

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Nepal is a predominantly an agricultural country with about 60 percent working population employed in agriculture sector, but contributing only 21 percent in GDP of the country. With a per capita GDP of \$ 1004, Nepal ranks on the 138 position out of 177 countries with medium HDI in the world and about 21 percent of the population remains below the poverty line. However, this rate has not changed significantly over the previous 40 years (CBS, 2019).

One of the determinant factors for socioeconomic status is distribution of income. Most of economic theories that explain income inequalities are use as an indicator of socioeconomic status associated with the individual such as income, educational attainment, or occupation. Similarly, income distribution is primarily responsible for directing, facilitating and promoting socio-economic status of an individual. Inequality is a burning issue of the current world. Inequality refers to the situation in which a particular variable under inquiry does not show equality in its value. Many economic variables such as income, assets, land, educational level, to mention a few, are not distributed equally or proportionally. It exists not only in underdeveloped countries but also in developing or developed countries. Inequality in income distribution is normally observed as one of the most continual and unmanageable problems. Nepal is also facing the problem of unequal distribution of income. However, the problems of inequality in the distribution of income are becoming visible in every aspect. There are many reasons for income inequality within societies. These causes are often inter-related. Acknowledged factors that impact income inequality include the labor market, innate ability, education, race, gender, culture, wealth condensation, development patterns and personal preference for work, leisure and risk.

It is true that inequality raises important questions rooted in normative ideas about justice and equivalent in all societies. Because of the direct effect due to income distribution patterns, opportunities for nutrition, health and education become challengeable. Income inequality is also related intimately to the wider inequalities in capability and in some causes to absolute deprivation (WDR, 2016).

Nowadays distribution of income is a major policy in developed or developing countries. The classical economists believe in full employment but they neglect the equal distribution of income. Before 1970, most of the underdeveloped countries implement growth warranted strategy in order to achieve economic development and higher level of growth, leaving the distribution of income untouched. Actually, development is an increase in per capita income accompanied by more equitable distribution of income. Growth at the national level does not automatically reduce poverty and inequality or even provide employment (Ahemed & Bhattacharya, 1990).

In developing countries proper distribution of income is necessary to achieve a higher growth. In fact the relationship between income distribution and development is not only the present subject of economic inquiry but also during the time of Adam Smith. At that time economic inquiry was concerned with distribution of income among the factors of production in the terms of wage, salaries, profit, rent and interest.

National Planning Commission Survey (1978) states "Income is perhaps the most important single quantifiable indicator of prosperity, socioeconomic status and poverty of both rural and Dalit household indicating broadly the level of development of national economy. According to Dalton (1949), "Income consists of the means of economic welfare and great inequality of income in any community implies great inequality in the economic welfare attained by different individuals." Income is a basis yard sticks for maturity economic performances and welfare."

At present, most of the places in Nepal are facing the problem of unequal distribution of income. It is a serious problem over the country, which creates socio-economic and political imbalance. The various socio-economic facilities are provided in only few non-Dalit areas but almost all Dalit areas are facing deficiency of such facilities yet.

Nepal is stands for agro-economy, where the majority of economically active population involved in agricultural sector as it amounts 76.1 percent of involvement in this sector (CBS, 2019). The level of productive percent of land is low, due to small size of land holding, technological backwardness, lack of improved seed, and lack of irrigation. So, most of the farmers are not benefited by the agro-economy. Out of their income, distribution of land is also unequal, the bottom 40 percent of the agricultural households operate only 9 percent of the total agricultural land area while the top 6 percent only occupy more than 33 percent. The proportion of households with less

than 0.5 hectare is as high as 46 percent in the Hills and 42 percent in the mountains. Furthermore, about 20 percent of the households in non-dalit have holding of more than 2 hectares compared with only 6.6 percent in the Dalit (CBS, 2019).

