

SOME SOCIOCULTURAL ASPECTS OF PRIVATE INDUSTRIAL CAPITAL IN NEPAL.¹

**Alex Kondos
Vivienne Kondos
Indra Ban**

Introduction

Some analysts of Nepalese economy and society like Blaikie, Cameron and Seddon (1980) argue that "industrial development has been so limited in Nepal that it is quite impossible to speak of a national industrial capitalist class" (ibid:87). A. Kondos (1987a) argues to the contrary, claiming that such an industrial class has come into being since the mid 1970's and expanded significantly during the 1980s, specifically in five areas of production, namely food, drink, garments, building materials and household durables. Although Kondos's study provides some details of this emergent industrial class, a number of important questions concerning it have yet to be addressed. The principal aim of this paper, which is based on a study of the owners of Nepal's top 140 'medium' and 'large' mechanised manufacturing enterprises in operation during 1989,² is to explore some of those questions and thereby provide a kind of socio-cultural mapping of the Nepalese industrial class itself.

From a theoretical point of view, one issue that needs to be addressed is the question concerning the relationship between class (specifically, industrial class) and caste. Although caste discrimination was legally abolished in the constitution of 1961, caste considerations and practices in this only extant Hindu kingdom were not thereby halted. (Nor did the legislation necessarily prevent discriminatory activities, for that matter.) Even so, given the impact of other kinds of cultural knowledge emerging from within and coming from without, it would be unwise to ignore the presence of variability of attitudes and practices in the area of caste relations. Therefore the problem remains to determine if and how caste considerations, heritage from the past, feature in the new class situation.

Caste designations, it should be added, are complicated in the Nepalese context by notions of ethnicity. While, from a theoretical point of view, it

might be said that caste, necessarily, carries a rank order, whereas ethnicity does not, such a depiction could not apply in the Nepalese situation. Since the various Mulki Ains promulgated before 1951 located particular ethnic groups (for example the Newars of Kathmandu Valley and the assorted 'tribal' groups from different parts of the country) in specific rungs of the official caste order, ethnic groups were rendered and ranked as caste groups (see Sharma 1977; V. Kondos 1982 and 1984).³

Furthermore, caste designations and ethnic categories may be used interchangeably, whenever segments of the population are being discussed. Currently, the term 'Brahmin/Chhetri', signifying the official top castes, is used in official bulletins. The same label may be used in everyday discussions about these high-ranking peoples (whether or not the speakers endorse the high caste placement). At the same time, members of this particular caste may also be described in terms of ethnicity, being called "Parbatya" (literally 'Hill People'), the ethnic group to which the reigning dynasty itself belongs. Reference to other peoples may be made in terms of their particular ethnic names. For example, the Newars are the indigenous people of Kathmandu Valley whose forebears were conquered by the Parbatya about two hundred years ago; their caste position, according to the old official scheme and those who support it, is below the Parbatya. In as much as caste and ethnic categories appear to be used interchangeably, our analysis follows this convention and so it uses the composite term, 'caste/ethnicity'.

From an empirical perspective, the key question is who are these industrialists (the members of Nepal's industrial class), given that Nepal is a highly heterogeneous society demarcated along lines not only of caste/ethnicity, but also of wealth, education, occupation, gender and age?

Furthermore, in view of the fact that the outlay of capital is hardly minuscule (totalling an investment of approximately 2.25 billion NRs. in 1989), it becomes important to know the sources of investment. Given that the traditional (and to a certain extent current) source of private wealth is large-scale landholdings, did such ownership facilitate the initial financing of their industries? Accordingly, one should be able to chart the route of industrial development that occurred and is occurring in this predominantly agricultural society.

In this regard, we want to emphasise that we are not imposing any of the models of industrial development that inform analysis of this phenomenon in western terms. To adopt such model would be foolhardy to say the least, given that Nepal is a distinctly different social formation and that, where the process of industrial development is occurring, it is not only a different cultural context but at a different time, within a global ambience of advanced industrial capitalism. What we need in the case of Nepal is some appreciation

of the kinds of conditions that have given rise to the recent upsurge of private industrial development. This becomes important because although such development objectives have been in Nepal's national programme since the early 1950s, its occurrence at a significant level is only a fairly recent phenomenon, accelerating most dramatically during the last ten years or so (A. Kondos 1987s).

Against that background of concerns, we might ask not only what were the resources of these industrialists, but also what were the conditions that facilitated their meteoric expansion during the last fifteen years or so. What were the conditions for 'Take-Off', so to speak?

Furthermore, given that Nepal can be described as a highly bureaucratized state with government involvement in economic domains, especially at this level, and a renowned practice of extracting revenue through an elaborate system of levies, duties, and so forth, then it becomes important to inquire into the capitalists' orientation to this machine, how it operates and how it can be negotiated. Therefore we are concerned to know how these industrialists perceive the politico-economic conditions in which they must operate. More specifically, how do they view the Nepalese government's role in relation to their industrial activities?

Another important feature of the Nepalese socio-cultural scene is a characteristic mode of going about realising one's objectives. The sociological and anthropological literature on the topic refers to it variously. Some (e.g, Bailey 1966) have treated such activity as a form of patron-client relationship. Others attribute it as being a somewhat dubious way of getting one's desires fulfilled (Caplan 1971). A. Kondos (1987), however, argues that the cultural format is complicated, containing a number of interrelated procedures, the mode of action Nepalis call *natabad kripabad* (favouritism). He wants to distinguish these from another method that also features the infamous route of bribery (*ghush*) and corruption (*brastachar*). That corruption is a problem is indicated by the various government campaigns to control it, like the numerous corruption committees initiated to investigate the problem. So given the presence of strong governmental controls, the regulations, levies and so forth, as mentioned above, and given the industrialists' concern to make their enterprises operative and profitable, we wanted to find out if any of the traditional ways were resorted to and, if so, which. But since it would have been naive to ask such questions like "do you bribe officials" or "do you engage in *natabad kripabad*", an indirect method was used to gain some understanding of the extent of these practices. The question this study posed related to the industrialists' assessment of the means deployed by the other industrialists in pursuing their goals when dealing with government bureaucrats.

