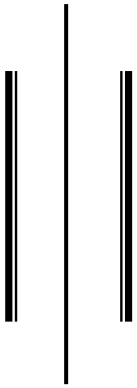
NATURE OF POVERTY ON THARU COMMUNITY IN NEPAL

(A Case Study of Kumroj VDC, Chitwan District)



A Thesis
Submitted to
The Faculty of Humanities and Social Science
Central Department of Rural Development
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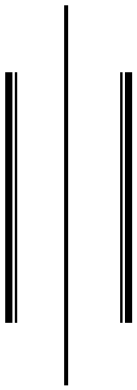
In partial fulfillment of the requirement for the Degree of Masters of Arts in Rural Development



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RECOMMENDATION LETTER

The A Thesis

Entitled **"Nature of poverty on Tharu Community in Nepal: A Case Study of Kumaroj Village Development Committee, Chitwan"** has been presented by Narendra Pathak under my supervision and guidance. This work is the out come of his own intensive and independent research work and has been prepared in the format as required by the faculty. I hereby recommend this project work for approval and acceptance.

_____

Supervisor
Prof. Dr. Pradeep Kumar Khadka
(Head of the Department)

APPROVAL LETTER

The Thesis

entitled **"Nature of poverty on Tharu Community in Nepal: A Case Study of Kumroj Village Development Committee, Chitwan District"** Submitted by Narendra Pathak has been accepted as partial fulfillment of the Requirements for the Degree of Masters of Arts in Rural Development.

Evaluation Committee

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Prof. Dr. Pradeep Kumar Khadka
Supervisor and Head of the Department

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Prof. Dr. Ram Kumar Dahal
External Examiner

ACKNOWLEDGEMENT

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ABBREVIATIONSE

ADB	-	Asian Development Bank
CBS	-	Central Bureau of Statistics
FAO	-	Food and Agriculture Organization.
GDP	-	Gross Domestic Product
HDI	-	Human Development Index
HDR	-	Human Development Report
HHs	-	Households
HMG/N	-	His Majesty's Government/Nepal
NGO	-	Non-Government Organization
No	-	Number
NPC	-	National Planning Commission
NRB	-	Nepal Rastra Bank
NRs	-	Nepalese Rupees
SAARC	-	South Asian Association for Regional Cooperation
SFDP	-	Small Farmer Development Program.
SLC	-	School Leaving Certificate.
TU	-	Tribhuvan University
UNDP	-	United Nations Development Program
VDC	-	Village Development Committee
WB	-	World Bank
WDR	-	World Development Report

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Poverty is a global phenomenon. It exists every where, poverty exist both in the LDCS and developed countries which are still looking for the tools to fight with it, to alleviate it and to win over it. In case of developed countries, poverty is failure to come up to a certain desired level of living where as in developing countries, poverty means hungry, malnourished, illiterate, poverty stricken and survival oriented people.

Poverty is broadly conceptualized in two categories

i) Absolute poverty; which encompasses a notion of minimum subsistence for the people deprived of the basic needs.

ii) Relative poverty; which is measured in terms of inequalities in income distribution. Rown tree further classified the absolute poverty into primary and secondary categories. Primary absolute poverty is an income level under which households fail to buy the absolute essentials like food, clothing, shelter and medicines where as Secondary absolute poverty is a household's failure to purchase minimum substance/needs because of inappropriate or inefficient use of income otherwise adequate to meet these needs.

Poverty can be viewed form two dimensions: spatial and cyclical. Poverty is more prevalent in rural areas than in urban areas; more in the hill than in Terai, more in far-west than in eastern regions, more among vulnerable groups (lower castes, ethnic, tribes etc) than among the elites (NPC/UNDP: 1992) in comparative terms. Nepal is

one of the poorest country not only economically but even in the sense of human development. It ranks 143rd out of 175th Countries listed in Human development Report-2003.

Geographically, Nepal is divided in three regions like mountainous, Hilly and Terai regions. Beneath the Himalayan/Hilly region, there are valuable minerals and different types of natural resources. However due to the lack of technical manpower, finance and low level of infrastructure, Nepal has not been able to develop its natural resources. In the Terai region, the land is more fertile than the land of mountain/hills. In regard to development regions, Western Nepal particularly the Mid-Western region and Far-Western region are relatively more isolated from other regions. It is mainly due to the absence of transport and communication links with the center, these areas has become remote and inaccessible. Accessibility has particularly been limited for the hills and mountains in comparison to the Terai, since the Terai has flat terrain and proximity to the Indian boarders. It was only in the past decades that the East-West highway running across the Terai districts has made it possible to reach development regions without having to pass through Indian territory. The entire mountainous district and most of the hilly districts except Kathmandu valley have remained at a disadvantaged stage due to lack of access and limited economic opportunity. That is why the development project of international organization has been unable to accomplish their task. The Agriculture has since long been depending up on monsoon due to the lack of irrigation facility. After the eradication of Malaria form Terai region, the density of population has been increasing rapidly. Deforestation process for firewood as

well as the household purpose has now created the major problem in environment. Since the monsoon depends mainly up on forest, the deforestation has created problem in monsoon to occur it in proper time. Because of this problem floods, draught and other environmental problem has been arising. So, Nepal has become a food importing country from exporting one. Nepal has been making more and more expenditure on importing food grains and cannot invest on production sector. Similarly, the government and international investments in production sector are inadequate to enhance the level of production of Terai region which is ultimately creating problem in employment opportunities too.

A large number of factors are responsible for poverty in Nepal. Some of them are interlinked and some works in cause-effect-chain fashion. The bottom line is that a poor doesn't have enough income to buy goods and services required to fulfill his minimum basic needs. Some of the cause of poverty in Nepal is high population growth, lack of access to basic service, political, economic-ethnical corruption, prevalence of fatalism among the poor etc. (UPC/UNDP: 1992)

Though small in geographical size a variety of caste/ethnic groups are residing through out Nepal. Poverty is thus linked with the problems of the caste system and ethnic groups. In Nepal, caste is an important social organization this has several dimension in rural areas. It is related to the ownership, control and use of land and other resources. The population census 2001 reported that there are 102 different ethnic groups because of that identification of the most disadvantaged groups is a difficult task. One possible indicator is size

of land holding; usually disadvantaged groups have very limited access to land. Moreover indicators of relative deprivation can be derived by mapping income expenditure groups in to occupational castes, by analyzing the occupational income, by access to productive assets, by family size and composition, by earner-consumer ratio, by literary rate and employment opportunities.

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As stated above poverty in rural areas is more critical than the urban areas. Ninety percent of the population of Nepal lives in the village and has been facing the problem of poverty. Among the different ethnic groups of people in village, untouchable classes of ethnic groups are mostly below the poverty line. The Tharu of Chitwan is one of the lowest classes and has been facing the problem of poverty. The main sources of income of Tharu household's are from agriculture production and wages form agricultural labour. The land owner household of Tharu people is less in numbers.

1.2 Statement of Problem

It is not easy to define why some people are poor and others are rich in community and what process may be effective to reduce and eliminate the poverty. The population of poor is more acute in VDCs in Nepal. The Tharus, being one of the indigenous in habitants of Terai are nowadays confronted with a wide range of problems contributing to their increased marginalization. Nepal is an agricultural country. Low productivity of agriculture is the main cause of poverty. This is due to unequal distribution of land and the failure of government to embrace agricultural reform.

Those Tharu people who are Sukumabasi in the real sense are the slaves of land lords and are mostly dependent upon hunting and fishing. And those who have land ownership are also lost the whole or part of their land and have become landless. Out of the lack of irrigation, agriculture inputs, chemical fertilizer and technical knowledge the productivity is decreasing every year which is not sufficient to maintain the living standard. So they are compelled to sell a piece of their land every year. Many of them thus have turned to be agricultural laborers.

Even if we call 'Nepal is a garden of flowers', the flower have been sucked and plucked by the clever ethnic groups. Not only one ethnic group victimizing the other ethnic groups of people, but with in the same ethnic group this kind of Phenomena is common. The clever people have been capturing more properties. Hence the lower economic classes of people are becoming poorer and poorer increasingly.

1.3 Objectives of the Study

The general objective of the study is to know the nature of poverty and culture of the Tharus residing in Kumroj VDC, Chitwan. The specific objectives of the study are:

- To analyze the nature and extent of poverty in the study area.
- To identify the causes of poverty.
- To suggest appropriate policy to bring Tharu community in the stream of development.

1.4 Signification of the Study

Despite the efforts of the government to provide an equal share of benefits of its development activities to the deprived sectors of the society, the country still faces the problem of narrowing the gap between haves and haves not; the prime need that lies ahead is to help these communities by broadening their perception, raising their level of critical awareness, making them learn better productive skills and creating confidence to take part in the mainstream of national life with dignity and with a sense of belonging.

In Nepal, after the Rana regime the schools, collages were established and the facility of road and air transportation increased. The economically upper class of people generally utilized these facilities. They used their knowledge to dominate and captured the fixed capital of lower class or caste of people. In the same way, in Chitwan district, the Tharu were also influenced economically as well as socially by the Brahmin, Chhtri, Rai, Limbu and Gurung.

This is a study about the poverty of Tharus of Kumroj VDC of Chitwan district. Earlier studies have tried to present the incidence of poverty in Nepal as well as the study area. The study measures the extent of the poverty and shows its relationship with other economic factors like income, land holding etc. In this connection, this study seems to be significant because it attempts to present the recent information about the incidence of poverty of particular area with functional recommendations to alleviate poverty.

1.5 Limitations of the Study

- Kumroj VDC of Chitwan district is a study area.
- The monetary value of family members engaged in their own works is not included in income.
- Prices of goods are calculated on the basis of local market prices.
- Simple statistical tools are used to analyze the data obtained.
- The study will be specially based on the interview of the particular respondents regarding the fixed questionnaires.

1.6 Organization of the Study

This research report will gain its total shape when it go through each and every requirement as required for a complete report. This report has been planned to present the following chapter scheme.

a. Introduction

b. Research Methodology

c. Review of Literature

d. Introduction of the Study Area

e. Data Analysis and Interpretation

f. Conclusion and Recommendation.

The first chapter 'Introduction' provides the background, Statement of the Problem, Significance of the Study, Objective of the Study, Limitation of the Study and Organization of the Study.

The Second chapter deals with the 'Research Methodology'. In this chapter different statistical tools are used to tabulate and analyze the data available from the primary and secondary sources are discussed.

The third chapter is the 'Review of Literature'. Here the previous study done by different persons both individually and institutionally are reviewed with their findings and recommendations

on the associated fields. Similarly different articles, books, journals, and periodicals are to be reviewed. It is mainly related to the theoretical analysis, brief review and pertinent literature available.

Fourth Chapter deals with various introduction of the study area providing with; introduction, Demographic characteristics, Educational status, Land holding, and Different Sources of income of the study area.

Fifth Chapter provides "Analysis and interpretation of data", which analyzes data obtained from fieldwork and secondary sources.

Finally, the Sixth chapter states 'Conclusion and Recommendation' of the study. This chapter presents the conclusion and recommends the suggestions.

Executive summary of this research is kept in the preface (i.e. before any chapter starts actually) of this project work that provides a gist of the findings of this research. The annex and bibliography will also be incorporated at the end of this study.

CHAPTER TWO

RESEARCH METHODOLOGY

2.1 Source of Data

The study is based on primary as well as secondary data. The primary data were collected through the structured questionnaire in addition to the primary data. Relevant information from secondary sources i.e. data published by national planning commission (NPC), CBS and other concerned publications.

2.2 Data Processing

The raw data collected through completed questionnaire was tabulated and master sheet of information was made in order to corporate the different socio-economic characteristics such as income, land holding, family size, level of education, consumption expenditure etc.

2.3 Sampling and Data Collection Procedure

Approximately 13 percent households are taken as sample in the present study i.e. 398 total Tharu households and 9 wards in the study area, 50 households in 9 wards are taken as sample. For this, a list of households of the study area is taken from the VDC and CBS office. Each sampling unit is selected by deliberate or purposive sampling technique in order to obtain necessary data. The questioner was fitted in November 8 to 2005 to January 10, 2006 by researcher himself by collecting the information by reaching the house of sample households and taking a personal interview with households head or any adult member of the family.

