

# Karnali's Transformation

In the past two and a half decades, Karnali has gone through major changes. Its political structure has changed, especially after the federal system came into being in 2015 with three tiers of government – federal (central), provincial (state) and *palika* or municipality (local) governments. The 5 districts of the erstwhile Karnali zone, 3 districts of Bheri zone and 2 districts of Rapti zone now combine to form the Karnali Province (*Pradesh*). This province has 25 urban municipalities (*nagarpalikas*) and 54 rural municipalities (*gaunpalikas*). The first edition of this book published in 2008 was centered mainly on the Karnali zone. But the situation in the nearby districts in Bheri and Rapti zones was no different. They shared the same consequences of the political-economic historical circumstance, namely, the neglect from the government in Kathmandu and the disruption in trade with Tibet by the early 1960s.

The erstwhile Karnali zone was comprised of the upper watersheds of the Karnali River. It was a sparsely populated high mountainous semi-arid landscape with a few scattered green valleys. With the change in administrative boundaries, the new Karnali Province also includes the middle hills, the inner Tarai (*bhitri Madhesh*) and the Chure region. Hence the province is a more ecologically and geographically diverse region. As the food production potential has also changed because of the enlarged territory with more fertile

plain lands (including the districts of Salyan and Surkhet), various development indicators, including food and nutritional security, for the Karnali Province as a whole might seem better now. On the other hand, such indicators may misrepresent the actual situation in some of the more vulnerable locations within the province.

In the last two and a half decades, the popular imagination about Karnali has started to change. Until recently, Nepalis from other parts of the country used to think of Karnali as being synonymous with ‘poverty’ and ‘hunger’. It was considered undeveloped, feudal, traditional, remote and wild. But now, general improvements in food security and socio-economic conditions have begun to appear – thanks to the improvement in road connectivity, a change in the farming systems, more awareness about food, nutrition and sanitation, and greater access to primary care. Accordingly, *Karnali-basis* (residents of Karnali) including politicians have started to see the province as a place of opportunities. A feeling of confidence has begun to emerge among its politicians and policymakers. The delegation of power to the local governments after the federal-style political restructuring has created this feeling even though examples of improper use of this power for the benefit of the political elites abound. The historical isolation and dependency on the central government are now breaking down. The conclusion of the Maoist conflict in 2006 also helped to break Karnali’s isolation as outsiders started visiting and understanding the place and its people.

However, development problems still plague the province. In most development indicators, Karnali Province still ranks the lowest in Nepal. For example, in terms of the Inequality-adjusted Human Development Index, Gender Inequality Index, and Multidimensional Poverty Index (MPI), Karnali ranks lowest among the country’s seven provinces. In terms of the overall HDI, it ranks sixth, just above the Madhesh Province (NPC and UNDP 2020: 28). In terms of the Gender Development Index, Karnali ranks third, and is at par with

other developed and wealthy provinces. In absolute terms compared to 25 years ago, Karnali has improved its socio-economic indicators.

## **Poverty, Food, and Nutritional Security**

Poverty, and food and nutritional insecurity have reduced in Karnali more or less at the same rate as in other provinces, but they are still high in absolute terms. Nepal has made significant progress in poverty reduction and food and nutritional security, thanks mainly due to the injection of remittances at the household level. Absolute poverty in Nepal has dropped from 68% of the population in 1995/1996 to 25.2% in 2010/2011 and to 20.3% in 2022/2023 (Nepal Statistical Office 2024: 14).<sup>1</sup> Absolute poverty in Karnali in 2011 was 58.8%, which fell to 51.2% in 2014 (NPC and UNDP 2020: 26), and to 26.7% in 2022/2023. The gap in the poverty rate between the Nepali average and Karnali has progressively reduced: it was 33.2 percentage points in 2010/2011 and 6.4 percentage points in 2022/2023. On the other hand, Nepal's Multidimensional Poverty Index (MPI) was 30.1% in 2014 and 17.4% in 2021. In 2014, the MPI of Karnali was 50.9% and in 2021, it fell to 39.5% (NPC 2021: 31 Table 4.2). This means that the gap between the MPI for the country as a whole and for the Karnali Pradesh is still high, indicating that Karnali has many other non-economic problems.