In as much as of these medium and large scale enterprises are jointly owned, being private limited companies (A. Kondos, 1987a), this raises the question of how they are formed. Who exactly combines with whom to form such companies, given, as mentioned earlier, that Nepal is a highly heterogeneous society with a range of caste and ethnic identities? Accordingly, the final question we want to address is: do these industrialists combine along caste/ethnic lines or do they form their companies according to some other social basis (bases)?

Through addressing the above questions we hope to delineate some features of the sociocultural profile of Nepal's industrial class and provide the necessary empirical data for considering one important theoretical issue, the nature of the relationship between class and caste. These are the two principal objectives of this paper.

It should be noted that the time when this study was conducted falls at a critical point: in the year prior to the downfall of the panchayat mode of government and before its replacement by a democratic system based on multi-party parliamentary representation and constitutional monarchy. Already the new government has announced major changes in industrial policy.⁴ How such developments (if they occur) will affect the socio-cultural features of the industrial capitalist class is a moot point. But irrespective of the nature of the new circumstances, any review of these could not ignore reference to the situation under the prior panchayat system. Our general concern is to map that particular situation.

Methodology

A variety of sociological and anthropological methods were used in this study. Chief among these were: participant and non-participant observation, informal discussions with Nepalese experts and government bureaucrats, and interviews with the owners of the 140 leading enterprises of Nepal's manufacturing industries. Thus, both 'qualitative' and 'quantitative' data were obtained.

In so far as most of the quantitative data to be presented here were derived from the interviews with the industrialists, it may be useful to elaborate a little on this particular method.

A highly flexible and conversational approach was adopted in conducting the interviews with the industrialists, thus creating space for the respondents to elaborate spontaneously on any of the topics listed in the interview schedule. The interview schedule itself was designed to promote flexibility in that it did not take the form of a highly structured questionnaire that is usually associated with the collection of quantitative data through interviewing. Instead, mostly 'open-ended' questions, designed to encourage

discussions, were used.

With whom exactly were these interviews conducted? Given that, as we have already indicated, the privately owned medium and large manufacturing enterprises in Nepal in 1989 were companies, any one of which could have been owned by more than one person, interviewing every owner would have made the universe overly large. Furthermore, since we did not want to omit discussions with any of the owners of these 140 companies, and we did not want to adopt a sampling approach but wanted to conduct an open-ended, flexible social inquiry which we deemed to be more appropriate for addressing the kinds of questions we have outlined, our problem was how to restrict the number of interviews without distorting the representation of the universe of companies.

On the basis of advice from Nepalese consultant and from our own knowledge of the Nepalese field, we surmised that if we did interview every co-owner of any one company, this would yield a lot of unnecessary duplication of information. Therefore, we adopted the following procedure in selecting which of the co-owners of any one company would be interviewed:

1. In a company where all the co-owners were of the same caste/ethnic background and were kin or affines, then only one of these co-owners was to be interviewed.
2. In a company where co-owners were not kin or affines but were either of the same or different caste/ethnic backgrounds, then one person from each of the castes/ethnic backgrounds was to be interviewed.

This procedure yielded 220 possible respondents. Only seven refused to be interviewed - a response rate of approximately 92. On this basis we feel that the results of our interviews can be generalized to this particular segment of Nepal's capitalist class, specifically, the owners of the major or largest manufacturing enterprises in operation during 1989.

Analysis

On this basis of the qualitative and quantitative information gathered through our multi-method approach, what can we say about each of the five issues we have posed?

1. Who are Nepal's industrialists?

Consultations with some Nepali experts raised two points which are of interest to our present concern:

- a) That the only industrialists of any significance in Nepal were the Marwaris. Marwaris are Indian migrants to Nepal of several generations. As some of our informants put it: "They are especially

talented in business and have a strong will to succeed, unlike many Nepalis who expect things to come to them without much effort on their part". Partly with a touch of envy but also with a certain degree of admiration, we were invariably told the homily that "A Marwari comes with only a *dhotti* (loincloth) and *lota* (water container) and ends up becoming a millionaire".

- b) That any of the leading industrialists, including Marwaris, would have to have "palace connection", otherwise he would not make "the big time".

On the quantitative side, the patterning is complicated. We found that of the 203 industrialists we interviewed, 27.6% were Parbatya, 28.1% Newar, 36.0% Marwari and 4.0% consisted of 'Other' Nepalese caste/ethnic categories, that is, the co-called 'tribals', while the remainder (4.3%) were Indian nationals. Clearly, in terms of caste/ethnicity, Nepal's top industrialists are a heterogeneous lot. At the same time, the popular expectation that Marwaris are over-represented in this field corresponds with concrete reality, in that despite their nation-wide demographic minority, the Marwaris constitute the majority of these industrialists. At the other extreme, those least represented, although they constitute a comparatively large segment of the Nepalese population compared to the Marwaris, are those Nepalis referred to as 'the tribals' (Magar, Gurung, Rai, Limbu, etc.). Given that this particular category is very small relative to the other three caste/ethnic groups that make up this industrial class, we will not draw any comparisons between it and the other three categories, since percentages on such a small base would be very misleading. Therefore all comparisons on the basis of caste/ethnicity will be restricted to the three principal categories: Parbatya, Newar and Marwari. In addition, any comparisons in terms of gender will also be excluded, since there were only 10 females among these industrialists, 4 Parbatya and 6 Newars. Clearly, this segment of Nepal's industrial class is male dominated.