2.4 Method and tools used for data analysis

Various statistical tools as discussed below will be used to measure the poverty and its extent which is also used to show the relationship between poverty and other factors such as income, inequality, unemployment, level of education etc.

2.4.1 Method of Estimating Poverty Lines

As stated in the objectives three types of poverty lines i.e. absolute poverty, total poverty and relative poverty are drawn as follows.

(a) Method of Estimating Absolute Poverty

The minimum Subsistence norm is followed to estimate absolute poverty line. The household whose per capita income is below minimum subsistence level is known as absolutely poor.

Minimum subsistence norm followed by FAO is used to estimate the absolutely poverty line according to FAO estimation. The per capita per day Calorie requirement for the survival of Nepal is 2256 which requires net consumption of 605 gms. of cereals and 60 gms. of pulses. To obtain per capita per day value of 605 gms. of cereals and 60 gms. of pulses, they are multiplied by their respective local market price. With this the total value is added to the consumption expenditure mode on their basic essentials of life to derive the minimum subsistence level of income.

According to National Planning Commission (NPC 1978) expenditure on minimum food requirement i.e. 605 gms of cereals and 60 gms of pulses secure only 65 percent. So subsistence consumption expenditure will spend on other food and non food items.

(b) Computation of Total Poverty line

For the computation of total poverty line, two types of tools such as Keynesian consumption function and wolf point are used.

2.4.2 Keynesian Consumption function

In Keynesian consumption function, we are assuming that the consumption is the function of income mathematically, which can be expressed as:

$Ci = a + Byi$ ($Ci = a + Byi$)

Where,

a = autonomous consumption

B = Marginal Propensity to Consume (MPC)

Ci = Consumption expenditure

Yi = Level of income

For deriving a and b simple regression analysis has been used.

2.4.3 Computation of Wolf Point

To compute wolf point, we have to know the value of a and b of Keynesian consumption function thus we have to do regression analysis as follows.

$Ci = a + byi$

$\Sigma Ci = na + b\Sigma yi$

$\Sigma Ciyi = a\Sigma yi + b\Sigma yi^2$

We use matrix method to calculate the value of a and b from above equation wolf point is known as break even point and implies

equality between income and expenditure i.e. Ci and Yi (income and expenditure) are equal in Keynesian Consumption function mathematically.

$Ci = a + biyi$

If Ci and Yi are equal, following expression can be obtained.

$$\text{Wolf Point} = \frac{a}{1-b}$$

This point gives us total poverty line, so the household that falls below this point of income is termed as poor.

2.4.4 Derivation of Relative Poverty Line

The difference between absolute poverty level and the Wolf-point gives the relative poverty level. The household whose income level is higher than absolute poverty line or minimum subsistence level of income but below the wolf-point is relative poor. In simple the difference between percent of total poor minus percent of absolute poor is relative poor.

2.4.5 Estimation of Non-poor

Those household are considered to be non poor whose income is above the break even level of income (wolf-point) i.e. above the equality point of income and expenditure and who can save his desire.

2.5 Computation of the magnitude or Intensity of Poverty Situation

Sen's poverty index is used to estimate the magnitude or intensity of poverty. The theoretical rational is that as the value of index approaches to zero, it implies that there is low intensity of

poverty and if it approaches to one, there is high degree of intensity of poverty. The Sen's poverty index can be calculated two ways as shown below.

2.5.1 Computation of Sen's poverty Index with Considering Gini Coefficient.

For this we use following formula

$$P^* = \frac{X}{C^*P} [C^*P - CP (I - GP)]$$

Where P* = Poverty index

X = Percentage of population below absolute poverty line

C*P = Poverty line in per capita per day.

CP = Per capita mean income of the absolute poor.

GP = Gini coefficient of the absolute poor.

2.5.2 Computation of Sen's Poverty Index without Considering the Gini Coefficient.

For this we use the following formula.

$$P^* = \frac{X}{C^*P} [C^*P - CP]$$

Where,

P* = Poverty index

X = Percentage of Population below the absolute poverty line.

C*P = Poverty line in per capita per day.

CP = Per capita mean income of the absolute poor.

GP = Gini coefficient of the absolute poor.

In theoretical notion it is considered that if the value of the poverty index (P*) approaches near to one there is high degree of intensity of the poverty.

2.6 Calculation of the Extent of Income Inequality and Distribution of Income among the Sampled Households.

To calculate the extent of income inequality, various statistical tools are used such as Range, Gini coefficient, Lorenz curve their definitions are as follows.

2.6.1 Range

It is the simplest method of studying inequality. It is defined as the difference between the highest and lowest items of the given series and ratio of its mean. Here, it is used to measure the extent of inequality in the distribution of income.

However, it doesn't tell about the distribution of each and every item. It can be computed by using following formula.

$$E = \frac{\text{Max } y - \text{Min } y}{\bar{Y}}$$

Where,

$O < E < n$

Where,

n = Number of households

E = Range

Max Y = Maximum income

Min Y = Minimum income

$\bar{Y}$ = Mean income

As the value of E approaches zero, it implies that there is equality in the distribution of income and vice-versa.

2.6.2 Gini Coefficient

Gini coefficients measure the inequality income distribution. The value of Gini Coefficients is also positive and we would take only the absolute value of the result even if we sometimes encounter with negative value, for ungrouped data, Gini coefficient can be calculated by using the following formula if data are arranged in ascending order.

$$G = \left[1 + \frac{1}{n}\right] - \frac{2}{N2\ \bar{y}} [y_1 + 2Y_2 ..... + ny_n]$$

for, $y_1 \leq y_2 \leq ..... \leq y_n$

Where,

N = The number of the observation.

$\bar{y}$ = The mean value of variable (y)

y_i = The variable value for the i^{th} observation, and Gini Co-efficient ($O < G < 1$)

The higher the value of the Gini Co-efficient, the higher will be the inequality. Similarly, low value of the Gini Co-efficient indicates lower in equality when the value of the Gini-coefficient approaches to zero or exact equal to zero, it is the symbol of perfect equal distribution of income in society.

2.6.3 Lorenz Curve

Lorenz Curve method also helps to measure the inequality of income distribution. It is a graphical method and in this method to x-axis, we measure the cumulative percentage of household and to the y-axis, we measure the cumulative percentage of income. The perfect equality in income is expressing by drawing a straight line through the intercept of x and y-axis. It shows the difference between equal distribution and actual distribution of income in the study area. As the area between actual and equal distribution lines increases the inequality in the distribution of income also increase and if the area decreases the inequality in the distribution of income decreases.

2.7 Correlation

Correlation between income and expenditure is calculated because these two are highly correlated phenomena. The correlation gives the relation between any two factors. Mathematically, it can be expressed.

$$r = \frac{N\Sigma y_i C_i - (\Sigma y_i)(\Sigma C_i)}{\sqrt{N\Sigma y_i^2 - (\Sigma y_i)^2}\sqrt{N\Sigma C_i^2 - (\Sigma C_i)^2}}$$

Where,

r = correlation co-efficient

y_i - Income of the i^{th} household

C_i = Consumption expenditure of the i^{th} households

N = Number of Observation

The value of the correlation ranges is ± 1. If the value of the correlation co-efficient is negative, it implies that there is inverse

relationship between the variables and if it is positive, this implies direct relationship between variables.

2.8 Study of Nature of Poverty

The nature of poverty has been analyzed by classification of poor households in a number of groups on the basis of family size, land holding occupation, literacy and so on.

2.9 Description of Variables

Households are a private and non-institutional economic unit in which a single individual or more than one family is living together. They can earn together and consume together.

Households Head

In this study, the person who manages all the rules and regulations in the family is considered as the households head. He always plays a dominant role in the family; most of the economic activities in the family depend upon the household head's decisions.

Total Households Income

The income which is earned by family members from different sources is defined as total household income in this study. It is sum total of total net income from agricultural production, income from livestock, income from borrowing and income from Remittance.

Total net income is derived by subtracting the expenditure made or cost involved from the total income by the item.

Total Households Consumption

It includes the expenditure on food and non-food items made by the family members of households within a given time framework to fulfill their requirements.

Size of Land Holding

The landholding considered is cultivated land, including both the rented and owner occupied farmland.

Literate, Illiterate, Educated

A person with ability to read and write Nepali Language is considered as literate and who has S.L.C. or above are considered as educated and otherwise illiterate. The term educated has been redefined for the present purpose of the study.

Active/Working Age group population

In this study, all the households' member's who are in between 10-59 years are considered as working or active age group population.

CHAPTER THREE

REVIEW OF LITERATURE

Poverty is mainly concentrated in the rural areas in the developing country like Nepal. The problem of poverty is the most challenging, particularly in remote area. The economic and social indicators confirm a high incidence of poverty in the country. Many studies have been performed or conducted in this field but only a few researchers work have been carried out in the context of Nepal. Literature review socially and economically disadvantaged groups in general are few or even negligible. So in this dissertation, only literature reviews on poverty has been included.

Today, poverty has become serious concern and worldwide challenge as well as serious problem over the last five decades. Large Numbers of research studies have been done on different aspects of poverty. Many National and International institutions have spent large amount of fund on poverty alleviation through different programs and still they have been spending on such programs but size of poverty is increasing instead of decreasing. Thousand of reports and researches have been done and thousands of National and International agencies are devoted in poverty alleviation but the problem has remained as it is in most of the countries of the world. Though poverty alleviation objective has become the international slogan, it is still stereotyped. The more international institutions appear to alleviate poverty, the more poverty has expanded not only in single nation but in the whole world. So this has become world-wide problem so that poverty has become increasingly a major concern for researchers, public, officials,

political establishments and even for the students of Rural development.

In the case of Nepal, National Planning Commission (NPC) was the first governmental bureau to define poverty line through "a survey of employment, income distribution and consumption in Nepal". The minimum subsistence level of income and expenditure are used for the derivation of the poverty line. The survey had shown that the absolute poverty line at NRs 2 per capita income per day at the price of 1976/77. This price was taken as a minimum subsistence level of income to buy 650 gms. of cereals and 60 gms. of pulses to meet the average calories 2256 as suggested by FAO. This was based on the average daily consumption requirement of basic food and necessities. From the survey, 40.30 percent of households, 36.20 percent of populations were found below absolute poverty line and 20.5 percent of household, 18.84 percent of population were above the absolute poverty line (NPC, 1978).

World Bank (1990) expressed about poverty on its publication "a report on the poverty of the world", that had used both descriptive and analytical approach to show the condition of the poverty in developing countries of the world and critically examined the various programs generated by the different institutions concern to the poor people. The bank had classified the world in the different six regions like Sub Saharan Africa, East Asia, South Asia, Eastern Europe, Latin America and the Caribbean. According the report, South Asia is the poorest region where 300 million people are extremely poor, including 250 million of India. South Africa takes the other place

falling into the poor. To measure the incidence of poverty, the report had used head count index and poverty gap. The head count index and poverty gap for south Asia is 29 and 3 respectively, while corresponding data for all developing countries are 18 and 1. Asian development bank (1992) had published a review collecting the articles concerned with poverty comparison of Bangladesh, India, Indonesia, Korea, Philippine, Sri-Lanka and Thailand. The review was based on head count ratio and poverty line income based on Calorie intake, mainly, absolute poverty and head count poverty in Bangladesh but in India's case, poverty gap index and Sen's poverty index measure had been found for the different regions of India. Same measures have been used in the Case of the Philippine and Sri-Lanka but there was no sen's index. Gini-ratio and poverty line income was base to measure of poverty in Indonesia, Korea and Thailand.

Research workers assessed the impact of agricultural development activities on the poor, small farmers as well as landless rural people. The study focused that more absolutely poor live in the rural areas.