In terms of nutritional insecurity, the problem of stunting among children below five is still very high in Karnali: 35.8% as reported in the Nepal Demography and Health Survey 2022. The figure for Nepal as a whole is 24.8%. The problem of stunting is the worst in Karnali as compared to the other provinces. Considering that the stunting rate was 55% in Karnali in 2016, this province was able to

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<sup>1</sup> This poverty rate would have come down to 3.57% in 2022/2023 if the old poverty line (annual per capita consumption expenditure of Rs 42,845) adjusted to 2022/2023 price had been used. But, in 2022/2023, a revised poverty line (annual per capita consumption expenditure of Rs 72,908) was used to indicate a higher standard of living as Nepal is assumed to be moving towards the status of a "middle income country" (NSO 2024: 4).

reduce the stunting rate by 19 percentage points in about six years. This is surely a remarkable feat. In other aspects like wasting (3.8%) and underweight children (17.7%), Karnali's status is comparable to other better-placed provinces.

Here, it should also be noted that the five new districts added when the Karnali Province was formed had somewhat better socio-economic conditions. This fact might have contributed to the bettering of Karnali's averages. Disaggregated data at the district and municipality levels would have given a more accurate picture. Nevertheless, it is widely understood from various studies and reports that Karnali – both the old Karnali Zone and the new province as a whole – has seen significant progress in socio-economic conditions.

For decades, the Karnali region has been depicted as being deficit in food production. Available data suggest that this presumed deficit is growing every year. According to one estimate of the Karnali Province Government (Ministry of Land Management, Agriculture and Co-operatives), the food deficit in Karnali in 2020/2021 was about 19,116 mt. The deficit in food production in the Karnali zone (five districts) in the early 2000s ranged between 2,000 to 2,500 mt. The increase in population and the larger Karnali Province territory certainly mean that the food requirement would have grown by now, making it difficult for the province to meet its overall requirement from its own food production. In a way, the deficit in food production is also a national problem.<sup>2</sup> As a result of this persistent food deficit in Karnali, the central Government is still supplying subsidized food to the province. There are now 34 food depots for this purpose in 9 of the 10 districts of the province. Only Salyan District does not have such a depot.

Another study has revealed that 28% of Karnali's households did not consume adequate food and that the consumption of food

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<sup>2</sup> Nepal's own ability to meet its food requirement has been declining fast. The country is now heavily dependent on food imports (Adhikari, Shrestha and Paudel 2021).

by 8% of families was very insufficient – a situation akin to hunger (KPPC 2080 v.s.a: 7-8). The mountainous districts of the province are particularly affected by food deficit, where 23% households are food insecure (KPPC 2080 v.s.a: 7-8). Among the ten districts of the province, the 5 districts of the previous Karnali zone are the ones suffering the most from the food and nutritional insecurities. The COVID pandemic also severely affected the food security situation in the Karnali Province: the livelihood strategies of about ten percent of its household were obstructed and about 30% of its households experienced a decline in income (KPPC 2080 v.s.a).

Researchers debate as to whether Karnali is actually food deficit or just a rice-deficit region. This debate has become complex partly because of inconsistencies in data about production and consumption of food. In 2020/2021, food production in the Karnali Province was reported as 137,165 mt of rice, 233,390 mt of maize, 176,534 mt of wheat, 20,752 mt of millet, and 11,924 mt of barley (KPPC 2080v.s.b: 41). The total of the production of these five foodgrains is about 579,765 mt. After deducting seeds, grains for animal feed and the loss during post-harvest and processing stage, this will be equivalent to at least 406,000 mt of food in edible form for human consumption. According to the 2021 census, the population of this province was 1,688,412. This means that from the foodgrain produced in the province, about 240 kg is available per person. This amount is slightly more than the minimum food requirement for each individual. The same year, average food availability from production in Nepal as a whole was 257 kg per capita in edible form (369 kg considering total food production) [NepalNews 2022]. This essentially means food production and availability situation in the Karnali Province is not significantly different than the national average. But, still, Karnali has been depicted as a chronically food deficit region.