A final point that should be made about the caste/ethnic composition of the industrialists is that we did not find any Untouchables in their ranks. This is hardly surprising given that it is extremely rare for an Untouchable to have the kind of economic base that is required for the level of investment necessary to enter this field, and perhaps because Untouchables are not likely to qualify on several other counts, as will become apparent when we consider some of the other characteristics that these industrialists have in common.

First, in terms of their educational backgrounds, we found that 83% of them had been educated at the tertiary level, 11% to secondary level, 5% to primary level and only 1% claimed that they had not had any formal

education. So, on the whole, these industrialists are highly educated. Within this overall similarity, however, there are some significant differences between the three major caste/ethnic categories.

Marmaris are outstanding with 91% of them being educated at the tertiary level and not one of them being without some formal education. The comparable 'tertiary' figures for the Parbatya and Newars are 87% and 75% respectively.

Secondly, there is the matter of occupational backgrounds. Before becoming industrialists, only a handful of them were engaged in agriculture (4%). The majority were in occupations that are usually associated with urban centres: merchants/traders (35.8%), government administrators (21.4%) and 'professionals' (4%). With regard to the rest (34.8%), however, their current occupation (industrialist) constituted the only 'occupation' they had ever had.

Considered as a whole the overall urban character of the occupational background of these industrialists corresponds with their general level of education. Moreover, 82% of them told us that their places of origin were urban centres, predominantly within the Kathmandu valley.

While that was the general picture, there were some significant differences among the three caste/ethnic categories. Here the most distinct different differentiation occurred with the Marwaris. Not one of them was engaged in agriculture. Instead, for many of them (48%), being an industrialist was their first occupation. With others, it was a merchant/trader background (44%). In contrast to the Marwaris, the Parbatya and Newars had been more widely spread over the various occupations already listed: government administration (38% and 29%, respectively); merchant/trade (23% and 34%, respectively); agriculture (4% and 9%). Most of the remainder of the Parbatya had been 'professionals' (7%) and of the Newars (8%) agriculturalists.

The third area is that of economic resources. It goes without saying that the wealth of these industrialists' is extensive, since they are the owners of Nepal's major private manufacturing firms, as the official definitions of these sizes clearly indicate (see footnote 2). But their factories are not the only index of their wealth. If anything, these assets are an index of the fact that they were wealthy before they became industrialists. Even where loans were necessary to establish these factories, which was the case for 60% of the industrialists, some collateral would have been necessary. Lohani (1976:62) asserts that a ceiling of 75% of the total cost of launching a concern was set on borrowings from financial institutions especially set up to lend on approved industrial ventures, such as NIDC (Nepal Industrial Development Corporation). However, according to the personal experiences of some of our informants, in reality much less than 75% could actually be borrowed from such institutions. Some industrialists told us that they had to provide as

much as 40% of the total investment themselves. Needless to say, this means that such men had controlled considerable personal wealth, given the sizes of the enterprises that they had come to own.

Knowledge of various kinds of movable property owned by the industrialists would also give some indication of the extent of wealth that they command. Yet it is obvious that the subject of personal wealth is a highly sensitive area of research. Therefore the topic was approached in very broad terms only. Consequently, whilst we were able to elicit information on whether an industrialist had any shares ('securities') in some company, it was not possible to determine how many shares, their market value, etc., although there was little difficulty in establishing the number of companies in which an industrialist did own shares. Similarly, whilst information on how many dwellings were owned by a particular individual was forthcoming, again the value of such dwellings was not. Information about landholdings presented similar difficulties. In this instance we were only able to determine how many landholdings a person had, where in Nepal and whether such lands were under cultivation or not, and if so, whether the cultivation was by a relative or a tenant farmer. Finally, regarding their ownership of other businesses, the information gathered was restricted to size specifically whether these were registered as 'small', 'medium' or 'large' enterprises. We labelled each of these kinds of property as follows: 'Shares Capital', 'Domestic Capital', 'Land Capital' and 'Business Capital'.

Focusing on these four kinds of property and operating within the limitations we have just outlined, some idea of the extent of the wealth that these industrialists enjoy was deduced. Hopefully this is more concrete than mere speculation or guess-work.

The total wealth made up of a person's 'Shares Capital' plus 'Domestic Capital' plus 'Land Capital' and 'Business Capital' was estimated for each industrialist. This allowed us to rank all 203 cases of industrialists in terms of wealth. To facilitate a comparison in terms of caste/ethnicity, we divided the rank order into three equal segments: we labelled the top one-third of the cases 'the extremely wealthy, the next one-third 'the very wealthy' and the bottom one-third of the cases as 'the fairly wealthy'.

According to this procedure, the following profile emerged. When we examined the top one-third of the cases (the segment we have called the 'extremely wealthy'), we found that the majority 63% of these were Marwaris, whereas only 20% were Newars and 9% Parbatya. The middle segment, the 'very wealthy', consisted of 40% Parbatya, 35% Newars and 25% Marwaris. The bottom segment, the 'fairly wealthy', was made up of 34% Parbatya, 29% Newars and 21% Marwaris.