The World Development Report (2016) has shown the situation of income distribution among low income, middle income and high income countries. This report has classified the countries into different income categories as low income of US \$ 755 or less in 1999, middle income US \$ 756 to US \$ 9265 and high income US\$ 9266 more and household various statistical tools. GNP per capital and its annual growth rate of low income countries is US \$ 410 billion and 2.5 percent respectively in 1999 where as US \$ 1240 billion US \$ 25730 billion and 2.1 percent respectively of high income countries.

World Development Report (2016) has shown the world inequality of GNI and its annual growth rate of low income countries are US \$ 1029.6 billion and 3.1 percent respectively in 2002 whereas US \$ 6335.6 and 4.2 percent of middle income countries and US \$ 24 828 and 32 percent respectively of high countries. In Nepal, the contribution of the industry sector in GDP has been extremely low (20%) as compared to the share of Agriculture sector (39%) and the share of service sector (41%) respectively.

Human Development Report (2016) carried out that the HDI provides a snapshot of average national performance in human development. However, averages can obscure large disparities within countries. Inequalities based on income, wealth, gender, race and other inherited disadvantage, as well as location can make national averages a misleading indicator for human well being.

The study is focused on the income and consumption pattern of Dalit community of Buddhashanti Rural Municipality of Jhapa district. There are nine wards. The study area is only Ward No. 1. The study is limited to the consumption and income of Dalit community of Buddhashanti Rural Municipality of Jhapa district.

1.2 Statement of the Problem

Nepal is a poor country in the world but it is rich in the respect of the potentiality of natural resources, however, these resources are not used because of the lack of knowledge, skill, and economic condition. Low level of production, income, purchasing power, capital formation, and inefficient administration are the major

problem for the existing state of the economy. As a result, resources are not utilized in the productive purposes. There is not any proper assessment of the expenditure and saving pattern of people which is the most important factor for the proper utilization of resources. Developing countries highly depend on the subsistence agriculture. In these countries MPC is very high thereby low saving rate. Thus, domestic saving is very low in the developing countries.

In general it has casted more impact on poor and inequality of income distribution is persistent. The disparity in the distribution of income has derailed the economic development in Nepal. Thus, these are the major problems related to income inequality in Nepal. A major cause of economic inequality within modern market economies is the determination of wages by the market.

Everyone knows that Nepal is one of the world's poorest countries. A large number of people live below the poverty line. Most of them do not have land. Among them, the economic condition of people is very bad. The relationship between income and expenditure may play vital role to create good or bad economic condition. Employment is the main sources of income generation, which is frequently determined by the amount of productive investment. These kinds of investment must be supported by the sustainable increasing amount of saving. On the other hand, such saving is determined by two factors: ability to save and desire to save of individuals. Certainly higher the level of income generation is necessary condition for higher level saving but it is not sufficient.

Hence, to estimate the relationship between income and consumption of Dalit community in Buddhashanti Rural Municipality of Jhapa district is the main statement of the problem of this study, which will be useful for policy makers to develop the economy with sustainable growth rate.

The research questions for the study are as follows:

-) What is the distribution of income and expenditure pattern of households?
-) What is the marginal propensity of consumption (MPC) of the households?

1.3 Objectives of the Study

The general objective of the study is to identify the income and consumption pattern of the Dalit community of Buddhashanti Rural Municipality-1 of Jhapa district.

The specific objectives of the study are as follows:

-) To observe the distribution of income and expenditure pattern of households.
-) To estimate the marginal propensity of consumption (MPC) of the households.

1.4 Significance of the Study

This study has been associated with the income and consumption pattern of Dalit Community of Buddhashanti Rural Municipality of Jhapa district. So, this study has attempted to analyze the income and consumption of Dalit through micro level study. Many studies have been carried out in distribution of income of Nepal. Most of the people want to know about Dalit and their existing problems.

This study has been important for the ethnic explorer and policy maker. It has also been importance for the investigators, social workers and donors. It is helpful to know on Dalit, who concern about them. It is also helps to local government for the arranging the local level development program. It is very important for the National Dalit Commission to understand the micro level of research study for the Dalit community.