It should also be noted that there is some uniqueness in the food production and food types produced in Karnali. For example, in 2020/2021, Karnali produced 211,405 mt of potatoes (KPPC

2080 v.s.b: 41). That is 125 kg potato per person, which is almost equivalent to 90 kg of white rice in terms of calorie intake. This means that potatoes can easily replace rice production in Karnali. As a matter of fact, Karnali is not a suitable place for large amount of rice production – except in some places like Jumla, where a unique kind of red-rice (*marsi* rice) is produced. Karnali produces only about 2.4% of Nepal’s rice. On the other hand, it produces 41.5% of Nepal’s barley, 14.5% of its buckwheat, 9.1% of its wheat and 8.1% of its maize (KPPC 2080 v.s.b). Barley, millet, and buckwheat are nutritious food as compared to rice. On the other hand, rice has been promoted as the main food for consumption in Karnali from the government as well as the donors.

In addition, Karnali also produces other products in large amounts such as different types of beans. In 2020/2021, it produced 1,150 mt of beans (*simi*), 1,011 mt of grams (*chana*), 1,278 mt of peas (*keran*), 440 mt of black-gram (*mas*), and 6,300 mt of soybeans (*bhatamas*) [KPPC 2080 v.s.b]. Beans are considered to be nutritious as they are a rich source of protein. Moreover, Karnali produces different types of millet like *kodo* (finger millet), *junelo* (sorghum millet), *kaayuno* (foxtail millet), and *chino* (proso millet). These are hardy crops that can be widely adapted to marginal lands and can tolerate dry environment. Thus they are considered resilient crops that can adapt well in the context of climate change – thus they are called ‘climate-smart’ crops. These millets are nutritionally dense, containing micro-nutrients, dietary fibres, rare amino acids, and vitamins (Upadhyaya 2021). As a result, these are considered to be crops of the future. With road expansion and quest for cash crops for the market, the traditionally diversified farming system with these climate-smart crops producing healthy and healing foods could disappear. Then monoculture could become the dominating feature of the farming system in Karnali, which will not be resilient when it comes to the impact of climate change, to which Karnali is most susceptible. Understanding this, the Karnali Province government is promoting organic agriculture. This seems to be a positive step given

that Karnali farmers could find a comparative advantage for the organically grown products. This would help not only in producing good foods but also in promoting agro-tourism in the future.

It is thus clear that Karnali produces vital foods from crops that are resilient. A very high level of agro-biodiversity and production of diverse foods are comparatively advantageous for this province. The production of potato, different types of millets and beans should have made the diet nutritious and healthy. Karnali should not be suffering the kind of problems associated with food and nutritional insecurities.

There is, of course, the equity or access element that is also important for assessing food security. Karnali is a region with many exclusionary practices based on caste, gender and class. This exclusion has certainly made Dalits – who constitute about 23.4% of population of the province (Nepali 2018) – and women most vulnerable and their standard of living (in terms of income, food security, education and life expectancy) is extremely low. Overcoming these exclusions and improving equity in access to available food and proper utilization of locally produced food should help in fulfilling the food and nutritional requirements of the province. On the other hand, the government's approach has been to provide food-aid consisting of mainly white rice to meet the deficit in food production. In the roadless context of Karnali (prior to the 2000s), such rice was taken there through flights involving a huge expense. But, now with road expansion, more food is transported to the roadheads in trucks and then transported to other roadless areas using donkeys or porters. Moreover, more of such food – almost three-fourths of it – has been consumed within the district headquarters and part of it is diverted to alcohol production.

Food-aid is estimated to constitute only about ten percent of the food required in Karnali (Bhattarai and Katwal 2020), but this practice has consumed a significant budget. Such money could have been invested in infrastructure that could help in increasing food production on a sustainable basis. Some studies have concluded that food-aid has

not affected the food production in Karnali (Gautam 2019; McDonough 2014). But, generally, such studies do not take into account how food culture gets obliterated because of food-aid leading to different conception about food. They also do not take into account the political economy behind food-aid and so they cannot explain why this practice continues. It is one thing to provide food-aid at a time of a crisis, but if it continues then it can be inferred that efforts were not made to increase food production and improve access to food and food utilization.<sup>3</sup> This is what has happened in Karnali.