What is interesting about the above pattern of distribution, where enormous wealth is involved, is that the thesis which posits that the politically dominant group in a society is also the wealthiest group finds very little support here. Nor does the thesis which defines the top caste as being equivalent to the top class. On either score the politically dominant and high caste Parbatya of Nepalese society do not hold the major share of the wealth in this newly emergent industrial class. Rather, it is the Marwaris, who belong neither to the politically dominant ethnic group nor to the top caste in this society. As a collectivity, they do, however, possess a great deal more wealth than the members of either the other two categories, the Parbatya and the Newars.

2. The Issue of Resources and Conditions for 'Take Off'.

At a general level, we can say that the hard core of industrial capitalists, that is, the giants of private manufacturing in Nepal, were well equipped to lead the way in this field in that they not only had the economic resources but also the appropriate occupational and educational background to enter the industrial field. Here, we should note that most of them had achieved this within the last ten years, since 69% of the enterprises that they owned were first registered within that period, whilst the rest (31%) had been first registered sometime earlier, principally during the early 1970s, according to the records of the Department of Industries. This suggests, among other things, that the combination of resources to which we have just referred was in many cases highly likely to have pre-dated these industrialists' ascension to prominence. If this is so, and our understanding of the situation prompts us to assume that this was generally the case, then we might ask what was it about the recent period that facilitated an acceleration of private investment in the industrial field.

According to a number of Nepalese experts, the necessary institutional structures (eg., finance institutions like the Nepal Industrial Development Corporation-NIDC) and a great deal of the required infrastructure (e.g., roads and electricity) for the development of privately owned mechanised manufacturing in Nepal had been established well before the 1980s (Lohani 1978). Yet it was not until very recently, as we have seen, that private investment in mechanised manufacturing had really 'taken off'.

We would like to suggest that any understanding of the conditions which gave rise to this development has to take account of the following important factors. First, from the mid-1970s, Nepal has experienced a tremendous growth in its tourist industry (Gurung 1978). This has meant, among other things, a building boom, a high rate of urban growth, and concomitantly, through internal migration, a significant growth of an urban concentrated

landless and unskilled labour force seeking employment in factories and elsewhere (Gurung 1988), as well as an expansion of an urban concentrated consumer market made up not only by the increased presence of tourists but also by an increased number of Nepalis (via internal migration). Some Nepalis, whether newcomers or old residents, appear to have acquired a taste for certain western type goods, as well as the means to buy them, although one would not deny that the cost of such goods was prohibitive for most Nepalis. Even so, a considerable number of Nepalis are helping to augment the demand for such goods that had previously been Indian imports. Local production therefore could profit not only by supplying the tourist demand for such goods but also by wooing, with relatively little effort, a growing Nepalese consumer market.

The next important factor in our view is related to the first, in that it too is connected to the enormous growth in tourism. A number of Nepalis in centres like Kathmandu amassed considerable wealth through providing various kinds of tourist services. Some of this newly acquired wealth was possibly accumulated via illegal means, while that acquired legally was often not disclosed to government authorities so as to avoid paying the required taxes and levies. Accordingly, reservoir of finance was readily available, "awaiting large-scale means by which it could be laundered", as one Nepali put it. According to these reflections on the monetary activities of this period, the generation of "back money" provided one source of finance for investment in the industrial enterprises established at that time. Structural factors also contributed to the phenomenon.

The major structural factors designed to woo private capital into the manufacturing industry became distinctly positive subsequent to King Birendra's ascent to the throne. While previously much of the government's encouragement could be assessed as mainly rhetoric, the government began providing concrete incentives in the late 1970s through to the 1980s (for a list of these incentives see Sitoula 1989:1.12 to 1.14). One of the most important of these incentives was the substantial reduction of import levies on raw materials needed in the production of a number of consumer goods. Thus allowing locally manufactured western types of commodities (all of which relied on imported raw materials) to compete in the market place against similar goods imported principally from India. Levies for exporting such Nepalese manufactured goods were also greatly reduced, thus providing the space for local manufacturers to export any surplus production to India and, in a number of instances, to markets beyond India, for example, as eventually in the case of carpets and garments, to the U.S.A. and Europe. In the case of garments, which was one of the fastest growing industries during the 1980s, the government's lifting of export quotas was also an important

incentive, especially since India applied very strict quota regulations on exporting such production. One of the major consequences of the divergent Indian and Nepalese policies was that many Indian garment entrepreneurs met their overseas consignments through commissioning production in Nepal and exporting their consignments from Nepal. In this way the growth of Nepal's garment industry was boosted, while at the same time it indirectly created the context for some Nepalese themselves to market their production directly rather than through Indian entrepreneurs.

In the matter of industrial continuity, the government made its position clear. In addition, the government's "new industrial policy states emphatically that no enterprise will be nationalized except in the interest of national security" (Sitoula 1989:1.15). It would seem that the drive towards privatisation witnessed in most western countries since the 1970s had its correspondence in Nepal also (see Khatiwada 1986). In this regard the Nepalese government "has announced its intention to sell 20% of its enterprises" to private capital (Sitoula 1989: 1.15).

Given this combination of factors, we can understand at least some of the reasons why investment in private manufacturing took off as it did in this period. We can also better appreciate why this investment was concentrated in particular manufacturing industries, namely, food, drink, garments, building materials and household durables.