Bhattarai (1998) in his research examined the magnitude of poverty among Tharu community. He has taken primary data from the village of Rupandehi. He has used some statistical tools such as simple linear regression analysis, coefficient of determination and break-even point for the analysis. The most alarming problem of the people is to spend on a large share of income on food consumption (76.5%) along with the habit of smoking and drinking. In this study, he has found that nearly 5.7 percent of above mentioned data field

study shows that the low income, over food consumption, socio-cultural and traditional habit are the responsible factors for bringing them poorer condition (Bhattarai L.N., 1998)

Ghale (1996) conducted a study to analyze the cause of poverty and the nature of poor. Primary data are used to analyze cause of poverty and the nature of poor form data collected by taking into consideration the various factors like the size of landing, literacy, family size, monthly income by ethnic groups etc. In the village of Chitwan district break even technique is used to determine the wolf-point. Sens poverty index and the minimum subsistence norm have been used to analyze the poverty. The majority of the population (96.06%) is live below the absolute poverty line and no relative poor population is there. She concluded the poverty exists due to lack of education and technical skills, low productivity along with the growth of population, Lack of land resources, unemployment, lack of income generating occupation etc. In this study some econometrics tools used like Gini coefficient, Lorenz Curve, Simple linear regression etc. (Ghale, Mira, 1996).

The World Bank study, "Nepal poverty and income, 1991" shows that there is 74 percent of rural population below poverty lines. According to this report, there is the existence of sever poverty Nepal i.e. 71 percent of total population live in poverty. The study has used various socio-economic indicators show the exact situation of poverty i.e. health education, basic service etc. In a study, it is said that the poverty alleviation has remained and will remained the major concern of all development policies of Nepal. (The World Bank: 1991)

Human Development Report has explicitly shown various figures regarding poverty in the context of Nepal. According to HDI (Human Development Index) Nepal is ranked as 144th relative to other various countries. There are only 30 countries after Nepal but before Nepal there are 143 countries ranked according to their HDIs. According to Human poverty Index (1997), Nepal is ranked in the 85th place and the value of HDI is 51.9 percent. People not expected to survive the age of 40 is 22.5 percent of the total population. Adult literacy rate is 61.9 percent and only 29 percent of the total population is availed safe drinking water. The population without access to health service is 90 percent out of total population. 84 percent of the total population is far from the sanitary condition. Real GDP Per capita of the poorest 20 percent is US$ 455. Population below income poverty line is 53.1 percent. All the SAARC countries except Bhutan are ranked above Nepal. As these about mentioned figures show that Nepal is one of the poorest countries in the world (HDR, 1999).

Similarly, According to 'HD 2003', Nepal is ranked as 143rd relative to other various countries. Life expectancy at birth rate is 59.1 percentages and Adult literacy rate is 42.9 percent. This report shows that HDI value of Nepal is 0.499 percent, this value shows Nepal is Low Human development Country. (HDR-2003)

"Poverty alleviation in Nepal is a comprehensive approach", which was purposed to alleviate poverty in Nepal by G. Koirala and G.D. Lamsal (1992). The approach has discussed the failure of poverty alleviation programs in the past and also proposed to introduce a new strategy dimension into planning process in Nepal.

The approach seems to have been based on detailed and extensive research.

Poudel, in his book "Drive against poverty" has defined the absolute and relative poverty and discussed about the measure Curtailing poverty problem. For this, he has used tabular method by using secondary data analyzed by NPC and ADB. He critically examined the land reform act 1964, rural development, community development and co-operative programs and also land settlement program in the context of poverty in Nepal. This study was descriptive and there was no use of any statistical tools. (Poudel 1986)

Gurugharan (1995), on his article, "Trends and issue in poverty alleviation in Nepal" has discussed various causes of poverty. He has also explained the poverty situation and alleviation strategy of SAARC region. According to the research, poverty in Nepal seems to expand as well as dependent because of the political and socio-cultural factors and geo-physical factors. Lack of government policies, lack of good concentration of foreign aid, low human development investment are the main factors which are helping or chronic and widespread poverty in Nepal. (Gurugharana, K.K. 1995)

In the study of "Poverty to prosperity in Nepal" written by Jain, stressed on various problems of poverty in Nepal and recommend for some long-term policies to reduce it. This study is based on sample survey of NPC. He has divided poor into two groups like under of the poor and poor, above the poverty line. For this, in the first case he has taken the people who have income less than NRs 2 per day in 1977 price, focused 36.2 percent of the total population fall in this group.

Similarly in the second case, per capita income range from 2 to 2.68 per day and he categorized 18.8 percent of the total population in this group. Taking this figure total 55.6 percent of the total population is poor in Nepal and 97 percent of the total poor live in rural area of Nepal. He recommended some policies to raise the living standard of poor people in Nepal. (Jain, 1981).

Aryal (1994) in his study, "Poverty in rural Nepal" analyzed the nature of poverty problem by establishing its relationship with various socio-economic characteristics such as level of education, ethnic groups and employment. His research based on primary data. He used various econometric tools in his research such as Gini-coefficient, Lorenz curve, Chi-square test etc. To establish poverty line in the study area absolute poverty line and relative poverty line are estimate. He finds that 41.42 percent of households or 43.03 percent people are absolute poor and 18.57 percent of households or 16.91 percent people are relative poor. He also found that small size of landholding, production for self consumption, lack of market facilities and other infrastructure, lack of off farm job, social discrimination, illiteracy etc. are the main cause of poverty (Aryal, J.P., 1994)

Adhikari in his research examined the extension of poverty on Dhimal community. He has taken primary data from Kerau VDC of Morang. He used some statistical tools such as simple linear regression, Gini coefficient etc. The main problem of the poor people is to spend on a large share of income on food consumption (74.07%) along with the habit of smoking and drinking. In the study area of establishment of poverty line, he estimated absolute poverty line and

relative poverty line. He found that 54 percent household or 53.34 percent people are absolute poor and 34 percent households or 34.96 percent people are relative poor. (Adhikari, 2000).

Gautam (1996) in his study has examined the cause of poverty in Nepal. According to him low consumption expenditure heavy unemployment along with this employment, Explosive growth rate of population, inadequacies of anti-poverty planning and action in this regard rising inequalities of income regional disparities in appropriate technology Capita deficiency selection of wrong investment strategies, lack of education, lack of skill development programme a number of social factors are also responsible (Gautam, Anil, 1996)

The Ninth five years plan has set poverty alleviation as its main objectives with a determination of bringing down the number of those below poverty line from 42 percent to 32 percent. The plan also aims at improving the living standard of the people below poverty line, placing special emphasis an uplifting the living standard of those lacking productive assets and income generating resources and those counted as the poorest empowering socially and economically the backward, down trodden and weaker sections of the backward down trodden and weaker section of society and lowering the high incidence of poverty by developing physical, social and economic infrastructure in the under developed remote regions of the country. (Ninth five year plan, P. 77)

Thapa provides in his thesis, the two levels of poverty line such as upper poverty line and lower poverty line and measures the extent of poverty and highlights its nature. To find the lower poverty line, he

has used minimum subsistence norm with non food item and to find the upper poverty line with the help of wolf point using Keynesian linear consumption function. This study was based on primary data with forest Green Thorbeke (FGT) measures as an econometric tool. The nature of poverty has been analyzed by describing the determinations of poverty the finds that, 36 percent of households and 37.3 percent of the population are absolutely poor. Similarly the figures for relative poor is 23.6 percent and 26 percent respectively. As found by his study, the lower and the upper-poverty lines are Rs. 7.43 and Rs. 11 per person per day respectively (Thapa, 1994).

Poverty in Nepal has been prepared by World Bank; according to this report poverty in Nepal is deep and complex. Poverty is more widespread and deeper in remote areas, the mid and far western development regions and the mountain bests. Poverty is spread due to the increasing population growth rate and illiteracy. Nepal is a land-locked and land poor country. According to report, on average 82 out of every Nepali household own land, 86 out of every 100 are actually farmer. Almost 90 percent of the poor are very poor. But the poor farms have particularly low productivity. Among them, only 11 percent receive irrigation facilities and only 37 percent use fertilizer. Poverty is spread due to the lack of infrastructure, value of migration and low social indicators. This study is based on secondary data. Regression, Gini coefficient are used for study.

In the second part, it presents the strategy of poverty alleviation. To achieve broad based, equitable, sustainable growth rate, it is possible only by low population growth rate and by increasing

agriculture productivity. It requires a fresh and full commitment to mount. Programs that actually reach rural poor roads and irrigation system, agricultural extension and veterinary services, affordable and accessible schools and health facilities and greater availability of credit at the grassroots and transform rural areas. The main strategies are such as canal irrigation, improved farming technology. In agriculture, health and education for poor, free public works as safety net to check corruption. The allocation targeting and efficiency of public investment and expenditure should improve for poverty alleviation (WBR, 1998).

Poverty alleviation in Nepal prepared by Jeetendra Prakash Aryal is a study based on Secondary data collection from various sources. Aryal focused on the various poverty measurement concepts, characteristics of the poor in Nepal. According to Aryal, excess supply of unskilled labour supply, lack of employment opportunities, low investment on education, health and sanitation, existence of gender disparity, caste wise disparity in the society, indebtedness are the characteristics of the poor in Nepal. This study highlights some problems in poverty alleviation in the country by the author.

- Strengthen planning and programming including goods and target setting.
- Strengthen implementation mechanism and organization.
- Development and enforce the legislative and regulative system.
- Develop national and level capacity.
- Effective and efficient financial resources mobilization.

- Strengthen monitoring and evaluation system.
- Compromise between macro economic stability and social stability. (Aryal, 1996)

Nepal living standard survey was prepared by Central bureau of statistics. This survey has focused poverty situation of Nepal. This study is based on primary data. A two stage stratified sampling procedure was used to select the sample and 3388 households were selected from 73 districts of Nepal. But the actual sample number 3373 households 15 less than planned one ward (12 households) cannot be reached as one ward had only 9 households. 2657 households were taken from rural area and 716 households from urban areas.

In this survey, the minimum nutritional requirements have been expressed in terms of calorie intakes to find the absolute poverty line. The survey has used 2134 calories per-capita per day requirements. The absolute poverty line was calculated to be Rs. 4404 per person per annum in real prices consumption price Index (CPI) laspeyres food price index, laspeyers housing price index were used to adjust cost of living difference in the country "Gini coefficient was also used to measure the inequality.

The survey indicates that poverty is so high that rural areas are poorer than the Kathmandu valley in particular, and the western hill-side Mountains are poorer than the rest of the country. The incidence of poverty in the country as a whole is 45 percent. In urban areas the rate is 23 percent while it is 44 percent in rural areas. Hence, rural poverty is both deeper and more severe than urban poverty. There is a

big difference in the degree of inequality between urban and rural areas with the Gini coefficient for urban areas as high as 0.43 compared to 0.31 in rural areas (CBS, 1996)

Timelsina (2000), in his study, "Nature of Rural Poverty': A case study of Pattharkot VDC, Sarlahi District", has made an effort to measure the extent of poverty and inequality in income distribution by establishing relationship between poverty and socio-economic characteristics. He has analyzed the poverty in the study area. The study has found that 46.67 percent of households percent of households or 49.77 percent of population are absolute poor and 13.33 percent of households or 13.07 percent of population are relative poor. The study has shown that 40 percent households and 42.61 percent population are non poor.

He has taken primary data through field survey and also used secondary data. He has used various methods like Gini-coefficient, Sen's poverty index, wolf-point and so on in the study.

Adhiari, Rajendra in his dissertation paper 2000 "Nature of poverty in rural areas. A case study of Garamori VDC in Jhapa District" Makes an effort to measure the extent of poverty and inequality in income distribution by establishing relationship between poverty and socio-economic characteristics.

His study is based on primary data taken from the study area. For purpose of analysis and comparison, he has also used secondary data published by CBS, NPC, WB etc. He has used various econometric tools like, Gini-coefficient, Range, Lorenz Curve, Sen's poverty index, variance, correlation etc. The study has found that

62.50 percent households or 57.96 percent populations are absolute poor and 17.50 percent households or 18.32 percent populations are relative poor. The study has shown that 80 percent households or 76.28 percent populations are total poor and 6.20 percent households or 23.70 percent populations are non poor. Most of the Nepalese poor are peasants whose one of the main means of support is agriculture product. The poor people are suffering from hunger and malnutrition. In the study area, there is small size of landholding, low productivity, lack of modern fertilizer, lack of market facilities and basic infrastructure, lack of off-farm opportunities, lack of rural credit etc. Most of the poor people in the study area were bound to be illiterate because of their poverty.