1.5 Limitations of the Study

-) This study is concentrated only on Dalit people of Buddhashanti Rural Municipality-1.
-) This study has been limited to income and expenditure pattern of Dalit community of Buddhashanti Rural Municipality-1 of Jhapa district.

1.6 Organization of the Study

The first chapter is introduction which comprises of statement of the problem, objectives of the study, significance of the study and limitations of the study. The second chapter reviews the literatures related with income and expenditure pattern of Dalit community. The third chapter is research methodology which deals research design, nature and sources of data, tools and techniques of data collection, statistical tools to analyze the data and discussion and results. The fourth chapter is devoted to examine the empirical model of income and expenditure pattern as well as income expenditure analysis. The last chapter includes summary of findings, conclusion and recommendations. References and appendices are also included at the end of the research study.

CHAPTER II

LITERATURE REVIEW

2.1 Theoretical Review

Under the Keynesian consumption function, consumption is a passive residual, income remaining after saving. In this view, the decision of any economic agent to save was determined by the payment for the utility lost from consuming; by implication consumption was depended on the interest rate - a key factor of saving behavior. Keynes observed that there are not many people who will alter their way of living because the rate of interest has fallen from 5 to 4 percent (Keynes, 1936, p. 94). Thus, the modern consumption theory begins with his ideal of "fundamental psychological law" of consumption proposed in his General Theory; "The fundamental psychological law, upon which we are entitled to depend with great confidence both a priori from our knowledge of human nature and from the detailed facts of experience, is that men are disposed, as a rule and on the average, to increase their consumption as their income increases, but not by as much as the increase in their income"(Keynes, 1936, p.96).

However, the seminal study made by Kuznets (1955), a Nobel Prize winner, was a turning point in the development of the consumption function literature; his study made use of long-run time series. Furthermore, Kuznets showed that except for the Depression years, the APC in the US over the period 1869–1938 fluctuated narrowly between 0.84 and 0.89. In other words, APC was approximately mean-reverted, such that even if income increased a lot, consumption kept almost a stable fraction of income; so consumption was a proportion rather than a function of income.

The concept of the income and expenditure was developed from the economic theory that is related with human behavior and nature. According to classical economists, there is always full employment in the economy and income constant. Classical economists believed that the main determinant of expenditure is rate of interest. When interest rate goes up, higher portion of income is allocated for saving, so expenditure declines. Expenditure was regarded to be a negative function of rate of interest and saving was assumed to be a positive function of rate of interest.

After the publication of Keynes' book "The General Theory of Employment, Interest and Money (1936)", various studies have been done in the field of expenditure.

Keynes stated the fundamental psychological law of expenditure. He argued that when the income of a community rises, expenditure also rises. How much expenditure rises in response to a given increase in income depends upon the marginal propensity to consume (MPC). However the expenditure increases less than the increase in income. It means, the value of MPC is greater than zero and less than unity and there is positive relationship between income and expenditure. According to Keynes, expenditure is the function of income.

Mathematically, it can be expressed as

$$C = f(Y_d) \dots\dots\dots (i)$$

Where, C = Expenditure

Y_d = Disposable income

This equation (i) expresses that the expenditure is a function of income. This relationship is measured by average and marginal propensity to consume. The average propensity to consume shows the ratio of aggregate consumption expenditure to aggregate income. Mathematically, it is expressed as:

$$APC = C/Y$$

Where,

APC = Average propensity to consume

Y = Income

C = Expenditure

On the other hand, marginal propensity to consume indicates the ratio of change in expenditure due to the change in income. Mathematically it is expressed as:

$$MPC = \frac{\zeta C}{\zeta Y}$$

Where,

MPC = Marginal propensity to consume.

ζC = Small incremental change in expenditure.

ζY = Small incremental change in income.