Because of the importance given to white rice – taken as a status symbol by the government officials who were supplied with white rice at great cost – leading to *food casteism* (Bhattarai and Kutwal 2020) and its supply through food-aid, Karnali has lost its traditional food producing capacity. The imported ‘white rice’ (called ‘flying rice’ as it was taken there by helicopters or aeroplanes) led to a perception that rice is ‘good’ and local foods like millets, barley and beans, are ‘bad.’ This perception discouraged food production and consumption of local foods. The Karnali Province has not been able to realize new significant developments in food production. The continuation of food-aid at great cost and the concomitant decline in the ability to meet food security locally have been a huge burden on the people of Karnali (Paudel *et al.* n.d.). There is also a danger that the present generation seems to be a ‘lost generation’ in the sense that its members are losing the knowledge about traditional farming systems, local crops, food habits, and uncultivated wild foods.

The availability of food from the market has also increased in Karnali, especially after the conclusion of the Maoist conflict (2006).

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<sup>3</sup> For how food-aid has undermined sustainable agriculture in a global context, see Essex (2010). The impact on sustainable agriculture depends on how donors have conceptualized and operationalized food-aid. When World Food Program (WFP), which has also been providing food-aid to Nepal got the Noble Prize for Peace in 2020, there were reports and research articles revealing that food-aid has not helped the needy, but rather led to various problems for peace and also killed food sovereignty as local food production was affected (see, e.g., Rudolfsen and Halvard 2020).

Now, roads have reached 69 of the 79 *palikas* in the province. When the first edition of this book was published in 2008, the road from Surkhet to Jumla had only just started to become operational. The road expansion that has been accomplished in the last two decades has helped in the distribution of food through the market, and so food availability has improved in general. The growing access to road in Karnali has helped in the production of cash crops like apples, walnuts and vegetables. This change in cropping systems has increased the income of certain households and thereby their exchange entitlements. Their higher disposable income has been increasingly used to purchase processed and packaged food from the market. Unlike in the past, food, especially processed and packaged food, is also imported from Tibet/China. This has been facilitated by the opening of the road from Simikot (Humla) to Taklakot (Tibet) and new developments inside Tibet itself. As a result, the quality of food consumption has declined, undermining children's health (Grocke and MCKay 2016).

It is paradoxical to see that Karnali produces quality food and also produces food in reasonably sufficient amounts to meet local requirements, but it still depends on food-aid and food from other locations and factory-produced foods (such as noodles and biscuits), which are of poorer quality. Similarly, the main demand of the politicians until recent times had been increased food-aid from the central government. But this has changed. With the formation of the provincial government and *palika* governments, the discourse has shifted to how to produce more food and how to make people consume more local foods. This course of action could make Karnali more food secure.

## Federalism and *Samridhi* (Prosperity) in the Karnali Province

The desire to become an 'autonomous' state has a long history in the Karnali region which was once a part of the erstwhile Jumla Kingdom several centuries ago. It had arisen from the resistance

against the Gorkhali state (Adhikari 2055 v.s.) when other surrounding micro-kingdoms were co-opted through marriage relations or the promise of a tributary status so that their rulers could continue to rule under the suzerainty of the Nepal government. Jumla had felt betrayed by the expanding Gorkhali state and thus took the path of resistance. This led to a great loss of its army personnel and resources. Even after the defeat, Jumla made alliances with other smaller kingdoms like Jajarkot, Dang and Rolpa and also sought help from Tibet and British India to fight back the Gorkhali state from time to time. To take revenge, the administration and the army of the Gorkhali state, which always suspected the loyalty of the Karnali people, marginalized and exploited them. Because of this history, a few local politicians had been advocating for Karnali's 'autonomy' even during the Panchayat regime (1960-1990). But such a call was not entertained by the central rulers then as their main aim was the centralization of power in Kathmandu.