3. Industrialists' Views on the Government's Role

Attention has already been drawn to the fact that Nepal is a highly bureaucratized state where rules and regulations govern numerous aspects of economic and political life. This highly centralized system of state control is not a new phenomenon. It characterizes a very old mode of Hindu statecraft (see Shaha 1962 and V. Kondos 1984). The bureaucratic aspect of that traditional mode of statecraft, with some modifications, still operated during 1989, and whether it will change significantly in character with the recent introduction of 'democracy' remains to be seen. But up to the period of our fieldwork, the Nepalese political economy was essentially of the paternalistic variety, where the customary mode of Hindu statecraft prevailed. This meant, among other things, state intervention. State revenue and thereby state surveillance of its citizens' economic as well as political activities were of paramount interest to its existence. Such a political-economic milieu, one might surmise, does not provide an ideal context for private capital to maximise its interests through straight-forward procedures. For the state capitalist endeavours merely provide yet another field for the exercise of state domination. In explicating the issues in question, one of the state's bureaucrats in the Department of Industries, when asked why was it that

virtually every step that an industrialist has to take to put and keep his enterprise in operation seems to require a government permit, licence or other form of government endorsement of that activity, which invariably means not only an added expense for the applicant but, more significantly, delays, in that government procedures involve a concern for internal checks and counter checks of one government officer by another within the same bureaucracy, this bureaucrat replied: "Obviously, you do not know what the purpose of government is in this country. It is to control."

How did our industrialists' view the matter? We approached this very sensitive topic by submitting to each of our respondents a list of six statements taken from a study conducted by Suvedi, Koirala, Upadhyaya and Pathak (1987). These were quotations from top level business executives. In our consideration, these needed to be quantified, since that study did not specify the extent of their endorsement within the Nepalese business world. Accordingly in our study we sought to provide some idea of weightings. The list of statements and the percentage of the industrialists agreeing and disagreeing with each statement were as follows:

	Agree %	Disagree %
1. "Export policy is not liberal."	75.0	25.0
2. "Among three partners one has to run after Ministers."	68.0	32.0
3. "Government policy is not clear"	82.0	18.0
4. "There is inconsistency in government policy."	90.0	10.0
5. "75 percent of attention has to be diverted towards the procurement of raw materials."	64.0	36.0
6. "No government authority has sense of urgency."	87.0	13.0

This pattern of results indicates quite clearly that there is a great deal of negative feeling among these giants of industry with regard to the areas of government activities covered by the range of statements. Statements 2, 3, 4 and 6, in particular, provoked a lot of commentary from almost all the respondents, some of whom expressed their anger quite volubly against the prevailing government orientation to private industry. One prominent industrialist vented his hostility towards what he saw as government ineptitude by describing its policy as "Fickle, changing every so often. The local market is never protected." Another directed his discontent at the government bureaucrats themselves, describing them as having "double standards". As he put it,

On the one hand, they project their image as devoted civil servants who had to survive on their meagre salary. On the other hand, after duty, at home, they take off their mere government uniforms and change into foreign gear and indulge in imported drinks, sitting in front of their Sony television set and video to relax.

Another highly successful businessman could not hide his annoyance towards the royal family members with whom he was in partnership. He said,

They had not put any money at all in the business but used their position of influence to get things done. But I have to pay the price for it. They ring me up whenever they need money and only once I deliver it do they leave me in peace.

Such elaborations were not isolated occurrences but were frequently made, not only with regard to government policy in general, but also with regard to the bureaucrats' mode of operation and what was often referred to as "palace interference", even by industrialists not in partnership with a member of the royal family. An ad hoc approach to policy-making and a prevalence of "corruption" within government bureaucracy as well as at the centre of power, the palace, seem to have been the main sources of the industrialists' discontent with the politico-economic context that they had to negotiate.

Even the statement concerning difficulties encountered in procuring raw materials (statement 5) provoked the same kinds of reactions. Again, the bureaucrats and the palace were perceived as the cause of the problem, rather than the fact that, Nepal being a land-locked country, transporting raw materials from outside meant delay and high costs. These were assessed as due to government imposed regulations and inefficiency.

The account of one aspiring industrialist who had failed to enter the field is instructive. After he had submitted his proposal and application to establish a factory for dry dairy production in Biratnagar and an application for a loan to NIDC, he subsequently received a written statement that the loan had been approved. So acting on this for the next few months he spent several lakhs rupees in preparing for his venture. But at this point he was then informed by NIDC that he should locate his factory in one of the western districts of Nepal rather than in Biratnagar, which is in the east. This meant, among other things, that he would have to finance yet another feasibility study to be carried out in this location by NIDC itself. It became obvious to him that what was being asked for, indirectly, was for him to enter into a '*table muni*' (under the table) type of transaction, that is, to offer a bribe. This he was not prepared to do. So his "dream venture" collapsed. Assessing the situation he concluded, "only the wealthy can become industrialists in this country".

Thus, from a different tack, he repeats the points of the industrialists' commentary.

4. Ways of Getting things Done

We turn to the fourth issue we wanted to address in this study, namely, whether these 'stars' of industry resorted to traditional ways of getting things done:

As noted in our introduction, what we might call the 'cultural pathways' for realizing one's objectives in this society include such valued procedures as *natabad kripabad*, (favouritism), tapping *pahauch* ('source-force') and *chakari* (flattery), which may or may not entail *ghush* (bribery). For reasons already noted, we adopted an indirect method of determining the extent to which these industrialists might have utilised any of these cultural procedures in pursuing their interests. Here we focused on *pahauch*, *chakari* and *ghush* specifically. We did not raise the question of *natabad kripabad* for two reasons. First, there is little doubt about the centrality of this value in Nepal. Secondly, it seems to us that the cultural obligation of doing one's duty towards family and close friends, in this instance to favour them, is a matter of "if one can, one must", as one Nepali put it, but which in turn signals the fact that to effect that entails having *pahauch* (i.e., access to 'source-force'). Accordingly we thought it more important to focus attention on *pahauch* itself, rather than the broader *natabad kripabad*.