As income increases, expenditure also increases but not by as much as the increase in income i.e. marginal propensity to consume is greater than zero but less than unity when the expenditure function is linear. Keynesian linear expenditure function can be written as:

$$C = a + bY_d \dots\dots\dots (ii)$$

Where,

C = Expenditure

a = Autonomous expenditure

b = Marginal propensity to consume

Y_d = Disposable Income

Here,

$$\frac{\partial C}{\partial Y} = MPC = b$$

$$\frac{C}{Y} = \frac{a}{Y} + b = APC$$

Where, $PC > MPC$

Equation (ii) is a short-run linear expenditure function. As income is zero in short-run, he or she consumes from previous saving. Therefore, when $y = 0$, i.e. $c = a$. This amount is known as autonomous expenditure.

The other type of expenditure function is known as long-run expenditure function, which shows a proportional relationship between income and expenditure. Symbolically, it can be expressed as:

$$C = bY_d$$

Where,

C = Expenditure

b = MPC

Y_d = Disposal income

In the long run case if $Y = 0$ then $C = 0$. In this case, expenditure function begins from the origin. In this case both APC & MPC are equal & constant.

According to classical economists, expenditure is mainly determined by the rate of interest not by the level of income. They regarded expenditure as a negative function of the rate of interest. That means if rate of interest increases, the level of expenditure decreases and vice versa. But at that time, their base of analysis was a full employment economy in which income was considered as constant or they assumed there is always full employment in economy and not variable in determining expenditure.

2.1.1 Absolute Income Hypothesis (AIH)

AIH was developed by J.M. Keynes based on a fundamental psychological law of expenditure. According to him, current expenditure depends upon the current and absolute level of income and there is positive relationship between consumption and income.

That is, $C = f(y)$

In specific form, Keynesian expenditure function can be written as:

$$C = a + by_d$$

Where,

C = Consumption

a = autonomous expenditure

$$b = \frac{\zeta C}{\zeta Y} \text{ marginal propensity to consume (MPC)}$$

Y_d = disposable income.

As income of the people increases, expenditure also increases but less than proportionally. The main properties of absolute income hypothesis are as follows:

1. Marginal propensity to consume is positive i.e. ($0 < \text{MPC} < 1$).
2. MPC is always smaller than APC i.e. ($\text{MPC} < \text{APC}$).
3. The APC declines as income increases.

Keynes analyzed only short term consumption function. Later Simon Kuznets studied the post war data based on the USA from 1868 to 1929 and result showed doubt on the validity of the simple Keynesian expenditure function. Kuznets' study found that

APC had remained constant over a long period despite the substantial increase in income and $MPC = APC$. Keynesian expenditure function applied to the pre-war data predicted an expenditure level that was much higher than that of the aggregate income. This is impossible under normal condition (Dwivedi, 2008).

Although Keynes has not explained about the long run consumption behavior, Simon Kuznets by taking the time series data of income and consumption expenditure tested his hypothesis. The empirical study shows that individual's consumption expenditure varies proportionally when income increases along the trend line in the long run (Shapiro, 2009).

Where,

$$C = f(\text{distribution of income, past peak of income})$$

2.1.2 Relative Income Hypothesis (RIH)

Relative income hypothesis of expenditure was propounded by an American economist, J. S. Duesenberry. According to RIH, consumption of any household is not the function of his absolute income but of his relative position in the income distribution in a society. It means that expenditure depends on his income relative to the income of other households in a society. If the income of all households in a society increases by same percentage, then the relative income would remain the same, and their average propensity to consume will remain the same, though his income would have increased. Household consumption expenditure is determined by his neighbors' expenditure level not by the absolute income.

He has also used to two different terms; demonstrative effect and ratchet effect. People are influenced by their neighbors of society so they try to copy the expenditure level. This effect is called demonstrative effect. On the other side, individual or family want to maintain their previous high life standard in long term. When their income falls, expenditure does not fall in proportion to the fall in income. This is called ratchet effect.