Under the Panchayat System, Karnali was a 'zone' – one of the 14 zones in Nepal then – consisting of five districts. In a way, it had three layers of governance: zonal level controlled by the zonal commissioner appointed by the king; Chief District Officers (CDOs), namely, civil bureaucrats, running the administration at the district level; and elected Pradhan Panchas ruling at the *gaun* (village) *panchayats*. The overall power at the local level rested on the zonal commissioner and the CDOs. In 1972, the Karnali zone was placed under the Far-western Development Region. In the late 1970s, it was placed under the Mid-western Development Region whose geographical territory was almost the same as that of the current area within the Karnali Province. After the 1990 political change, zonal level administration was removed and the *gaun panchayats* became Village Development Committees. However, these local units had no power to generate resources and develop their own policies, for which they totally depended on the central government.

The voice for autonomy for Karnali grew after the political change in 1990, and became stronger after the end of the Maoist

conflict in 2006 (MyRepública 2016). During the making of the new constitution promulgated in 2015, the possibilities for establishing a Karnali province became more real. But then politicians in Kathmandu proposed to combine the Karnali region with the Far-western region. This would have meant that the Karnali region by itself would not be a separate province. People in the Karnali region protested this idea and three people lost their lives during those protests. This protest helped in the creation of a separate Karnali Province with its headquarters in Surkhet.

Despite being a separate Province, Karnali-*basis* feel disillusionment in the way power and resources are distributed to the Karnali Province. There is still a need for more resources for development as the internal revenue generated within Karnali is low. For example, in the fiscal year 2023/2024, of the total budget of Rs 33 billion, the central government contributed 73% (Rs 25 billion). The internal revenue was only 5% (Rs 0.8 billion). The rest of the amount came from unspent budget in the previous fiscal year (Hriti Foundation 2023: 5). Now that the Karnali Province receives funds from the central government based on a formula-based objective calculation, there is less complaint about the arbitrariness involved in fund allocation that used to happen in the past. Karnali politicians still demand that their province should receive a higher share in the central government's budget, partly as a measure to right the historical injustice done to this region. In their view, because of this injustice, the Karnali region got no infrastructure and social services until recently. The ultimate impact of this neglect has been seen in food insecurity and poverty of the province.

After getting some autonomy, the government of the Karnali Province has made plans to improve the living conditions of its residents. It has even come up with a slogan, '*Samriddha Karnali, Sukhari Karnali-basi*' (Prosperous Karnali and Happy Karnali Residents). Initially it aimed to raise the per capita income to USD 2,100 by 2023/2024 (Setopati 2018). This would have required a very ambitious economic growth rate of 30-50% per year. During

the fiscal year 2022/2023, the growth rate was only 14%, partly because of the lingering impact of the COVID pandemic-induced slowdown. Nevertheless, there is optimism that a higher growth rate is possible by attracting local and foreign investments in hydropower, tourism and enterprises based on cash crops and herbs.<sup>4</sup>

The impact of federalism on resource allocation is already visible in the last 7-8 years. In the past, Karnali used to receive very small budgets from the central government and the region used to be a place for ‘dumping’ inept and corrupt bureaucrats as punishment. In a way, this ‘dumping’ is still happening and this infuriates *Karnali-basis* (Chalaune 2080 v.s.). Sometimes, Karnali would get a sympathetic gaze from the ruling class in Kathmandu, owing to its underdeveloped status. But now, since the resource allocation (i.e., national budget) is done more or less objectively using a formula, the pride of the Karnali residents has been enhanced.

That said, problems have also erupted in governance after Karnali became a separate province under the federal set-up. Karnali’s provincial government has seen frequent changes due to changes in the ruling coalitions in the center. This means that it has not been able to make independent policy decisions. This has, in turn, hampered timely investment of the available budget and delay or uncertainty in the implementation of some useful programs (Hriti Foundation 2023: 6). For example, the Karnali Province government had announced a total sum of Rs 133 billion budget for the five fiscal years since its inception, but the expenditure rate of the budget has remained about 55.4% only. In this period, it could generate total revenue of only Rs 2 billion, which means it depends heavily on the central government for its budget. Of the conditional grant (Rs 24 billion) Karnali received from the central government in the first four years since its establishment, Rs 8 billion (34.3%) was not spent (Hriti Foundation 2023: 7). There have also been reported

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<sup>4</sup> Personal communication with Yogendra Bahadur Shahi, the then Vice-chair of the Karnali Province Planning Commission, January 8, 2024.

cases of large expenses on vehicles. For example, the Karnali Province spent Rs 2 billion on vehicles during the fiscal year 2018–2019 using the budget earmarked for important social and developmental programs (Upadhya 2019).