From the very beginning of the planned economic development process, great stress has been laid on the development of agriculture and physical infrastructure in order to improve the living standard of the common people. To this effect the seventh plan has formulated elaborate programs with a view to fulfill the basic needs of the people. Poverty alleviation was enshrined as one of the main objectives in the Eighth plan. The ninth plan (1997-2002) has its core theme of poverty alleviation. This plan has expected that in the plan period, the existing situation of poverty i.e. 42 percent living below the poverty line wound be reduced by 19 percent. In order to achieve this objective, the plan has stressed following strategies:

- To achieve high economic growth by directing all the development activities under all the sectors of the economy towards poverty alleviation.

- Improvement of socio-economic of the deprived and weak communities by giving special emphasis to render primary health, education and drinking water facilities.
- To emphasize on agriculture, agro-based industries, agro-trade community and rural tourism and infrastructure development programs.
- To bring the backward groups and communities and women into main stream of socio-economic development by means of social mobilization and employment. (Ninth Plan 1997-2002)

The Tenth Plan (2002-2007) emphasis on:

- To involve government, local government, private sector and civil society
- To mobilize resources and means
- To extend employment opportunities
- To access social and economic opportunities to the targeted people:
- To improve human and social indicators etc. The Tenth Plan has targeted to bring down the poverty line from 36 percent to 30 percent in the end (NPC/UNDP - NHDR - 2001)

CHAPTER FOUR

INTRODUCTION OF THE STUDY AREA

4.1 Introduction of the Study Area

Nepal is divided in to five development regions with 14 zones and 75 districts. Chitwan, a moderately developed district, lies in Narayani zone of the central development region in Nepal. Around 80% of the total land of Chitwan is occupied by Siwaliks regions, which ranges from Chureparbat to the plain area Dun. The total area of this district is about 2218 sq. km. According to the population census 2001, the total population of this district is 4, 72,048 out of which 2, 36,964 are male and 2, 35,084 are female. (CBS, population census-2001).

There are 36 VDC and 2 municipalities in Chitwan district. Kumroj VDC is selected via random sampling to carry out this research, lies in the 1 No. election constituencies among 4 of Chitwan district. It is situated to the north-east part of district. This VDC boarders with Kathar VDC in the East, Bachhhauli VDC and Royal Chitwan National park in the west, Khairahani DVDC in the North and padampur VDC in the south.

The total Households of this VDC is 1448 and the total population is 7561 among which 3644 are male and 3917 are female (CBS-2001). The following table will present the ward wise and sex wise distribution of population.

Table-4.1

Population by Ward and Sex

Ward No.	Total HHS	Population		Total population
		Male	Female	
1	169	426	433	859
2	146	365	375	740
3	229	549	601	1150
4	197	458	467	925
5	147	404	448	825
6	116	287	313	600
7	183	480	517	997
8	216	569	632	1201
9	45	106	131	237
Total	1448	3644	3917	7561

Source:- CBS-2001

From the above table, tit is clear that the average household size is 5.22 for Kumroj VDC, which is approximately equal to the national average. Despite the being most of Nepalese speakers, some ethnic group like Tharu, Lama, Rai speak their own native language.

Despite of being more fertile land, agriculture stands as a main occupation of most of the people, where a few people are also engaged in other sectors like service, business labour and so on. This major agriculture produces of this VDC are paddy, wheat, pulses, oil seeds and vegetables. The traditional method of tools and equipment used in farming has caused low productivity in this section.

This VDC has been facilitated by a high school, 2 lower secondary school, 3 primary school, 2 English medium primary Boarding school, one post office and health centre. The major inhabitants of this VDC are Tharu, Brahman, Chetri, Tamang, Darai and other ethnic groups are like Magar, Gurung, Damai, Kami etc.

The socio-economic status has only been described below because of having the main focus of this study. According to the population census 2001, the total population of Tharu in this VDC is 2642 in which 1298 are male and 1344 are female, that occupy only 34.94 percent of the total population of this VDC. The field survey of this study is only limited in 50 households.

4.2 Demographic Characteristics

The population distribution Tharu by age and Sex is presented in table 2.

Table-4.2

Distribution of Sample Population by Age and Sex.

Age group	Population		Total population	Percent
	male	female		
Below 10	39	43	82	25.00
10-59	92	96	188	57.32
60 above	28	30	58	17.68
Total	159	169	328	100.00
Percent	48.48	51.52	100.00	-----

Source: - Field survey, 2005

The above table shows that Male population is 48.48 percent while Female population is 51.52 parents. The proportion of economic active

population in the total population is estimated as 57.32 percent, which is higher than the national average (43.48) rest 25 percent are below 10 years and 17.68 percent are of 60 years, in which 42.68 percent are regarded as dependent population. The average family size of 6.56 members is higher than the average number of 6.16 for rural household which is reported by MPHBS (NRB-1988). Most of the households in the study area are the nuclear type, in few cases polygamy have been noticed with men having more than one wife which might be one of the cause of having larger family size.

4.3 Educational status of the study Area.

There are one government high school, two lower secondary school, three primary school, two English medium primary Boarding school. As the education condition is considered, the number of well educated population is negligible. The following table shows their educational status.

Table-4.3

Educational Status of Sample Population

Level	Total population	Percent
Illiterate	155	47.26
Literate	153	46.65
Educated	20	6.09
Total	328	100.00

Source: - Field survey, 2005

The above table shows that 47.26 percent population are illiterate where as 46.65 percent are literate and the rest 6.09 percent are educated in which 12 persons are passed SLC, 5 persons in inter4mediate and 2 in Bachelor's degree where non has got master's degree yet. Thus, the

percentage of illiterate population is very high in the study area where as the percentage of educated population is very low. Thus, the education status of Tharu people of this area seems not so satisfactory.

4.4 Occupational Structure of Total Households

Agriculture is the main economic base of the people in the study area. There agricultural activities are still primitive and crude. Tharu communities mainly depend on agriculture and as a laborer too. As the country's deteriorating condition could not easily promote the local sources of income, so now days some young members of Tharu community have also been attracted towards Gulf countries for the wage lob ours. They comparatively make more amount of money than in Nepal.

Tharu farmers in this area are small landlords and landless peasants who derive their livelihood from agro based activities, though they are unable to produce sufficient food grains to fulfill even their basis needs. Actually, it is their unfortunate that they work hard for very low income. They spend all of their energy and the power of their life time to receive a few portion of production. Out of their reception, they spend mostly about three fourth of their budget in food and clothes alone, though they never get good food and wear the fine clothes. They spend a small amount of money on health and education.

The following table gives about the occupation of Tharu.

Table-4.4

Occupational Structure of Total Household

Major occupation	Household	Percent
Agriculture	43	86
Non-Agriculture	7	14
Total	50	100

Source: - Field survey, 2005

The above table shows that 86 percent of the households are engaged in agriculture while only 14 percent are engaged in non-agriculture activities.

Due to facility of irrigation, the paddy is produced twice a year, early paddy is planted in Chitra-Baishkh and harvested in Jastha-Ashad while the late paddy is planted in Ashad-Shrawan and harvested in Kartik-Mangshir. Apart from paddy, people also cultivate pulses like mash, mushuro in small area of land; vegetables are grown near the homesteads mainly for home consumption. Main vegetables grown are potatoes, radish, cauliflower, cabbage, baygon (Bhanta) and leafy vegetable (Rayo, palungo, chamsur). The production of fruits is very low in the study area.

4.5 Land Holding

The cultivated land can be classified in to two types irrigated land and non-irrigated land.

It has already been mentioned above that Tharu have mostly owned the irrigating land.

The land description of Tharu community has been presented in table-5. Table 5 shows the average size of land holding in the study area where the total Households are divided in to 5 groups.

Table-4.5

Distribution of Sample Households According to the Size of Landholding for Cultivation.

Size of Land Holding	No. of HHS	Percentage
Landless	4	8
Up to 5 Kattha	12	24
5 to 15 Kattha	20	40
15 to 30 Kattha	9	18
Above 30 Kattha	5	10
Total	50	100

Source:- Field survey, 2005

From the above table, it is clear that 8 percent people are landless and there is the existence of highly unequal distribution of land asset among the total sample Households in the present study. It is obtained that maximum household occupied minimum percent of land whereas few upper Households occupy maximum percentage of land. In this way, land is the basic asset that created initially the inequality of wealth and finally the inequality of income.

Out of total sample population 159 are male and 169 female. The average members for the sample Households are 6.56. The table given below that shows a clear picture of Households by family size.

Table-4.6
Distribution of Households by Family Size

Family size	No. of HHS	Percent
1-2	1	2
3-4	8	16
5-6	15	30
7-8	18	36
9-10	7	14
11^{+}	1	2
Total	50	100

Source: - Field survey, 2005

From the above table, it is clear that most of the Households have 5 to 6 and 7 to 8 due to joint family structure as well as ineffective family planning program. Similarly the religious duty and backward attitude of the people leads the family in large size.

4.6 Source of income

The main sources of income are agriculture in rural area. Agriculture income consists mainly in come from agriculture products and livestock.

In rural areas non-agriculture sectors such as remittance, labour, service, business, and cottage industry that also contribute in total income. Thus in this sector the present study concentrate on the different sources of income of Tharu community as shown the below Table-7.

Table-4.7
Source of Income of Total Households

Source	Total income NRs.	Percent
Agriculture	15,93,816	49.12
Livestock	4,07,863	12.57
Remittance	4,02,672	12.41
Labour (wage)	3,33,883	10.29
Service	1,50,231	4.63
Borrowing	3,56,272	10.98
Total	32,44,737	100.00

Source:- Field survey, 2005

4.6.1 Income from crops

The above result shows that most of the people or almost 86 percent households engage in agriculture generate 61.69 percent of the total income from land and livestock, while the remaining 38.31 percent of total income is generated from non-agriculture sector.

4.6.2 Income from Livestock

Livestock raising is the important component of the farming system in this area. At this area livestock mainly kept from milk and poultry farming. They sell the milk near the dairy and sell the hens in meat shop. The total income of livestock in this community is 12.57 percent. In the same way they keep cows and buffaloes to sell milk.

4.6.3 Income from Remittance

As the country's deteriorating condition couldn't easily promote the local sources of income, few members of Tharu community have also been attracted towards Gulf countries for the wage labours. They comparatively make more amount of money than in Nepal. Thus, remittance has also become one of the reliable income sources of Tharus. Among the sampled households, 5 Tharu peoples out of 50 housed have chosen to work in outer countries which brings Rs 4,02,672 that is 12.41 percent in total income.

4.6.4 Income from Labour (wage)

The most important local source of income for the men and women in poorer households is wage labour. Wage labour is done either with in periphery of or out of their villages. The Tharu widely practices the system of perma (exchange of labour) where by mutual co-operation ensures the community solidarity required for survival in such a harsh surroundings. The wage rate for men is 160 Rs and for women 100 Rs per day. In the presented table labour based income in the study is 10.29 percent in total income. But main source of income from labour is also based on agriculture.

4.6.5 Income from service

Looking at the education status, in the sampled households 12 persons have completed S.L.C., 5 intermediate and 2 Bachelors degree whose service-based income is only 4.63 percent in their total income.