Relative income hypothesis suggests that individuals try to imitate the expenditure level of their neighbors in a community. This is called demonstration effect. When income of the household falls, their expenditure does not fall proportionately because of ratchet effect. They try to maintain their earlier high life standard by reducing their saving. Duesenberry (1990) argues that when absolute income increases, absolute

expenditure increases, but when absolute income decreases, the households do not allow their expenditure to fall in proportion to the fall in their income. It is so because household get used to certain standard of living in the long run and hence when their income falls, their expenditure falls less than proportionately. When expenditure does not fall in proportion to the fall in income then APC rises and MPC falls. This is called ratchet effect (Dwivedi, 2008).

Duesenbery (1949) challenged Keynesian construction of consumption behavior. He found some psychological factors (status, attitude etc.), which dictates more consumption expenditure in the society. An individual "s psychology to consumption and saving more is guided by his/her income in relation to others than by abstract standard of living. Similarly, Modigliani and introduced another hypothesis named Life –Cycle Hypothesis for Consumption, which explains that people make consumption decisions based on resources available to them over their lifetime. According to the hypothesis, people build up assets at active stage, consume apart and separate for future's retirement consumption. Also, people have to pay a part of current earnings for early childhood consumption, whenever they do not have any earnings. Algebraically, this relationship is explained as: $C = \alpha W + \delta Y$; where, C is current consumption, α is marginal propensity to consume for wealth (W), and δ is the marginal propensity to consume for current income (Y).

2.1.3 Permanent Income Hypothesis (PIH)

An American well known economist, Milton Friedman developed permanent income hypothesis of expenditure. According to Friedman, expenditure is determined by long-term expected income rather than current income. This long term average expected income which is called by Friedman as permanent income on the basis of which people make their expenditure plan. According to Friedman, an individual who is paid or receives income only once a week, say on Friday, he would not concentrate his expenditure on one day with zero expenditure on all other days on the week. He argues that an individual would prepare a smooth expenditure flow per day rather than plenty of expenditure today and little expenditure tomorrow. Thus, people plan their expenditure on the basis of expected average income over a long period which Friedman calls permanent income (Ahuja, 2009). Each consumer arrives at an approximation of his or her permanent income on the basis of his or her total wealth human and non-human (Shapiro, 2009).

2.1.4 Life-Cycle Hypothesis (LCH)

The Life Cycle Hypothesis was developed by Franco Modigliani, Richard E. Brumberg and Albert Ando. Expenditure of an individual in any given time period does not depend to a significant degree on his income during that period but depends on the present value of his expected income or his wealth (Shapiro, 2009). The expenditure in any period is not the function of current income of that but of the whole life time expected income. Thus, in LCH, the individual consumption expenditure pattern is determined by expected income in their entire lifetime. They have argued that individual maintains a more or less constant or slightly increasing level of expenditure pattern. However, this level of expenditure is limited by his expectations of lifetime income. According to LCH, a rational consumer plans to consume based on his lifetime income of expenditure overtime and he maximizes his total utility over his life time. A typical individual in this theory in his early years of life spends on expenditure either by borrowing from other or family assets, in his middle years; he accumulates wealth, which he consumes in the future years. In his lifetime after retirement he again dissaves, that is, consumes more than his income in these later years of his life but is able to maintain or even slightly increases his expenditure in the lifetime after retirement.

Furthermore, Ahuja (2009) stated that the fundamental idea of the life cycle theory is that people make their expenditure plans for their entire lifetime income. Thus, in the life cycle model, expenditure is not a function of current income but a function of the expected lifetime income. The general expenditure behavior as suggested by Ando Modigliani life cycle hypothesis (Ahuja, 2009) can be expressed in the following functional form:

$$C_t = b_1 Y_{Lt} + b_2 Y_L^e + b_3 \cdot W_t$$

Where,

C_t = Consumption expenditure in a period 't'.

Y_{Lt} = Income earned from doing some labor in the current period 't'

Y_L^e = The average annual income expected to be earned from labor during the further years or working life

W_t = Wealth currently owned.

b_1 = Represents marginal propensity to consume out of current income

b_2 = Marginal propensity to consume out of expected lifetime income

b_3 = Marginal propensity to consume out of wealth

According to LCH, a rational consumer plans expenditure on the basis of all his resources and allocates his income to expenditure over time so that his total utility over his lifetime will be maximum (Dwivedi, 2008).