There is a lack of co-ordination between the province and local governments. To take an example, a helipad was built by the province government in ward number 3 of Bhagabati Rural Municipality of Dailekh District. Aimed for use to rescue people in case of disasters, this work was done during the fiscal year 2019/2020 with an investment of Rs 0.8 million. However, the helipad was built without consulting the local government and despite its resistance. Now, the local government has dismantled the helipad to build a hospital (Sajha Bisaunee 2081 v.s.). In this context, a news report states ‘local government representatives in the Karnali Province express dissatisfaction with the implementation challenges of federalism in Nepal and that the slogan, ‘Singadurbar at the local level,’ [namely, decentralization of power] is just not the reality now. They perceived that these local governments are just like ‘school management committees’ with limited financial autonomy, [operating under] outdated laws, insufficient manpower, and unclear coordination among federal, provincial, and local levels’ (Shahi 2080 v.s.).

One practical case of inadequate implementation of federalism can be seen with respect to the people affected by the Jajarkot earthquake that struck the province on November 3, 2023. This earthquake claimed 154 lives, but subsequently at least 50 other people – mainly children, pregnant and lactating women, and elderly persons above 60 – died because of inadequate shelter and food (Pokhrel 2024). The ‘reconstruction authority’ at the center did not have branches in the Karnali Province. There was confusion regarding how the province could set up an authority to deal with the earthquake victims. If provincial or local governments were made stronger in this regard, the delivery of rescue and welfare activities would have been quicker.

## Changing Livelihood Opportunities

Karnali households have traditionally adopted diversified and multiple livelihood strategies by integrating agriculture, animal husbandry, household enterprises, herb collection and trading combined with transhumance pastoralism, and seasonal and temporary migration. People from highlands moved seasonally to adapt to the climatic conditions which required establishing a social-cultural relationship between various ethnic groups who lived across Karnali's diverse ecological niches. While maintaining this broad strategy, they have brought many innovations to their livelihood activities. Karnali-*basis* are increasingly following new pattern in trade and migration and are also seeking new opportunities in tourism and other enterprises. The traditional transhumance system has significantly declined and only a remnant of it can be seen in few locations. The livestock population has declined drastically, and its husbandry style, namely, movement as dictated by the seasons, has almost disappeared. The production of wool, wool clothes, and other associated products has also dropped. With accessibility to China – partly due to the opening of road linking Karnali and Tibet – cheaper warm clothes, shoes and kitchen wares are available in the local markets. Now, people of Karnali trade these Chinese products across the hills and plains instead of their traditional products like woollen clothes and local herbs during their seasonal trading movements.

With improved road connectivity and wider sharing of information on the natural beauty and pristine environment, tourism, especially domestic tourism, has increased in recent times. During the fiscal year (i.e., 2018/2019) just before the COVID pandemic caused travel havoc, 454,864 domestic tourists and 21,291 international tourists visited the Karnali Province (MoITFE 2020: 15). Rara and Phoksundo lakes have become popular destinations for adventurous Nepali youths from the big urban centers like Kathmandu and Pokhara. The hospitality facilities in these locations

and in other market centers have improved in both quality and quantity.

With the growth in tourism in Karnali in the last decade, it is hoped that this enterprise would bring good revenue for the province (Mahat 2018). If the Karnali-Kailash route can be developed with reduced travel cost, this will attract many Indian religious tourists. At present, this travel costs about Rs 150,000. With good road network, this can be reduced to Rs 20,000 to 30,000, an attractive alternative for the Indian tourists. But further infrastructural development is necessary for this to happen. There is a possibility that Humla as a route for the Kailash-Mansarovar religious pilgrimage might decline for Indian tourists because the Indian government is developing a route to this sacred place from Lipulek, an area that is controversially claimed by both Nepal and India. Before this happens, it would be prudent to popularize the route via Humla by making it easier and cheaper for the Indian tourists.

