



Patterns of land use changing from agriculture to non-agriculture. Photo: Nabin Dongol

## LAND ACQUISITION DYNAMICS IN NEPAL: ACTORS, PROCESSES AND EFFECTS

### Abstract

*Land acquisition is at the center of a debate surrounding the shift of small holder farming land into the commercial sectors of real estate and large-scale farming. This shift in land use patterns has many direct and indirect relations with socio-economic and political dimensions. Further, it results in both positive and negative effects on local livelihoods, economic opportunities and natural resources. The positive impacts of land acquisitions include the generation of business and employment opportunities for local people, the shift in livelihoods from agriculture to non-agriculture, and an increased value of local people's land. Real estate companies have demonstrated how planned housing settlements and systematic urbanization can raise the value of neighboring plots. For smaller areas, agro-based companies are more effective at cultivating and making profitable low quality of land. However, the current modes of land acquisition seem to undermine local community rights, create irreversible changes in land use, compel land sales, exploit customary tenure, increase household food insecurity, skewed distribution of land resources, and increase the number of land conflicts.*

### Policy Message

- Land acquisition is accumulation by dispossession, resulting skewed land ownership, decreased local agricultural productivity, and increased land conflicts.
- The process of land accumulation by real estate and agrobased companies dispossesses small holder farming communities through strategic and forced land deals.
- Economic interests of national and multinational companies are sole drivers of land acquisition.
- Increasing concretization of Abbal land (best quality land) induces the shifting of local cropping pattern and thus ultimately reduces local food production and productivity.
- Land acquisition can have both positive and negative effects. However, most locals perceive land acquisition as elites acting for elites.
- Most locals are overtly and covertly resisting towards land acquisition projects.



Increasing trend of commercial housing and apartment systems. Photo: Kabin Maharjan





## Growing Land Acquisition

The concept of a land acquisition or land grab is defined herein as the purchase or lease of large areas of land by wealthier, food scarce (production deficit) nations, and/or private investors from mostly poor or developing countries in order to produce crops and bio-fuels for export. However, in the context to Nepal, land acquisition seems to be growing in a different direction but also demonstrates similar characteristics and mechanisms of the global land acquisition phenomenon.

Generally, current trends show the increased engagement of national and multinational companies (real estate company and agro-based business) as controlling large areas of land (mostly agricultural land) for housing and commercial farming purposes, thus altering land use patterns. Table 1 lists land acquisition activity in the research area. This information from the Kathmandu, Lalitpur and Chitwan districts was analyzed through primary sources and in the Banke and Bardiya districts through secondary sources.

### Actor, Interest and Mechanism in Land Acquisition

Local brokers dominate land deal transactions, engages a wide variety of actors, including social leaders, real estate agents, politicians, business people and land owners. Hence, local brokers form the nexus (close ties among elite members who work with them or engage invisibly) that can resolve the conflicts and difficulties that arise during land deals. Most land deals in the research area follow legal procedures to purchase or lease land



Residential plots on agricultural land. Photo: Kabin Maharjan

from local farmers, but the agents and companies employ different ways to compel local farmers to sell their land. However, agents occasionally employ strategic mechanisms to manipulate and control these agriculture lands, including offering higher than market value for land, physical threats, and trap sales to purchase or lease the land. Many agro-based companies use the "lease, contract farming, out grower/outsourcing" model, which operates as an indirect form of land acquisition and control.

The recent boom of residential plotting in Chitwan was triggered by a political agenda to make "the Chitwan district as capital city of Nepal." This resulted in high migration, significant land transactions, and a rising cost of living. These factors drove local businesses and brokers to maximize their profits through land deals for immediate profit, causing a future rise in the value of land and property. Nearly all the land acquisition projects are near good road networks, infrastructures, and basic facilities indicating that they are interested in profit maximization. These transactions also reflect a lack of consideration regarding the quality of land, customary resources, the productivity of agricultural land, land tenure, and local grievances. Thus,

economic interests of both national and multinational companies solely drive land acquisition.

Most of the land acquisition agents in Chitwan are not formally registered but are still plotting and selling the land. The lack of registration makes it possible to avoid paying taxes. However, using unregistered agents often leads to administrative and legal problems after land deals are contractually finalized, leading to additional costs and higher profit margins earned by a limited number of people.