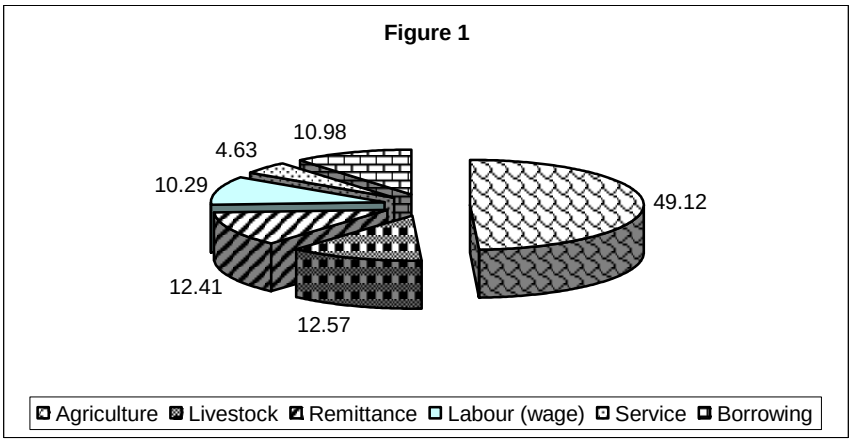
4.6.6 Borrowing Behaviour

Despite their dependency on their neighbors they take loans. Now a day, Tharu people have attracted towards Bank in Kumroj VDC, where is small farmer co-operative financial organization and also agriculture development Bank, which lies in neighboring VDC. Most of the Tharu people take loan from small farmer co-operative financial organization and Agriculture Development Bank, Khairahani, in those Banks having less interest for Agriculture and live stock. Most of Tharu people take the loan for the live stock (buffalo, cows and poultry farming) due to banking facility in this area. It will be support for the productivity.

4.7 Distribution of Income on pie-chart by different sources

The distribution of income is presented on pie-chart. The pie-chart represents 100 percent (336^0) of income in which 49.12 percent income is received from agriculture 12.57 percent from livestock, 12.41 percent from Remittance, 10.29 percent from labour (wage), 4.63 percent from service (salary) and 10.98 percent from borrowing respectively.

Figure 1



CHAPTER FIVE

DATA ANALYSIS AND INTERPRETATION

From global standard, almost every one in Nepal is poor except a few business men, professionals and high ranking officials. To regard this statement, all of the people in the study area may be easily considered as poor, because there is no any high ranking officials and good business man among Tharu community. However, it is still necessary to identify the poor in the study area, by estimating the poverty line. This section of study aims to show the extent of poverty problem in the study area by estimating poverty lines.

5.1 Estimation poverty line and the poor

In the present study, in order to define the extent of poverty in the study area mainly two types of poverty lines are estimated viz. Absolute poverty line and Relative poverty line. The absolute poverty line is determined on the basis of minimum income required to purchase the subsistence calorie requirement per day per person i.e known as subsistence norm. The relative poverty line is determined by Keynesian consumption notion of break-even point. An individual whose income is above poor in other word break-even point is the level of income where it just equals the consumption expenditure. Thus, break-even point is known as total poverty line people below the break-even point are considered as total poor. Therefore, the total poverty is the sum of absolute poor and relative poor.

5.1.1 Absolute poverty line and the Absolute poor

The Absolute poverty line is determined on the basis of minimum income required to purchase the subsistence calorie requirement per day

per person for the survival and social existence which is known as subsistence norm.

According to FAO standard (1972) the daily per capita calorie requirement for survival in Nepal has been estimated 2256 calories. To fulfill this requirement a net consumption 605 grams of cereals and 60 grams of pulses which provides 2042 and 214 calories respectively. But there are no special study has been carried out so far as to the minimum daily calories requirements of the people of the study area i.e kumroj VDC.

To derive the value of 605 grams of various cereals like rice, wheat, maize etc and 60 grams of various pulses like mas, masuro, rahar etc. are taken which is commonly available in the local market. Therefore, the value of 605 grams of cereals and 60 grams of pulses are calculated NRS 12.19 and NRs 2.48 respectively, on the basis of local market price. Thus, the value of 2256 calorie per capita per day is estimated to be NRs 14.67 (see Annex-1)

To meet the minimum standard for survival, the consumption of food and non-food items are essential. We can obtained the 22.56 calories from the cereals and pulses items but other necessities food items like vegetables, meat, ghee, salt, tea, oil and non-food items like clothes, footwear, education, medicine, shelter are also necessary for survival. National planning commission has estimated that the expenditure on food items (22.56 calories) only covers 65 percent of total subsistence expenditure per capita per day. Remaining 35% of total expenditure, which expended on other basic necessities like vegetables, meat, ghee, shelter, clothes, education, medicine etc. The value of these minimum needs is estimated to be Rs. 7.90 for the study area. By summing up the

expenditure of food and non-food items the absolute poverty ling can be derived. Thus the total subsistence consumption for the study area in estimated as Rs. 22.57 per capita per day of Tharus in this VDC (see Annex 1) so Rs 22.57 per capita per day or Rs 8238.05 per capita per year is known as the absolute poverty line in the study area. The number of household and population whose per capita income level is less than Rs 22.57 are absolutely poor.

The various studies have estimated different absolute poverty line in different time and different places of Nepal. The comparison of the absolute poverty line in the present study and some other past studies are shown in table below.

Table-5.1

Absolute Poverty Line in Different Studies

S.N.	study Area	Average daily value of 22.56 calories (605 gms of cereals and 60 gms of pulses NRs	Lowest average actual daily consumption ex. on other (non food) items NRs	Absolute poverty line NRs
1.	Rural Nepal 1978	1.63	o.70	2.02
2.	Tarigaun, Dang 1997	7.63	4.11	11.74
3.	Dhapuk Simal Bhanjyang 2000	8.2915	4.6678	12.9653
4.	Sankhuwa Rautahat	8.42	4.53	12.95
5.	Khairahani chitwan 2001	13.88	7.47	21.35
6.	Daijee kanchanpur 2003	13.39	7.21	20.6
7.	Kumroj chitwan 2005	14.67	7.90	22.57

Source:

1. *NPC, 'A study on employment, income distribution and consumption pattern in Nepal.*

2. *NRB, multipurpose HHS Budget survey, 1986 A study in income disdtribution, employment and consumption pattern in Nepal.*

3. *B. Gautam, "poverty in Tarigaun VDC" 1999*

4. *R. Rajendar, poverty in Rural Nepal, "A case study of Dhupuk simal Bhangagn 2000"*

5. *V.S. prasad, poverty in Rural Nepal, "A case study of Rauthat district 2000"*

6. *Visma pathak, poverty in Tharu community, "A case study of Khairahari VDC, chitwan 2001"*

7. *D.R. Joshi, The Rural poverty in Nepal, "A case study of Daijef VDC, Kanchanpur, 2003"*

8. *Field survey by Author 2005.*

From the table-8, It has been observed that the absolute poverty line estimated by the present study is highest compared to some previous studies due to tome lag and the increased inflation, geographical features etc, but some previous studies even show the differences very close.

5.1.2 Relative poverty line and the relative poor

Relative poverty line is estimated with the help of the wolf point. The wolf point level of income is that levels of income which is just equal to expenditure. Relative poverty level refers to that level of income, which lies between wolf point and absolute poverty line. Therefore, the Households or population whose income level lies below this point and above the absolute poverty line are called relative poor, such households are just able to meet the minimum subsistence expenditure but not total expenditure.

In the present study, the value of wolf point found to be Rs 28.26 per capita per day (See Annex-3) and absolute poverty line is Rs 22.57 per capita per day (See Annex-1)

For the study area those Households or population are relative poor whose income level lies between these two income levels. Out of 50 total sampled Households and 328 populations, 14 Households and 95 people are relative poor. Thus, it is found that 28 percent Households and 28.96 percent people are relative poor. The comparison of the relative poor among the sampled Households and sampled population of the different studies is presented in table No. 9

Table- 5.2

Relative Poor in Different Studies

S.N.	Study Area	Relative poor HHS		Relative poor population	
		No	%	No	%
1.	Panchthar	23	26.00	132	25.00
2.	Purna, Jhanga Jholi, Sindhuli	13	18.57	68	16.19
3.	Sakhuwa, Rautahat	9	15.00	73	15.87
4.	Khairahani, Chitwan	13	26	86	21.60
5.	Daijee, Kanchanpur	27	30	164	30.65
6.	Kumroj Chitwan	14	28	95	28.96

Source:-

1. Dahal and Shrestha, 1987

2. J.P. Aryal, 1994

3. Uma Shankar, 1999

4. V. Pathak, 2001

5. D.R. Joshi, 2004

6. Field survey by Author, 2005

5.1.3 Total poverty line and the Total poor

The income level, which lies below the wolf point, indicates total poverty line. The total poverty is the sum of absolute poverty and relative poverty total poverty line is also called upper poverty line the wolf point for the present study is NRs 28.26 and on this basis. It is found that 66 percent of sampled Households and 63.11 percent of sampled population are total poor. These data are presented in table -10

Table-5.3

Total Poverty Line and the Total Poor

S.N.	Types of poor	Households	Population		
	Number Percent	Number Percent			
1.	Absolute poor	19	38	112	34.15
2.	Relative poor	14	28	95	28.96
3.	Total poor	33	66	207	63.11
4.	Non-poor	17	34	121	36.89
	Total	50	100.00	328	100.00

Source:- Field survey, 2005

Comparison of the result with other studies are presented in table no-11

Table-5.4

Total Poverty Line and Total Poor in Different Studies

S.N.	study Area	Total poverty lile (per capita per day) NRs	Total poor Households	Total poor population		
			No.	%	No.	%
1.	Panchthar	4.3	79	89	465	90
2.	Jhanga Jholi Sindhuli	15.18	42	60	241	59.95
3.	Sakhiwa Rautahadt	17.87	38	63.33	287	62.39
4.	Khairahani Chitwan	27.20	41	82	321	80.64
5.	Kumroj Chitwan	28.26	33	66	207	63.11

As mentioned in Table 8 and 9.

5.2 Income Distribution in the Study Area

The main cause of poverty is unequal distribution of income. Unequal distribution of income is worldwide problem. Nepal is one of the developing countries and in not far from this problem in the rural area of Nepal there is a wide gap between haves and have-not regulating in to poor people getting poorer and rich people getting richer day by day. The standard of living of people is mainly determined by income. It is the inequality of in the distribution of income, which is considered as main cause of unemployment, poverty etc. therefore it is necessary to analyze. The existing pattern of income among the poor and non-poor households in examined. To examine the actual pattern of income and wealth distribution in the study area the Gini-coefficient and Lorenz curve are used.

5.2.1 Income distribution among sampled households

In order to study the income distribution and inequality on its distribution, the sample households of the study area are distributed in to the 10 income groups, each group occupies 10 percent of total household i.e. in each decide group there are 5 households. It has been ranked from low income group to high. Thus, the first decile covers 10 percent households of low income groups and last decile covers 10 percent households of high income groups in the present study, the per capita daily income id taken to draw Lorenz curve as well as estimate the value of Gini co-efficient ratio. The following tables represent a picture of income distribution per capita per day of sampled households in to decile groups.