Even though herb collection has long been a part of the livelihood strategy in Karnali, in recent decades, people have gotten more involved in this enterprise and expanded their incomes. With better road access, farmers have more opportunities for the marketing of herbs/medicinal and aromatic plants (MAPs) from Karnali which produces almost half of Nepal's herbs. A study has identified 58 species of MAPs in the Karnali Province, generating economic output equivalent to Rs 160,738 million (Aryal *et al.* 2023). This is just over one percent of the province's GDP which the study considers as an underestimation. Now, herb collection contributes significant amount of income to household economy. It contributes almost half the income of households in the mountainous region of Nepal, including Karnali (Hriti Foundation 2076 v.s.).

With knowledge about the market and value chain, local people are slowly adopting ways to claim their higher share in this value chain. For this, they are diversifying the market and undertaking processing and transporting the MAPs products by themselves. A

large proportion of the raw herbs still goes to India, and from there processed herbs are exported to developed countries. In the case of Yarsagumba, an increasingly common practice is to export it directly to China, yielding good benefits to the local collectors. For example, 1 kg of Yarsagumba used to fetch Rs 1 lakh in Karnali, but middle men sold it at Rs 17 lakhs. But now with direct export to China, the middlemen's share has been reduced a lot. The road from Simikot to Taklakot has helped in this process. Despite these positive developments, private enterprises are hesitant to invest in herb processing industries because of complex policies, cumbersome bureaucratic requirements, ambiguity regarding wild versus farmed herbs, and difficulty as well as high tax to bring packaging materials (Hriti Foundation 2076 v.s.). There is also growing concern about the over-harvesting of herbs threatening the sustainability in production.

Opportunities for non-farm employment have also been improving, especially in the construction of infrastructure like hydro-power, road and buildings. As the possibilities of electricity production from hydropower have improved with the expansion of roads and the interests of big investors, employment opportunities will likely expand and local enterprises will grow. It is estimated that about 18,000 MW of hydro-electricity can be generated in the Karnali Province (Sharma 2021), and the construction works required for this purpose could generate immense employment opportunities.

The road connectivity and new opportunities along the highways and market centers have increased internal migration. People are now relocating themselves to market centers or to district headquarters for better employment and income generating opportunities. Accordingly, there is slow depopulation in settlements located at the higher altitudes. Consequently, activities like animal husbandry and the weaving of woollen-clothes have declined.

A fundamental change can also be seen in the out-migration pattern which has been a source of livelihood for many households for generations. The seasonal, temporary and permanent migration

to India has been important for a large majority of families. But in recent years, Karnali residents are increasingly going to the Middle East and Malaysia for work where they earn more than in India. Increased awareness of such opportunities and income from cash crops have helped them in this transition. On the other hand, there is also a new trend of Indian workers, especially skilled workers like masons, painters, electricians, barbers, plumbers and the like coming to the Karnali Province for work. A news report indicates that at least 500 such workers work in Jumla, and many more in other market centers in the Karnali Province. This new trend of migration has arisen because of growth in housing and demand for new skilled jobs, both signs of economic progress. Even the local people are taking up such new jobs, reducing their migration ventures to India (Budha 2080 v.s.).

These new-found employment and income opportunities mean that the Karnali region could now avoid the food crises it faced in the past. In the scholarship on the Himalayan region, scholars have often wondered why regions like Mustang and Manang in central Nepal and Khumbu in the east did not face the same fate of the 'food crisis' that Karnali faced after the demise of the cross-border salt trade with Tibet. One of the reasons for this was that these relatively well-off regions (Mustang, Manang and Khumbu) were able to tap other opportunities, especially domestic as well as international tourism and other trade enterprises. Thakalis invested the financial assets that they had accumulated in other business ventures (like hotels, restaurants, construction contracting), international migration and the education of their children. The Manangis also benefitted from tourism development as well as from international trade, i.e., mainly the import of consumer commodities like readymade clothes, shoes, watches and other gadgets. Similar is the case of the Sherpas in eastern Nepal where trekking and mountain expeditions by tourists came as substitutes for the pastoral economy based on the salt trade. These new enterprises of tourism, trade and education of children helped Thakalis, Manangis and Sherpas to

improve their economy and food security. On the other hand, these opportunities did not arise for the border people like the Bhotias in the Karnali region who had also accumulated wealth from the salt trade. Because this region lacked roads, educational and communication facilities and because the political elites in Kathmandu were not interested to develop the region, few new economic opportunities emerged in the Karnali region following the end of the salt trade.