### Land Acquisition: Land Use Changes and Productivity

Land is one of the major factors of agricultural production. The growing irreversible land use changes due to land acquisition have had a widespread effect on agricultural production. Figure 2 shows that 86% of the respondents claim that agriculture land is being re-purposed for non-agriculture uses. Under these non-agriculture land use changes, housing/real estate and plotting share 95.5%, indicating rapid concretization of agriculture land. Similarly, in Chitwan local cropping patterns are being shifted into commercial farming that ignores local food supply. In addition, most of the plotted lands in Chitwan are kept barren. Neither cultivation nor construction was apparent. Moreover, a large amount of agricultural land was also being used for the construction of road networks in plotting agricultural land. Land acquisitions are resulting different impacts because agricultural lands are the livelihood assets which generate

Location	Land Acquisition Agents	Area in ha
Kathmandu District (Dhapasi and Sitapaila); Lalitpur Districts (Harisiddhi and Thecho)	Domestic real estate company	72.11
	Multinational real estate companies	9.87
Chitwan District (Bhojad, Krishnapur and Hakim Chowk)	Plotting by local investors	759.79
	Direct and indirect control by domestic agro-based company (Palm Agro tech)	205.69
Different parts of Nepal (Banke and Bardiya Districts)	Multinational agro-based companies ( CG seeds and fertilizers Pvt. Ltd / RijalTasi Industries Pvt. Ltd)	11.5
Total		1058.96

Table 1: Data of land acquisition by different actors in different locations, Field Study, 2012.

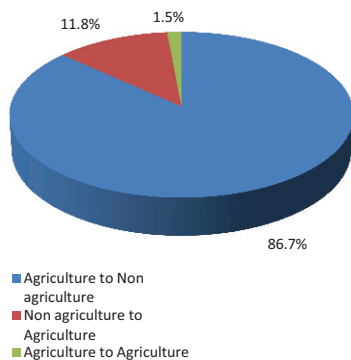


Fig 2: Land Use Change Perceived by Respondents.  
Field Study, 2012

livelihood options for a number of locals living nearby, and, as a result, rendering them landless or forcing a change their profession. Since one-third (32.1%) of locals were highly dependent upon agriculture and about three-fourths (72%) of land acquisition was done in Abbal (best quality) type of agriculture land, land acquisition of agriculture land would have serious impacts. Through empirical observation, many local Newars in Lalitpur, who are dependent upon agricultural land, have been displaced after the growing housing projects and land deals occurred. Since most of the local farmers are small land holders, they are the one who are directly affected. Similarly, due to the gradual increasing trend of plotting and decreasing agricultural land in the Chitwan District, irrigation facilities are slowly shutting down, which directly limits the available water to presently cultivated land. If the current trend continues, it may lead to an increase in household level food insecurity, and decreased food productivity in the years to come.

## Local Perception and Responses towards Land Acquisition

Locals perceive land acquisition both positively and negatively. They support positive impacts such as the vertical expansion of housing as opposed to horizontal expansion. At Chitwan, since the arrival of a large agro-based company, locals also appreciate the proper infrastructures and basic facilities that are installed in the community as a result of housing expansion, as well as the widening market, transportation facilities, and increased job opportunities for locals in the case of agro-based company in Chitwan.

However, about two-thirds (66.5%) of our respondents were also against land acquisition and the concretization of agricultural land. Though, in some cases the locals were positive towards the agro-based companies in Chitwan. Furthermore, most of the locals were furious about the land acquisition project in regard to the agents who force and trap sales of their agriculture land. On the socio-political side, indigenous people were worried about displacement of their traditional cultural and political rights at Village Development Committee (VDC) level due to an increasing external population coming into their area. They feared the external population would diminish the protection of their customary rights.

Research found an increasing incidence of conflict after the land acquisitions took place. Most of the conflicts involved local resource use

patterns, tenure systems, and cultural and traditional identities. The heavy exploitation of local resources has also raised the question of prior rights of locals where they have been utilizing the local resources for generations. We also observed weakening social relationships in the community because the brokers tended to trigger internal family conflicts when compelling a land sale. Family conflicts arose between siblings and relatives who fought over parental properties to sell the land. These negotiations were directly influenced by brokers. As a result, many land related cases have been filed in the courts.