The inquiry was anchored to industrialists' understanding of other industrialists' practices. Specifically, each of our industrialists was asked to comment not whether he himself availed himself of these ways of getting things done, but rather whether he thought other industrialists did so, and the extent to which he thought this was/was not the case. On the issue of *pahauch*, specifically, we asked how important this method was for industrialists.

With regard to flattery (*chakari*), the great majority of respondents (83%) said that they believed 'most' or 'many' of the industrialists used this cultural mode of getting things done, whereas only 12% said 'a few' and very low proportion (5%) said 'none' adopt this way. On the question of bribery '*ghush*', the pattern of responses was very similar, with 84% saying 'most' or 'many' use it, 11% believing that only 'a few' do so, while the remainder (5%) surmised that no industrialist stoops to this kind of strategy. As far as the matter of getting access to those in power (*pahauch*) is concerned, the pattern of responses was even more dramatic, in that 93% said that it was 'extremely' or 'very important' that industrialists have access to source-force in order to succeed in industry.

Furthermore, given the industrialists' perception of the prevalence of such procedures, we might then appreciate what the statement "Of three partners one has to run after the Minister" (endorsed by more than two thirds), is referring to. It is highly likely that such 'running after' brings into play one or the other of these three modes of operation, including the equivocal mode of bribery.

On the broad front it seems that customary practices continue in the new field of industrial relations. In the Nepalese context, as elsewhere, capital is not averse to using whatever the culture itself provides to oil its motor for its accumulation. Out of these, the routes of *pahauch* and *chakari* do not carry the kind of moral disapproval that *ghush* does. But as our respondents' replies also suggest, *ghush* is not something that capital shuns, if this is seen as an effective way of short-circuiting the kinds of obstacles and delays that some government bureaucrats might present.

The customary practices of favouritism (*natabad kripabad*), flattery (*chakari*) and utilizing source-force (*pahauch*) were not the only traditional idioms that these industrialists employed in pursuing their capitalist objectives. Certain Hindu religious practices were also being utilized to this same end.

The question is which ways and by whom. What is of interest for us is that there was no prevarication about one's religious affiliations, and the fact that almost all of the industrialists located themselves in the various faiths that are associated with the region (and the South Asian sub-continent, for that matter), most as followers of the Hindu faith (90%), while of the remainder, 4% proclaimed themselves as Buddhists, 4% as Jains and 2% with 'other' religious faiths. Since a particular ritual form (*puja*) is common to the three faiths and is also a fundamental religious activity, the extent of its practice by these men would indicate a degree of religiosity at least. According to their own testimonies, *puja* is a significant practice for most: 70% of the respondents claimed that they performed this ritual on a daily basis, while only 2% said that they 'never' performed it (none of these non-performers were Hindus, it should be noted). Furthermore, doing *puja* was not only a common practice but an activity where the fate of their industrial enterprise figured. The majority (64%) said that during their performance of the ritual, they "always" asked the gods "to bless" or in some way "to favour" their enterprises. Only 12% stated that they "rarely" or "never" did this. While the future was a concern that was taken up with the gods (though obviously not restricted to this domain), the past was treated in a different context.

The issue here is the doctrine of *karmaphala*, (literally "action fruit"), which specifies that one's past actions channel one's present circumstances.

Exactly how this is regarded and used by the populations concerned and in what social contexts varies despite the sacred texts clarity of its presence and operation in an individual's cycling through the circuits of transmigration. For certain Nepalese Untouchables, it is a highly contestable explanation of their current circumstances, though other castes may and do resort to it as an explanation. Then again it can happen that outstanding success of this or that individual is attributed to the operation of *karmaphala* by other people in attempts to explain their inordinately favourable circumstances (ibid.). It would seem that as far as the industrialists are concerned, when it comes to the question of the connection between the operation of *karmaphala* and their own success, many assumed this as pertinent. Only 12% of the respondents expressed the opinion that *karma* was not relevant to their success, while 86% held the contrary view.

If religiosity and the tenets of its doctrines figured significantly in these men's understanding of their lives especially as industrialists, it was not restricted to these. Many factory owners allocated space for a shrine room. Otherwise a picture of the relevant deity, Laksmi the goddess of wealth, was affixed to the factory wall overlooking the machinery and the factory workers.

It appears that religious beliefs and certain customary religious practices like *puja* were consciously articulated in the field of industrial activity and were perceived to provide yet another mode by which things are done. Therefore it would seem that religion has relevance for the new "secular" enterprises. And in their understanding, "to be a successful industrialist, is to be favoured by the gods", as several of our respondents put it, the connection is seen as substantial. What is also relevant is that a traditional mode of pursuing one's objectives, that is, going to the appropriate source of power, figures in two contexts: to the gods in *puja* and to source-force individuals of the social milieu.

5. The Social Base(s) of Company Formation

We come now to the fifth and final issue we wanted to cover, namely, with whom do these industrialists combine to form their companies? In earlier sections, it has been established that the industrialists constitute a fairly homogeneous category of people inasmuch as they come from that segment of Nepalese society which commands the necessary material resources to venture into this capital intensive mode of production. We have also seen that on the whole they are highly educated, which, in turn, corroborates their wealthy origins, since access to higher education in this society is a privilege of the rich. So, if this is the personnel which owns the 140 operations at the time of our study, then we can say that at least two of the bases on which these companies were formed are wealth and a high level of education.

