration of births or deaths, no centrally administered tax system, administration of civil law was done by local headmen, there were no lawyers, and very few disputes came to the justice system anyway because citizens had no rights. Much like 14<sup>th</sup> century Europe, the vast majority of Nepalis were in effect slaves.

Farming alone was not enough to support most families. Almost 90% of village men in central Nepal were leaving home for seasonal work at the end of the Rana regime. Many families left forever. An estimated six million Nepalis had moved to India by 1950. Over a third of Gorkha soldiers demobilized after WW1 settled there. Farming still accounts for 40% of GDP and employs three quarters of the workforce. Industry, mostly agricultural produce processing, accounts for 22% of GDP and employs 6%. Un- and underemployment approaches half the working-age population so even more Nepalis work abroad. In 2007/8, 400,000 left to join more than two million who send over a billion dollars home annually. That's much more than Nepal's exports, half its imports, 3% of GDP, and almost as much as the state budget (overspent in FY05/06 by more than 50%).

Wealth is highly concentrated and growing more so<sup>9</sup>. The bottom 40% who got almost a quarter of household income in 1985 got only 11% in 1996. The top 10% who got 23% in 1985 got more than half in 1996. Land remains the dominant source of wealth but until very recently the government did no mapping to define ownership. Craggy terrain, earthquakes and flooding impede economic infrastructure. In 2003 Nepal had only 5,000 miles of paved roads, one 35 mile railway line and there was no road to 22 of its 75 administrative districts<sup>10</sup>. Electricity was available to only 12% of the population in 1996.

---

<sup>9</sup> A worldwide phenomenon: The average income of the richest 20% of the world's population has grown from 32 times that of the poorest in 1970 to 61 times in 1991 and 74 times in 1999.

<sup>10</sup> Nepal does have 48 regional airports, ten of them with paved runways.

## 6 - Geography, History, People and Economy of Nepal

---

More people have access now because of mass migration to urban areas but generating capacity has not kept pace. Barely a quarter of the demand can be met.

Nepal's geography and resources are limited. New technologies like cell phones change what's feasible but the key issue is social organization. Nepal's two and a half century old culture of dependency and corruption makes progress very difficult.