Table-5.5
Income Distribution Among Sampled Households
Per capita daily by Decile group

Groups	No. of HHS	% of HHS in the grous	cum.% HHS	Income NRs	% of income	cum.% of income
1.	5	10	10	75.42	5.65	5.65
2.	5	10	20	88.54	6.63	12.28
3.	5	10	30	99.20	7.43	19.71
4.	5	10	40	110.29	8.26	27.97
5.	5	10	50	124.19	9.30	37.27
6.	5	10	60	132.23	9.90	47.17
7.	5	10	70	139.87	10.47	57.64
8.	5	10	80	151.79	11.34	69.01
9.	5	10	90	164.66	12.33	81.34
10.	5	10	100	249.13	18.66	100
Total	50	100		1335.32	100	

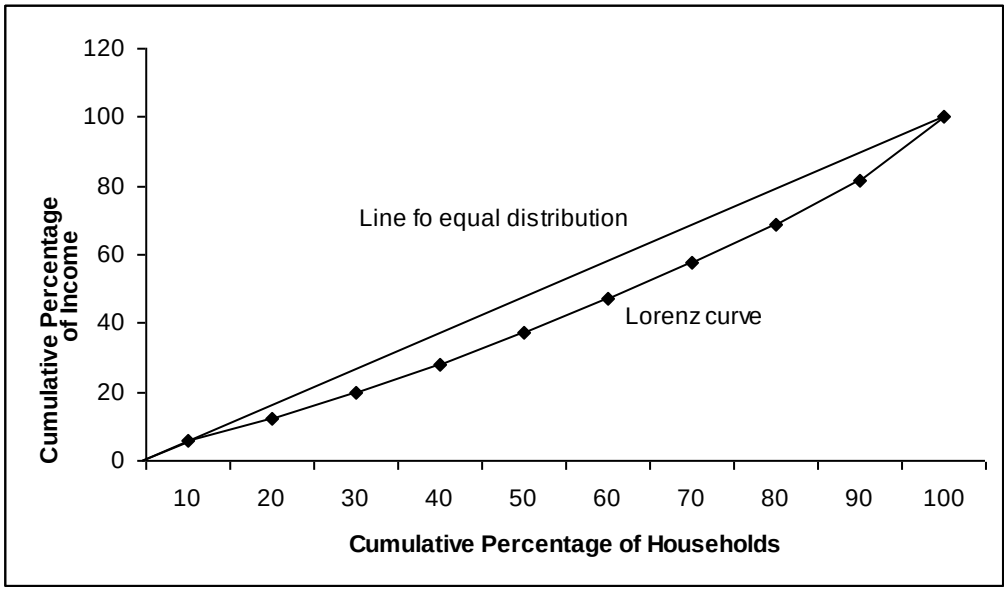
Source:- Field survey, 2005

The above table 12 shows that higher disparity in income distribution among sampled households. It is see that top 10 percent of households group have received 18.66 percent of total income where bottom 10 percent of households group received only 5.65 percent of total income.

The above table of income distribution can be reflected in the following graphical expression called Lorenz curve.

Figure 2

Income Distribution Among sample households.



The Lorenz curve shows the difference between equal distribution of income and actual distribution of incite. The area between Lorenz curve and the line of equal distribution is known as the area of concentration. The basic notion is that the greater the area of concentration, the large magnitude of income inequality and vice versa.

From the figure-1, it clearly shows the inequality in distribution of income among the sampled households in the study area. To measure

extent of inequality, we cp,[ite gomo co-efficient ratio considering the per capita per-day income, Gini co-efficient ratio is 0.19 among the total sampled households (See Annex-4)

5.2.2 Income Distribution Among Absolute poor.

In order to examine the income distribution among absolute poor households, total 19 absolute poor households are divided in to 4 groups. Every group contains 5 households except last group because the last group has only 4 households the table 13 shows the income distribution among the absolute poor according to their per-capita daily income.

Table-5.6

Income Distribution Among Absolute Poor Households

Group	No. of HHS	% of HHS	Cumulative % of HHS	Income NRs	% of incime	Cum.% of income
1.	5	26.31	26.31	75.42	21.51	21.51
2.	5	26.31	52.62	88.54	25.25	46.76
3.	5	26.32	78.94	99.20	28.29	75.05
4.	4	21.06	100.00	87.50	24.95	100.00
Total	19	100.00		350.66	100.00	

Thus, because of the less household numbers in last group, the resulting income percentage comes out to be increased from 24.95 to 31.19, while contrasting it with other previous groups.

Table 13 shows that out of 19 households the lowest income groups received only 21.51 percent of total per capita daily income where as the highest income groups of households received 31.19 percent.

The Gini coefficient among the absolute poor households according to daily households income to be 0.08 (Annex-5)

The Gini co-efficient ratio among the absolute poor household in different studies is shows in the table given below.

Table-5.7

Gini Co-efficient Ratio of the Absolute Poor

S.N.	study Area	Gini co-efficient Ratio
1.	Panchthar	0.0412
2.	Purna Jhanga Jholi, Sinduli	0.1837
3.	Kakhuwa, Rautahat	0.1425
4.	Khiurahani, Chitwan	0.11
5.	Kumroj, Chitwan	0.08

5.2.3 Sen's poverty Index

Considering the questions, "How poor are poor?" Sen's poverty index has been calculated. It is based on the original welfare concept. It shows the intensity of poverty problem. The value of the poverty index considering income inequality is found to be 0.062 among the absolute poor households (see- Annex-6). It shows the high intensity of poverty due to inequality income distribution among poor.

5.3 Poverty Problem and its Nature in the Study Area

The nature of poverty is determined by the socio-economic structure of village (Dahal and Shrestha 1987). Poverty is multidimensional nature and it is a multi-sectoral concern. Poverty is the obstacle of development .In this study, poverty also stands as the main hindrance on the way to progress and prosperity of Tharu community.

Taking about poverty, it is essential to scrutinize different poverty related socio-economic parameters like occupation, educational level, and land holding size and so on. Therefore in this study analysis the socio-

economic characteristics of this area and their relationship with poverty for this purpose, only the poor households have been taken in to consideration.

5.3.1 Educational status and the poor

Most of the people in the study area are poor due to insufficient education, which may be a serious cause of individual poverty. If the people are educated, it will increase the quality, job opportunity, standard of living inner skill etc. Therefore, it can be said that lack of education is a major cause of poverty. There is a negative relationship between education and the poverty table 15 shows the educational condition of total sampled household of Tharu community of the study area.

Table-5.8

Educational Status and the Poor Among the Total Sampled Household.

Level of Education	No. of HHS head	% of HHS Head	Poor	% of poor	Non poor	% of non poor
Illiterate	20	40	14	73.68	6	198.35
Literate primary Education	26	52	4	21.06	15	48.39
Educated S.L.C. to higher education	4	8	1	5.26	10	32.26
Total	50	100	19	100	31	100

Source:- field survey, 2005

In the present study, out of 50 sampled households, 40 percent of household's heads are illiterate, 52 percent household's heads are in primary level education, and 8 percent are S.L.C. to higher education.

It is clear from above table that the poverty problem is higher barong the illiterate people than that of literate out of 19 total poor households. 14 or 73.68% households are in absolutely poor among the illiterate household head. Among the literate group out of 26 households head, 4 or 21.06% household heads are found to be poor.

Out of S.L.C. to higher education household heads only one (5.26%) household head is found to be poor.

5.3.2 Size of Land holding and the poor.

The nature of poverty is highly affected by the size of landholdings, the inequality distribution. The inequality distribution of the cultivate land is another factor for the determination of the poverty. There is negative relationship between the land holding and poverty and positive relationship between the size of landholding and the level of income. The following table tries to show the situation of the size of landholding family and level of income among the absolute poor households.

Table 5.9

Size of Landholding

Size of Land	No. of Households		Population		per capita daily mean income
	No.	%	No.	%	
Landless	4	21.05	27	24.11	14.84
0-5	10	52.63	62	55.36	18.35
5-15	4	21.05	18	16.07	21.44
15-30	1	5.27	5	4.46	22.08
Total	19	100	112	100	18.45

Source:- Field survey, 2005

The table 16 shows that the size of landholding and income level of the poor are positively related. The landless poor is 21.05 percent of total absolute poor households and 24.11 percent of total absolute poor populations and the poor whose land holding size in below 5 kattha have the per capita daily income level is less than the average mean income level of the absolute poor that is Rs18.45 and the poor whose landholding size is larger above 5 kattha have significantly higher income level. So the level of low landholding is the main reason for the case of the poverty.

5.3.3 Occupation status and the poor.

An individuals occupation plays crucial role in determine his economic status in other words the income level of every households or individuals are highly influenced by the main occupation in which they are involved.

The majority of the populations are engaged in agricultural sector. So, agriculture is the main occupation but because of the low productivity of land, small size of landholding, lack of other modern agricultural technology, the poor work hard and get low income. The following shows the distribution of poor by occupation and their mean income.

Table -5.10
Distribution of Absolute Poor Households and Population by Main Occupation and Daily Per Capita Income

S.N.	Occupation	No. of HHS	% of HHS	Daily per capita mean income NRs
1.	Agriculture	15	78.95	19.42
2.	Non-Agriculture	4	21.05	14.84
Total		19	100	18.45

Source:- Field survey, 2005

From the above table that 78.95 percentage of total absolute peer household are engaged in agriculture yielding Rs19.42per capita per day mean income. But only 21.05 percent of poor households are engaged in labour work (Non-agriculture) yielding 14.84 per day mean income. Thus the nature of poverty is affected by the occupation.

5.3.4 Employment and the poor.

Employment is the basic determinant of income. There is direct relationship between income and employment but inverse relationship between poverty and employment. If population of country is fully employed the existence of poverty is low due to their earning on the other hand if the people are unemployed, their income is low and there appears high degree of poverty. To determined the relationship between the poverty and employment. It is assumed that 10-59 years age groups of the people are in working age group. Above 60 and below 10 years are non-working age groups. The following table shows the distribution of population by working age group.

Table -5.11

Distribution of Population by Working Age Groups

S.N.	Groups of Population	Number of people			Percentage		
		Male	Female	Both	Male	Female	Both
1.	Working Age	92	96	188	57.86	56.80	57.32
2.	Non-working Age	67	73	140	42.14	43.20	42.68
Total		159	169	328	100	100	100

Source:- Field survey, 2005

From the above table, it is clear that out of sample population, 57.32 percent people are found to be in working age group and remaining 42.68 percent people are in non-working age group.

5.3.5 Consumption pattern of the poor

Expenditure is the most important part of economic system of this ethnic group. The cause of not being able to fulfill their stomach is the low productivity of their land. Consumption is one of the most important variables of economic system. Theoretically, there is positive relationship between income and consumption. When income increases, consumption also increases and vice versa.

Here, our main concentration as consumption pattern of the poor Tharu. Their consumption is divided in to two groups i.e. food item and non-food items like clothing, footwear, smoking, drinking, health, education etc. and they spend a lot in festival. Their annual consumption has been shown inn the following table.

Table-5.12

Annual Consumption of the Poor.

Items	Annual consumption NRs	% of consumption
Food	6,74,520	75
Non-food (clothing, foot ware, smoking, drinking, education etc.	2,24,840	25
Total	8,99.360	100

Source:- Field survey, 2005

The above table shows that 75 percent of total expenditure of the poor household spent on food items and only 25 percent of the total

expenditure is observed to be spent on non-food items. Education has above been included in non-food items. Therefore, the study shows that their expenditure in education is very low. According to Lipton, households spending more than 70 percent expenditure of total expenditure on food items alone are considered poor (NRB, 1988). It is also found that the poor spend more on smoking and drinking than on education. Thus, the factors leading to poverty is also denoted by consumption pattern of the households undertaken.

CHAPTER- SIX

CONCLUSION AND RECOMMENDATION

6.1 Conclusion

Poverty is one of the main characteristics of the rural areas of Nepal because more than 88 percent people live in rural area and most of them are engaged in agriculture sector for their livelihood. Therefore, we can say that the maximum percent of poverty is in agriculture sector. The productivity in agriculture sector is declining day by day the lack of irrigation, fertilizer, agriculture credits, and backward technology, small and fragmented holding of land etc.

Poverty is the main obstacle to the economic growth of the country. The problem of the poverty arises due to various reasons such as small size of landholding, lack of market facility, lower literacy rate, unemployment problem, large family size etc.

In this study area, Tharu are one of the poor groups among the indigenous people of Nepal. Majority of them live below the subsistence level. 90 percent of people follow the dominant sector i.e. agriculture sector. Most of the Tharu have own land as well as land less. The objective of this study is to identify the nature of absolute and relative poverty of Tharu community of Kumroj VDC. The findings of the study prove that 38 percent of sample households or 34.15 percent of total sample population are absolute poor. Some of the poor are landless and some of the poor have their own land in very small size, but with large family size. It is also found that the rate of illiteracy, unemployment and dependency ratio is very high. Similarly, the income level of the poor is very low which is insufficient for maintaining livelihood, most of the

children of the poor families are deprived of nutrition, vitamin, iron, protein etc. The same condition is also seen in adult. Causing frequent illness, morbidity and their scanty body and wrinkled face shows the vivid picture of poverty.

In such situation it is necessary to reduce the extent of poverty. For this all large number of policies and programs have already been adopted and initiated. But these programs, policies and attempts have not been as effective as expectation.