Another base, which can also be deduced from our earlier discussions, should be explicitly stated here. It should be recalled from the section on 'Methodology' that when joint owners of a company were kin-related or affines, only one of them was to be interviewed. Although the 203 selected constituted a fairly heterogeneous collectivity in terms of caste/ethnicity, they also represent 203 different families. In short, the top 140 manufacturing companies operating in Nepal during 1989 were owned by 200 or so families. We can say, therefore, that the third basis upon which these companies have been formed is kinship.

But what of caste/ethnicity? To what extent, if at all, have the industrialists combined with others of different caste/ethnic background to form these companies? Of the 140 enterprises, 95 (or 70%) of them were partnership where the co-owners shared a common caste/ethnic background. Of these, 58% of the co-owners were Marwaris, 20% Newars, 17% Parbatya and 5% 'Other'.

With the remainder of the enterprises (45 of 30% of the cases), the co-owners of the companies were drawn from heterogeneous caste/ethnic categories. In this instance the three major caste/ethnic categories were represented in the reverse rank order pertaining to caste/ethnic homogeneity, detailed above. This time it was the Parbatya who predominated in 80% of the cases, next the Newars in 49%, with the Marawaris now being represented in only 40% of the cases. The remainder (36%) being 'Other'. Obviously, the total percentage here far exceeds 100%, since in any one company several different castes/ethnicities are involved; thus the same company may be designated more than once as having a co-owner of a particular caste/ethnic background.

What does this mean? Common caste membership appears to be significant, yet this itself is the result of other considerations. It would seem that in those companies where co-ownership entails a homogeneity of caste/ethnic origin, it is kinship which acts as the magnet for the formation of a company, provided that other factors such as wealth and education, mentioned earlier, remain constant. This factor seems to be operative most vividly among the Marwaris.

With regard to those companies where co-ownership is characterised by caste/ethnic heterogeneity, it appears that while cross-categories are fairly common, this is most pronounced with the Parbatya. More industrialists from this caste/ethnic background were willing to combine with other caste/ethnic persons to form substantive companies, just as more members of other caste/ethnic persons chose to enter into co-ownership with the Parbatya for whatever reasons. So when it comes to the question of crossing caste/ethnic boundaries to form partnerships and establish the capitalist

enterprise, it is the combination with Parbatya that is preferred. In either case, being a Parbatya signifies that caste/ethnic boundaries are less likely to mitigate against the formation of a capitalist partnership.

This of course is not to deny the contention that kinship is the principal magnet in the formation of a company. The relevance of kinship is not limited to the case of private company formation. Even with Public Ltd. Companies (and there were 15 such companies in our study), kinship played a major part in ensuring their establishment. For example, we found that in many instances, those floating such a company had to call in kin to buy the 'securities' or shares because other members of the general public failed to do so.

Given the centrality of the *natabad kripabad* orientation to the world in this culture, we would expect that not only kinship but also friendship would be an important consideration in choosing the persons with whom one would be prepared to enter into co-ownership of a company, again assuming that wealth and education levels are held constant. Therefore respondents with non-kin partners (108 of them) were questioned about the duration of their friendships. They were asked how long they had known each other prior to becoming business partners. While 31% of these respondents claimed that they had known their non-kin partners for ten years or more prior to entering into their current joint venture, 69% claimed that they had known them 'since early childhood' or 'since their school-days'.

Yet it was not only duration of friendship that was important, but the contours it had assumed over the years. Commentaries on the nature of the relationship attest the point. The sentiment expressed in one observation, "We are very old and close friends. We are like family", catches the general orientation. Insofar as friendships, forged during childhood and continuing through to adult life, take on a surrogate kinship status for these Nepalis, then in such circumstances, a 'familial face' of capital is being established, albeit 'surrogately'. Just as in the other circumstances, family corporations constitute the dominant mode of formation.

Theoretical Implications.

It is evident from this study that one cannot be dismissive of industrial development in Nepal, at least as far as the private sector is concerned, for it is not as minuscule as some commentators are wont to declare whether expressed in the Nepalese media, the learned journals or elsewhere. However, it is the sociocultural constituents of this class that are relevant to a consideration of the major theoretical issue we posed at the outset, specifically, the nature of the relationship between class and caste.

With regard to the agricultural sector of production, Blaikie, Cameron and Seddon have observed, and we think rightly, that class cuts across caste (1980:85). In the case of Nepal's industrial class, whose existence is denied by these authors, the intersection between class and caste (or, for reason already outlined, what we have designated as caste/ethnicity) is far more complex than is the case with the agricultural class structure outlined by Blaikie, Cameron and Seddon.

On the basis of our analysis, it appears that there are at least six important dimensions to the Nepalese industrial capitalist class at this stage of its development. Not necessarily listed in any order of importance, they are:

1. A common background of wealth,
2. Similar urban-based occupational background;
3. Sameness in level of education;
4. Predominantly male;
5. Largely 'tradition-bound'; and
6. Highly differentiated along caste/ethnic lines.

A brief comment on each of these dimensions, indicating how certain of them are interconnected, may be useful before we draw any general conclusion on the issue concerning the relationship between class and caste.

With regard to the background of wealth, that is, wealth held prior to becoming an industrialist, we have illustrated that such wealth was not entirely based on landholdings. This suggests that we do not have here a simple linear progression where members of "the hereditary aristocracy" or of "the landholding gentry" (Blaikie, Cameron and Seddon 1980:85-87) decide to become industrialists, for, as we have shown, the great majority of Nepal's industrial giants come from a wealthy merchant background or alternatively from urban-based occupational backgrounds. These in turn are not dominated by members of the top caste/ethnic group of this society, the Brahmin/Chhetri or Parbatya, but by Newars and Marwaris, both of whom constitute demographic minorities in Nepal.