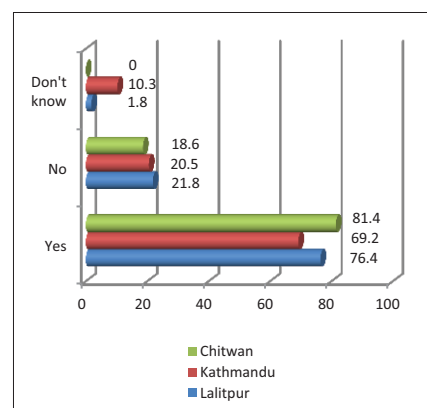


Fig 1: Effect of land acquisition on Local Level Food Production (% by district). Field Study, 2012

Locals are organizing user groups (*upabhoktasamiti*), community development committees (*tole sudhar samiti*), and resistance groups (*sangharsha samiti*) to formally put forth their grievances, and demand more transparent negotiations with land acquisition agents. Locals have also adopted informal approaches to hinder and resist land acquisition projects such as locking gates to housing areas, making physical threats, and distributing misinformation about the details of land acquisition. On the other hand, agents and companies have also adopted similar mechanisms to keep locals away from their projects. Moreover, agents and companies were found to be more effective and powerful in solving conflicts that arose in relation to their projects by diverting and/or diluting the issues raised in opposition to their work



Positive affect of agro-based company as job opportunities in Chitwan district. Photo: GB Nepali



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### Featured Cases

#### Case 1: Local Conflict on Customary Rights

There were local disagreements about changing the local name of the place into a modern new name for housing project. As the new residents formed a majority, they agreed to change the local name of the place called "Melbhu" into the new adopted name "Santi Nagar". This gradual interference upon their communities is one example of the increasing confrontations that take occur during the gradual displacement of customary rights. Different traditional practices like "Raj Kulo" (traditional irrigation system) were also found to be weakened by the real estate projects.

#### Case 2: Local Resistance

Locals in Harrisidhi fear that growing numbers of multi-ethnic groups due to changing land use patterns will slowly displace Newar communities from traditional lands, culture and resources. Thus, the Harrisidhi village development committee (VDC) adopted the internal regulations to preserve their community and culture. They agreed not to sell their houses or land within the traditional long wall surrounding the Newar community, except when they could sell to other Newar caste people. They believe this approach would help to preserve the community, culture and their resources. Thus, Harrisidhi has chosen a powerful symbol of resistance to demonstrate their dissatisfaction with the influence of outsiders.

#### Case 3: Effect of Land Acquisition on Irrigation

Chitwan district consists of highly arable land. However, the haphazard plotting of land for housing is affecting agricultural activities. One of the major negative effects of this kind of land acquisition is disturbance of irrigation networks and canals. Due to the lack of irrigation facilities, many agricultural areas that are currently being cultivated are slowly shutting down.

#### Case 4: Land Acquisition and Small Agricultural Producers

Land acquisition is increasing by accumulating lands from small agricultural land holder/producers and indigenous locals. These land deals trap and force land sales by offering higher price for the land than the market value. Offering higher prices for land deals may be profitable for small producers for in the short-term, but may not be positive in long run. The permanent acquisition of land from small holders has also decreased household level food production since they are dependent on their holdings for food. Research shows that 77.5% claim that land acquisition has an effect on food production systems where it decreases food production and increases food dependency of small agricultural producers.

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### Note

- This policy brief is based on research findings conducted by COLARP in partnership with Swiss National Centre of Competence in Research (NCCR) North-South and CDE, University of Bern. And, it has been refined after series of evidence based policy debates.
- Discourse on land acquisition in Nepal is also taking a turn different than global concept of land acquisition and land grabbing. Thus, beside land acquisition under agro-based and realstate companies, the concept of land acquisition is also taking turn into different historical control on land by different class and caste groups, male domination in land, encroachments, military control on land during Maoist conflict etc as also different forms of land acquisitions.

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