6.2 Recommendation

On the basis of the major findings of this study the following specifics are recommended to alleviate poverty in the study area.

* Land is the main source of income and employment generating in the study area. The size of land holding by poor household is very small. So to increase its productivity proper irrigation facilities, agriculture credit, fertilizer and improved seeds should be improved in time. The traditional farming system should be improved and the modern technology should be encouraged.

* In this rural area most of the Tharu people are forced to involved in agriculture due to lack of alternative employment opportunities and as the employment opportunities in agriculture sector is seasonable in nature, excess labour force engaged in agriculture should be transformed to other productive sectors. For this cottage industry should be encouraged.

* Large family size is another serious problem of poverty in the study area. So, the importance of family planning should be taught to the Tharu people.

* As the educated Tharu Households have relatively higher income in the study area. It is clear that education may help to reduce the extent of poverty. So programs for human resource development like primary education, adult literacy, skill development, basic health care, nutrition and drinking water facility should be increased.

* To increase enrollment of school age children in school and to control the dropout compulsory education program should be launched. Scholarship should be provided to those Tharu children who can not afford to continue their study because of poverty.

* The Tharu people send a large proportion of their income for unproductive consumption such as liquor, cigarette and tobacco. This should be discouraged the social organization should take appropriate steps in this regard. Almost all Tharu people have small size of landholding. So government should provide alternative opportunity of employment for the Tharu people.

* Public expenditure programme are also effective instruments for the removal of poverty. The government can reduce these problems to a great extent through designing schemes of public expenditure in favour of the poor or the weaker section of the society. No doubt, the development work since a long time but the fruits of development should pay special attention in this regard, besides public works such as canal digging, road, dam, school, hospital etc.

* The government can encourage the surplus labour by providing various facilities to start various types of agro-based, forest-based and other available resource-based cottage and small-scale industries in this area.

* It is necessary to find out resources and means in the respective field and necessity to mobilize them.

* Low-interest loan is to be provided for the educated unemployed people on their certificate deposit.

* Marketing facilities should also be increased as subsequent measures after proving micro-credit through financial institution.

* The government has to provide training for modern method of farming along with the loan in low interest rate so as to buy agricultural instruments.

* Improved agricultural technology, livestock development, vegetable cultivation, poultry farming, bee keeping, vocational training and some cottage industries should be promoted of this community.

* Education is unsuitable so it is producing unnecessary educated unemployment. The government should change the present techniques education in technical education as well as training and skill must be managed for the ground level people.

* To reduce the poverty in this community, it seems quite necessary that the government, leaders, social reformers, NGO and INGOs, should adopt these institutional measures which can directly or indirectly remove these socio-cultural draw-backs from the Tharu community.

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ANNEX 1

DERIVATION OF ABSOLUTE POVERTY LINE

S.N.	Creals and Items	Price/Kg (in Rs.)
1	Rice "Mansuli"	26
2	Rice "Sabitri"	24
3	Rice "Bammorcha" (mota)	20
4	Rice "(Usina)	21
5	Beaten Rice	24
6	Wheat	14
7	Maize	12
Total		141

From the table,

7000 gm of cereals cost Rs. 141

1 gm of cereals cost $\frac{\text{Rs. 141}}{7000}$

605 gm of Cereals cost Rs. $\frac{141}{7000} \times 605$

12.19

S.N.	Pulses Item	Price/Kg (in Rs.)
1	Mas	40
2	Musuro	44
3	Rahar	48
4	Chana (Gram)	40
5	Beans	35
Total		207

From the table,

So, 5000 gm of pulses cost = Rs. 207

So, 1 gm of pulses cost = $\frac{\text{Rs. 207}}{5000}$

And 60 gm of pulses cost = $\frac{207}{5000} \times 60$

= Rs. 2.48

Thus total cost required for 605 gm of cereals and 60 gm of pulses = Rs. 12.19 + Rs. 2.48 = Rs. 14.67

According to the National Planning Commission, Expenditure on minimum food requirement cover only 65 percent of subsistence consumption expenditure, remaining 35 percent of subsistence consumption will be spend on other food/Non-Food items.

Thus,

65% subsistence expenditure = Rs. 14.67

1% subsistence expenditure = Rs. $\frac{14.67}{65}$

35% subsistence expenditure = Rs. $\frac{14.67}{65} \times 35$

= Rs. 7.90

Thus, the total required Expenditure per capita per day = Rs. 14.67 + Rs. 7.90 = Rs. 22.57

So, absolute Poverty line = Rs. 22.57 per capita per day.

Total expenditure for a year is = Rs. 8238.05 (Annual)

Absolute poverty line = Rs. 8238.05 per capita per year.

ANNEX 2

INCOME CONSUMPTION RELATIONSHIP AMONG TOTAL SAMPLED HOUSEHOLD AND THEIR MPC.

If $C = f(v)$

Then, $Ci = a + byi$ ---------- (i)

In order to find out the value of a and b we should apply the least square method by introducing flowing equations;

$\Sigma Ci = na + b\Sigma yi$ ---------- (ii)

$\Sigma Ciyi = a\Sigma yi + b\Sigma yi^2$ ---------- (iii)

From the data, we get

$\Sigma Ci = 1355.21$

$\Sigma yi = 1335.32$

$\Sigma yiCi = 39623.22$

$\Sigma yi^2 = 40378.3$

$N = 50$

Substituting these values into the above equations (ii) and (iii)

$1355.21 = 50a + 1335.32b$

$39623.22 = 1335.32a + 40378.3b$

Arranging into matrix form

$$\begin{bmatrix}1355.21\\39623.22\end{bmatrix} = \begin{bmatrix}50 & 1335.32\\1335.32 & 40378.3\end{bmatrix}\begin{bmatrix}a\\b\end{bmatrix}$$

$$\begin{bmatrix}a\\b\end{bmatrix} = \begin{bmatrix}50 & 1335.32\\1335.32 & 40378.3\end{bmatrix}^{-1}\begin{bmatrix}1355.21\\39623.22\end{bmatrix}$$

We know

$$A^{-1} = \frac{1}{|A|} \times \text{adj } A$$

Finding the determinant of A

$$|A| = \begin{bmatrix}50 & 1335.32\\1335.32 & 40378.3\end{bmatrix}$$

$|A| = 2018915\text{-}1783079.50$

$|A| = 235835.5$

Finding the cofactor of the given matrix

$C_{11} = 40378.3$ $C_{12} = -1335.32$

$C_{21} = -1335.32$ $C_{22} = 50$

Arranging the cofactor of matrix

$$A = \begin{bmatrix}40378.3 & -1335.32\\-1335.32 & 50\end{bmatrix}$$

$$A^{-1} = \frac{1}{|A|} \times \text{adj } A$$

$$A^{-1} = \frac{1}{235835.5}\begin{bmatrix}40378.3 & -1335.32\\-1335.32 & 50\end{bmatrix}$$

$$X = \frac{1}{235835.5}\begin{bmatrix}40378.3 & -1335.32\\-1335.32 & 50\end{bmatrix}\begin{bmatrix}1355.21\\39632.22\end{bmatrix}$$

$$\begin{bmatrix} a \\ b \end{bmatrix} \frac{1}{235835.5} \begin{bmatrix} 54721075.94-52921696.01 \\ -1809639.01+1981611.0 \end{bmatrix}$$

$$\begin{bmatrix} a \\ b \end{bmatrix} \frac{1}{235835.5} \begin{bmatrix} 1799379.93 \\ 171971.99 \end{bmatrix}$$

a = 7.63 (7.63)

b = 0.73

Here, autonomous consumption a = 7.63

Marginal propensity to consume b = 0.73

Hence, the estimate regression line is

Ci = 7.63+0.73yi

ANNEX 3

DERIVATION OF THE WOLF POINT

Wolf point is defined as the point of equality between income and expenditure per capita per day in the Keynesian Consumption function.

i.e. Ci = Yi

Since Ci = a + byi

or, Ci = a + bci (yi = ci)

or, $Ci = \frac{a}{1-b}$

$= \frac{7.63}{1-0.73}$

$= \frac{7.63}{0.27} = 28.26$

Thus, the wolf point Ci = 28.26 (28.26)

ANNEX 4

GINI COEFFICIENT AMONG THE TOTAL SAMPLED HOUSEHOLD ACCORDING TO PER CAPITA DAILY INCOME.

We compute Gini co-efficient of individual series by using the formula, where the data are arranged in the ascending order.

$$G.C. = \left[1 + \frac{1}{n}\right] - \frac{2}{n^2 \bar{y}} [y_1 + 2y_2 + 3y_3 + ... ny_n]$$

Where,

$Y_1 \leq Y_2 \leq ..... Y_n$

Where,

n denotes the number of observation

$\bar{y}$ denotes the mean value of variable (y)

y_1 denotes the variable value for the i^{th}

Observation and G.C. denotes Gini Coefficient (O < G < 1)

Computation

$\Sigma yi = 1335.32$

N = 50

$$\bar{y} = \frac{\Sigma yi}{N} = \frac{1335.32}{50} = 26.71$$

Here,

or, G.C. = $\left[1 + \frac{1}{50}\right] - \frac{2}{50^2 \times 26.71} \times 40288.19$

or, G.C. = 1.02 = $\frac{80576.38}{6675}$

or, G.C. = 1.02 - 1.21

= - 0.19

Hence, G.C. = -0.19

If the computed value of G.C. is negative we take its absolute value (i.e. positive)

Hence, G.C. = | - 0.19 |

G.C. = 0.19

ANNEX 5

GINI CO-EFFICIENT AMONG ABSOLUTE POOR HOUSEHOLD ACCORDING TO PER CAPITA DAILY INCOME.

We compute Gini coefficient of individual series by using the formula, where the data are arranged in the ascending order.

$$G.C. \left[1+\frac{1}{n}\right] - \frac{2}{n^2 \bar{y}} [y_1 + 2y_2 + 3y_3 + ... ny_n]$$

Where,

$Y_1 \leq Y_2 \leq ..... Y_n$

Where,

n denotes the number of observation

$\bar{y}$ denotes the mean value of variable (y)

yi denotes the variable value for the ith

Observation and G.C. denotes Gini Coefficient (O < G < 1)

Computation

Syi = 350.656

N = 19

$$\bar{Y} = \frac{\Sigma yi}{N} = \frac{350.66}{19} = 18.46$$

Here,

or, G.C. $= \left[1 + \frac{1}{19}\right] - \frac{2}{(19)^2 \times 18.46} \times 3769.26$

or, G.C. = 1.05-1.13

= -0.08

Hence, G.C. = -0.08

If the computed value of G.C. is negative we take Its absolute value (i.e. positive)

$\therefore$ Hence G.C. = | -0.08 |

G.C. = 0.08

ANNEX 6

COMPUTATION OF SEN'S POVERTY INDEX AMONG THE ABSOLUTE POOR.

We compute Sen's Poverty index in two ways viz.

Considering inequality and without considering inequality among the absolute poor.

We use the following formula.

(a) Considering inequality

$$P^* = \frac{X}{C^*P} \; [\, C^*P - CP\,(1-GP)]$$

Where,

P* = Poverty index

X = Percentage of Population below the absolute poverty line.

C*P = Poverty line in per capita per day.

CP = Per capita mean income of the absolute poor

GP = Gini coefficient of the absolute poor.

Here,

X = 0.3414

C*P = 22.57

CP = 18.46

GP = 0.08

Thus,

$$P^* = \frac{0.3414}{22.57} \ [22.57\text{-}18.46\ (1\text{-}0.08)]$$

$P^* = 0.084$

(b) Sen's Poverty index without considering inequality

$$P^* = \frac{X}{C^*P} \ [\ C^*P - CP]$$

$$= \frac{0.3414}{22.57} \ [22.57\text{-}18.46]$$

$= 0.062$

ANNEX 7

COMPUTATION OF CORRELATION BETWEEN INCOME AND CONSUMPTION EXPENDITURE AMONG THE TOTAL SAMPLE HOUSEHOLD.