Their wealthy and urban-based backgrounds largely account for the fact that these members of Nepal's industrial class are highly educated, since educational opportunities are concentrated in urban centres and, as in most other countries, mainly accessible to the relatively well-off members of a society. High education as a commonality of this class is significant in the Nepalese context, in that it is generally assumed to be a key factor in the so-called 'modernisation' process. In Nepal, the notion of modernisation is closely linked to the idea of industrialisation and, both ideologically and in practice, inexorably tied to high education (see Malla 1979).

Given the discriminatory nature of the law governing inheritance against women, despite a number of recent reforms to mitigate gross inequalities in this field (see Bennett 1981; V. Kondos 1989), and given women's subordinate position vis-a-vis men in Hindu culture generally, it is not surprising that women are virtually absent in the forefront of the Nepalese industrial class. Probably, like most women in Nepal, the wives of these industrialists are kept busy running their husbands' domiciles and thereby propping up their industrial fortunes, so to speak.

The fifth aspect relating to this industrial class is what we have here labelled 'tradition-bound'. Reference was made to the general cultural practice which is oriented along the lines of *natabad kripabad* (getting family and friends to act as your protagonists) as the way to get things done. Industrialists claim that this also has relevance for their capitalist pursuits. It was also shown that family and friends were relevant to the ways companies were formed.

This mode of company formation has further analytic significance, linking as it does to Weber's considerations. If we take the two principal bases of company formation, 'familial' (kinship) and 'familiarity' (friendship), then it is evident that companies are not constituted as impersonal entities, dependant on expertise and other so-called 'rational' considerations, as with Weber's conceptualization of rationality pertaining to western industrial societies, but rather on personal factors. While wealth and education are important, they are not determinant. With the kinship stress ('familial' and 'surrogate familial'), what one might call 'corporate endogamy' seems to be operative here. This could be viewed as a non-rational basis of company formation according to Weber's theory. But given the Nepalese sociocultural context where *natabad kripabad* figures prominently, and given the then prevailing politico-economic conditions that the Nepalese state structures impose, the personalized modes may also, paradoxically, be seen to be the most rational ones. Here rational is used in Weber's sense of subscribing to effective means to realise one's goals in these particular circumstances.

With the exception of caste/ethnicity, the Nepalese industrial capitalist class appears to be fairly homogeneous socioculturally. This does not mean that caste is irrelevant to class. Rather, we want to stress that the relationship involved is intersected by a number of other factors as those we have listed above. Accordingly, it becomes somewhat simplistic to claim, as is often the case in the literature and in everyday conversations, that the dominant class (in this instance the industrial capitalist class) is equivalent to the top caste. At the same time, however, it is the caste/ethnic composition of this class that most clearly disturbs its overall homogeneous character. Put differently, whilst dimensions 1 to 5 highlight the homogeneity of the Nepalese

industrial class, its heterogeneous character is displayed most clearly in terms of caste/ethnicity only. In this regard, it should be recalled that it is not the members of top castes/ethnic group (the Brahmin/Chhetri or Parbatya) who predominate, but rather minority caste/ethnic groups such as the Marwaris and the Newars, neither of whom are placed at the top end of the caste hierarchy by Nepalis who resort to the official scheme.

At this juncture, it is of relevance to notice that the absence of Untouchables appears to give some support to the thesis that there is a close correspondence between caste and class. But to sustain the general argument would entail a conception of caste hierarchy as consisting of two strata only, 'clean' and 'unclean' castes, which would constitute a gross distortion of the complex realities of the Nepalese caste system. Moreover, it is also important to bear in mind that while Untouchables (and to a lesser extent, women) do not figure among the giants of Nepal's industrial class, this does not preclude the possibility that Untouchables (and probably, women) are active in the small industrial enterprises that were not considered in this study.

Notes

1. The authors would like to thank the Australian Research Council for funding the research upon which this paper is based. We are also greatly indebted to the industrialists who gave their time and attention to the issues they were asked to discuss.
2. According to the Department of Industries' criteria, operative at the time of our study, an enterprise with fixed assets (principally machinery) of less than three million NRs was classified as "small", one with three or more million but less than ten was defined as a "medium" sized enterprise, while one with ten or more million was categorized as being a "large" enterprise. Since our study focuses on the owners of the 'medium' and 'large' industrial firms, clearly we are dealing with what we might call the giants of the Nepalese industrial class.
3. This is not to deny the contestability of the caste order. But in the Nepalese Legal Codes the form that order took was legally clear-cut and enforceable by the state.
4. The interim government has committed 445 million Nepalese rupees for the establishment of a so-called "Export Processing Zone" in Kathmandu in order to "increase Nepal's foreign exchange earnings" and "to create more job opportunities" (The Rising Nepal, January 2, 1991).

According to the press release, this will be the first of a series of such zones in the country specifically designed to attract investments from international capital.

In the meantime, the current Nepalese government has sent an 18 member delegation to India, consisting of fifteen industrialists and three government officials, "with the objective of encouraging the establishment of Industries in Nepal with the joint investment of Nepalese and Indian industrialists and to promote export of Nepalese products to India by simplifying the export procedures to India" (The Rising Nepal, January 14, 1991). Thus, a two-pronged plan to expand Nepal's industrial development is imminent co-operative industrial ventures with Indian industrial capitalists and with industrial capitalists from elsewhere in the world participating in the proposed "Export Processing Zones", mentioned earlier.

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