### **Old and New Social and Economic Exclusions**

The recent developments in the Karnali Province clearly suggest that it has now been more fully integrated with the rest of Nepal and the world. With new connectivity through roads and the cyber world, its geographical exclusion is slowly melting down. However, within the Karnali Province itself, residents have faced many layers of exclusions based on their caste, gender and location. Some of these exclusions are still at work.

Discriminations against Dalits, who make up 23.4 percent of the total population of the province (Nepali 2018) are still extremely high. Close to a half of Karnali's Dalit population live below the poverty line compared to about 26% for Karnali as a whole. They no longer find any meaningful engagement in their traditional works. They also do not find new employment because of lack of education. Since they have virtually no access to resources like land, their livelihood condition is precarious. Because of anticipated discrimination in a new place, almost 53.4 percent of the young Dalits (Nepali 2018) do not want to expose their Dalit identity, and they want to leave Nepal and go mainly to Indian cities as they cannot generally afford to go to other countries. Extreme cases of human rights violations like sexual harassment of Dalit women by persons from the higher caste and wealthier class and the killing of Dalit persons for inter-caste marriage are still ongoing. While some of the widely reported cases like the killing of Nabaraj BK and his friends (KC 2022) are taken to court, many other cases go without

any legal action. Gender discriminations are still severe in Karnali as compared to other parts of the country. Child marriage and the *Chhaupadi* system are still practiced. Dalit girls and women face double discriminations because of their Dalit status and gender status.

As some forms of discrimination decline, new forms emerge. For example, urbanization is growing in Karnali even though most people still live in rural areas. 'Urban biased' policies have widened the gap in the living conditions of and services available to urban and rural residents. Karnali comprises 5.9% of Nepal's population, but only 1.2% of its urban population (The Annapurna Express 2024). New market centers are emerging and existing urban centers like district headquarters are expanding. Increasingly, elites and wealthy people are relocating themselves in the urban centers. They are investing their resources in such urban centers. The government is also investing more resources in such centers mainly because of pressure from wealthy and powerful people residing in such locations. As a result, the socio-economic conditions in the urban areas are better than those in the rural areas. For example, the rate of stunting among children below 5 years in the urban areas in the Karnali Province is estimated at 26.6%. This rate for rural areas is 44.9%, a difference of 18.3 percentage points (MoHP, New Era and ICF 2023).

It is a well-known fact that Karnali was geographically excluded in the past, especially until the end of the Rana period. During the Panchayat era (1960–1990), Jumla was empowered within the Karnali zone through development expenditure and the establishment of various institutions related to health, education and other services. This happened mainly because of close relations between the Karnali elites and Kathmandu's ruling class. Only Jumla was considered as Karnali in the eyes of the ruling class and bureaucrats stationed in Kathmandu. As a result, Jumla had, in a way, marginalized other geographical regions within Karnali. Now with the declaration of Surkhet as the provincial capital, many of the development activities and services are being concentrated in this location. If this continues,

Surkhet will marginalize other sites in the province. The dynamics of the Kathmandu-centric politics and its consequences in the marginalization of other parts of Nepal is likely to repeat within the Karnali Province as well. In addition, the continued existence of the district level administration has created additional complexity in the governance of the province within the federal arrangement. As the CDOs are still powerful and the district level administration set-ups continue to play important role in providing services to the people, district headquarters will continue to be powerful locations within the province in the years to come.

The creation of the Karnali Province with some power and decision-making authority has given it a chance to break the historical isolation of the region, shed its traditional feudal social structure, and slowly remove some of the traditional social-economic exclusions. But, as discussed above, it is yet to be seen how the new political conditions will take roots to uplift the living conditions of the people living in the province.