Direct Method for the Calculation of Correction Coefficient is

$$r = \frac{N\Sigma yiCi - (\Sigma yi)(\Sigma Ci)}{\sqrt{N\Sigma yi^2 - (\Sigma yi)^2}\sqrt{N\Sigma Ci^2 - (\Sigma Ci^2)}}$$

where,

r = correlation coefficient

yi = income of the i^{th} Households

Ci = Consumption Expenditure of the i^{th} Households.

N = Number of Observation

Thus,

$$r = \frac{50\times39623.22-1335.32\times1355.21}{\sqrt{50\times40378.3-(1335.32)^2}\sqrt{50\times39427.55 - (1355.21)^2}}$$

$$= \frac{1981161-1809639.017}{\sqrt{2018915-1783079.50}\sqrt{1971377.5-1836594.14}}$$

$$= \frac{171521.98}{\sqrt{235835.5}\sqrt{1347836.36}} = \frac{171521.98}{485.3.63\times367.12}$$

$$= \frac{171521.98}{178284.48} \quad \therefore r = 0.96$$

Therefore, this implies that there is a direction between these two variables such as Income and Expenditure among the total sampled Households.

ANNEX 8

COMPUTATION OF CORRELATION BETWEEN INCOME AND CONSUMPTION EXPENDITURE AMONG THE ABSOLUTE POOR HOUSEHOLDS.

Direct Method for the Calculation of Correlation coefficient is

$$r = \frac{N\Sigma yiCi - (\Sigma yi)(\Sigma Ci)}{\sqrt{N\Sigma yi^2 - (\Sigma yi)^2}\sqrt{N\Sigma Ci^2 - (\Sigma Ci^2)}}$$

where,

r = correlation coefficient

yi = income of the i^{th} Households

Ci = Consumption Expenditure of the i^{th} Households.

N = Number of Observation

Thus,

$$r = \frac{19\times7319.12-350.66\times392.49}{\sqrt{19\times6594.37-(350.66)^2}\sqrt{19\times8240.15 - (392.49)^2}}$$

$$= \frac{139063.28-137630.54}{\sqrt{125293.03-122962.43}\sqrt{156562.85-154048.40}}$$

$$= \frac{1432.74}{48.28\times50.14}$$

$$= \frac{1432.74}{2420.75} \quad \therefore r = 0.59$$

Therefore, this implies that there is a direct relation between these two variables such as Income and consumption Expenditure among the absolute poor Households.

ANNEX 9

INCOME CONSUMPTION RELATIONSHIP AMONG ABSOLUTE POOR HOUSEHOLD AND THEIR MPC

If C = f (y)

Where,

C = Consumption

Y = income

Then,

Ci = a +byi ---------- (i)

Where,

a = autonomous consumption

b = Marginal propensity of Consume (O < b < 1)

In order to find out the value of a and b, we should apply the least square method by introducing the following equations.

$\Sigma Ci = na + b\Sigma yi$ ---------- (ii)

$\Sigma Ciyi = a\Sigma yi + b\Sigma yi^2$ ---------- (iii)

From the data, we get

$\Sigma Ci = 350.66$

$\Sigma yi = 6594.37$

$\Sigma yiCi = 392.49$

$\Sigma yi^2 = 7319.12$

Substituting these values into the above equations (ii) and (iii)

$392.49 = 19a + 350.66b$

$7319.12 = 350.66a + 6594.37b$

Arranging into matrix form

$$\begin{bmatrix} 392.49 \\ 7319.12 \end{bmatrix} = \begin{bmatrix} 19 & 350.66 \\ 350.66 & 6594.37 \end{bmatrix} \begin{bmatrix} a \\ b \end{bmatrix}$$

$$\begin{bmatrix} a \\ b \end{bmatrix} = \begin{bmatrix} 19 & 350.66 \\ 350.66 & 6594.37 \end{bmatrix}^{-1} \begin{bmatrix} 392.49 \\ 7319.12 \end{bmatrix}$$

We know

$$A^{-1} = \frac{1}{|A|} \times \text{adj } A$$

Finding the determinant of A

$$|A| = \begin{bmatrix} 19 & 350.66 \\ 350.66 & 6594.37 \end{bmatrix}$$

$|A| = 125293.03 - 122962.43$

$|A| = 2330.6$

Finding the cofactor of the given matrix

$C_{11} = 6594.37$ $C_{12} = -350.66$

$C_{21} = -350.66$ $C_{22} = 19$

Arranging the cofactor of matrix

$$A = \begin{bmatrix} 6594.37 & -350.66 \\ -350.66 & 19 \end{bmatrix}$$

$$\text{adj } A = \begin{bmatrix} 6594.37 & -350.66 \\ -350.66 & 19 \end{bmatrix}$$

$$\begin{bmatrix} a \\ b \end{bmatrix} \frac{1}{2330.6} \begin{bmatrix} 6594.37 & -350.66 \\ -350.66 & 19 \end{bmatrix}$$

$$\begin{bmatrix} a \\ b \end{bmatrix} = \frac{1}{2330.6} \begin{bmatrix} 1799379.93 \\ 171971.99 \end{bmatrix} \begin{bmatrix} 392.49 \\ 7319.12 \end{bmatrix}$$

$$\begin{bmatrix} a \\ b \end{bmatrix} = \frac{1}{2330.6} \begin{bmatrix} 2588224.28 - 2566522.62 \\ -137630.54 + 139063.28 \end{bmatrix}$$

$$\begin{bmatrix} a \\ b \end{bmatrix} = \frac{1}{2330.6} \begin{bmatrix} 21701.66 \\ 1432.74 \end{bmatrix}$$

$a = 9.31$

$b = 0.62$

$\therefore$ Autonomous consumption of the among absolutely poor household a = 9.31 and marginal propensity to consume b = 0.62

ANNEX 10

HOUSEHOLD SIZE, PER CAPITA DAILY HOUSEHOLD INCOME AND EXPENDITURE

S.N.	Size of HHs	Per Capita Daily income (NRS) Yi	Per Capita Daily Consumption (NRS) C_i	Y_iC_i	Y_i^2	C_i^2
1	7	13.99	18.41	257.56	195.72	338.93
2	4	14.45	18.66	269.64	208.80	348.20
3	9	15.43	19.29	297.64	238.08	372.10
4	7	15.48	19.32	299.07	239.63	373.26
5	5	16.07	22.11	355.31	258.24	488.85
6	6	16.43	16.52	271.42	269.94	272.91
7	7	17.29	17.49	302.40	298.94	305.90
8	8	17.87	21.32	380.99	319.34	454.54
9	4	18.23	18.78	342.36	332.33	352.69
10	5	18.72	15.28	286.04	350.44	233.48
11	4	19.47	21.91	426.59	379.08	480.05
12	8	19.58	25.19	493.22	383.38	634.54
13	8	19.78	22.67	448.41	391.25	513.93
14	7	20.03	23.24	465.50	401.20	540.10
15	3	20.34	22.77	463.14	413.72	518.47
16	2	21.47	19.99	429.19	460.96	399.60
17	5	21.96	22.47	493.44	482.24	504.90
18	8	21.99	23.52	517.20	483.56	553.19
19	5	22.08	23.57	520.43	487.53	555.54
20	7	22.79	24.41	556.30	519.38	595.85
21	8	23.21	25.54	592.78	538.70	652.29
22	9	24.27	26.46	642.18	589.03	700.13
23	7	24.86	25.19	626.22	618.02	634.54
24	8	25.91	28.28	732.73	671.33	799.76
25	7	25.94	28.16	730.47	672.88	792.99
26	10	26.17	27.71	725.17	684.87	767.84
27	5	26.28	28.87	758.70	690.64	833.48

28	6	26.39	27.53	726.52	696.43	757.90
29	6	26.51	27.95	740.95	702.78	781.20
30	7	26.88	28.41	763.66	722.53	807.13
31	4	27.31	26.13	713.61	745.84	682.78
32	5	27.37	29.58	809.60	749.12	874.98
33	6	27.66	28.12	777.80	765.08	790.73
34	5	28.55	29.51	842.51	815.10	870.84
35	8	28.98	30.09	872.01	839.84	905.41
36	7	29.50	30.17	890.02	870.25	910.23
37	9	29.61	29.98	887.71	876.75	898.80
38	6	30.77	27.12	834.48	946.79	735.49
39	14	30.92	30.90	955.43	956.05	954.81
40	9	30.99	29.91	926.91	960.38	894.61
41	6	31.13	30.15	938.54	969.08	908.96
42	8	31.64	31.06	982.74	1001.09	964.72
43	3	32.19	31.43	1011.73	1036.20	987.84
44	7	33.53	32.78	1099.11	1124.26	1074.53
45	5	36.17	34.33	1241.72	1308.27	1178.55
46	4	39.56	31.18	1233.48	1564.99	972.19
47	4	41.78	33.23	1388.35	1745.57	1104.23
48	10	53.84	50.41	2714.07	2898.75	2541.17
49	9	54.56	49.32	2690.90	2976.79	2432.46
50	6	59.39	48.77	2896.45	3527.17	2378.51
Total	328	1335.31	1355.21	39623.22	40378.3	39427.55

EXECUTIVE SUMMARY

Poverty has become a serious problem everywhere in the world. It is deeply rooted specially in underdeveloped countries. It is not easy to define why some people are poor and others are rich in community and what process may be effective to reduce and eliminate the poverty. The population of poor is more acute in VDCS in Nepal. The Tharus, being one of the indigenous inhabitants of Terai, nowadays are confronted with a wide range of problems contributing to their increase marginalization. Those Tharu people who are Sukumbasi in the real sense are slaves of landlords and mostly dependent upon hunting and fishing and those who have land ownership are also lost the whole or part of their land and becoming landless. So, the study focuses to the nature of poverty on Tharu community of Kumroj VDC.

To explore the target issues some general and specific objectives are made. The main objective of the study is to assess the nature of poverty on Tharus community in Kumroj VDC whereas the specific objectives of the study are:

1. To analyze the nature and extent of poverty of Tharus in the study area.

2. To identify the cause of poverty.

3. To suggest appropriate policy to bringing Tharu community in Development stream.

Kumroj VDC of Chitwan district is selected for the present study. The reason for the selection of the site is convenient for the researcher, which is held on the basis of exploratory and descriptive research method.

The study is based on primary and secondary data and the narure of the date is qualitative. Among the total households, only 50 households are chosen by random sampling 9lottary method for the study.

The major feelings of this project work are as follows:

1. For the study area Rs. 22.57 per capita per day has been drown as the absolute poverty line bases on this, it is found that 38% Households of 34.15% population are absolute poor.

2. The wolf point or upper poverty line for the study area has been estimated as Rs 28.26 per capita per day. According to this 66 percent Households or 63.11 percent population in the study area are poor.

3. The difference between the total poor and the absolute poor is called relative poor. It is found that 28 percent Households or 28.96 percent population are relative poor in the study area.

4. It is found that 34 percent Households and 36.89 percent population are non-poor in the study area.

5. The mean income of the total sample Households is found to be Rs 26.70 per capita per day, similarly the mean income of the absolutely poor households is found to be Rs. 18.45 per capita per day that is far below the absolute poverty line.

6. As the value of Gini co-efficient among the total sample house4holds is 0.19 there is existence of inequality in the distribution of income among the total sample households.

7. As the value of Gini co-efficient among the absolute poor households is 0.08. It indicates that there is the existence of income inequality even among the absolute poor households.

8. The calculated value of sen's poverty index considering inequality is 0.084 and without considering inequality is 0.062. It shows higher intensity of poverty due to total inequality in income distribution among poor.

9. The marginal propensity to consume of the absolutely poor Households is higher which is 0.62.

10. The value of correlation co-efficient between incomes and consumption among total sampled Households is 0.96 and the value of correlation co-efficient between income and consumption of absolutely poor households is 0.59. It shows that there is positive correlation between income and consumption.

11. There is a high disparity in the land holding in the study area, because most of the poor Households are found to be landless or marginal land holders.

12. From the field survey, it is proved that, most of the people spend a large proportion of their income on liquor consumption i.e. smoking, drinking, and traditional festival.