2.2 Empirical Review

2.2.1 International Context

The various empirical studies on income and consumption expenditure have been made. Here, some selected studies are explained separately:

William H Branson analyzed the macro theory and policy suggested assets as well as level of income have something to do with expenditure for a given level of income expenditure may also be a function of assets or wealth (Branson, 1972).

Milton Friedman in his paper accepts that basic relationship between expenditure and income is proportional, but the relationship is between permanent expenditure and permanent income (Friedman, 1957).

Ahmad and Bhattacharya (1990) analyzed the size distribution of per capita personal income in India. Poverty and Income Distribution have estimated the distribution of population by per capita before tax in India for each of three period in 1955-56. 1960-61 and 1963-64. Aggregative income and saving also have been estimated in this study. This study is based on purely graphical estimation.

International fund for Agriculture Development analyzed the data in selected 55 countries. The main purpose of this report is to visualize the situation of the unequal distribution of income and rural poverty in selected countries. The equality of distribution has remained unchanged for 12 countries. Income distribution has been seen to be more equal in 27 countries. In Bangladesh income distribution has not been changed but rural poverty has increased. In case of Nepal, the lowest 20 percent receive only 4.6 percent share of household income while top 20 percent receive 59.2 percent share of household. The value of Gini coefficient was 0.47 percent. This shows that inequality of income distribution in Nepal is vicious and problematic.

The World Bank (1992) concluded that the inequality of income in Korea is going to be better. The Gini coefficients concluded from the Economic planning Board (EPB) surveys shows a decline from 0.39 in 1980 to 0.34 in 1988. The trend of income distribution in Korea has improved slightly. Labor's income share in national income increased from 51.9 percent in 1980 to 54.2 percent in 1988. The share of the bottom 40 percent in total income also improved from 16.1 percent in 1980 to 19.7 percent 1988.

Radhakrishna and Mishra (2007), analyzed a regional approach to expenditure Pattern in India". The study shows that expenditure is influenced by the income level. This paper has shown that the regional variation in expenditure pattern and the Engle elasticity's of major expenditure items. They have used many tools to make this analysis such as semi-log and double log-linear model to show the function and their elasticity's. This study is related with Bihar of India. This study had concluded that the expenditure elasticity's for good items in rural are higher in Bihar and low on Dalit area of Bihar. It has concluded that as income of household's increases from their subsistence level then the demand of non-food items increases but demand of food items decreases.

Duesenbery (1949) examined the income, saving and theory of consumer behavior and gave a new concept about the determinant of expenditure expenditure. According to him, the fraction of families income sacrifice for the expenditure depends on the relation to the income of neighboring families but not on the absolute level or current level of income. This theory has focused on the relative aspect of income rather than other component and emphasized the initiative and emulative nature of expenditure. He calls it the "Demonstration effect.

Chakrabaty (2009) analyzed the estimation of Engle elasticizes through concentration curve and tried to estimate Engle elasticity of various item of expenditure based on the method of Lyonger i.e. through concentration curve and specific concentration curve. These concentrations show the interrelation between income and expenditure which take place on particular items.

Mishra (2010) suggested the study of distribution of income in some village Orissa and had been carried out of some villages is Orissa, with a view to know the distribution of income and wealth in different regions and sectors of the economy. 240

families from 50 villages were selected for investigation from the analysis, the study found low aggregate and per capital income of the families under survey and low level of income, wealth and visible widespread poverty in rural areas.

Kuznet (1955) showed the relationship between income inequality and economic growth. The author concentrated on the causes and characters of long term changes in the personal distribution income. He analyzed the relationship between income inequality and economic growth and factor affecting it. The author concludes that in the initial phase of economic growth i.e. transition state; the income inequality becomes wider than in normal phase but after a certain period of stabilization. He has also compared the experiences of developed countries, namely the USA, the UK, Germany with underdeveloped countries, namely India, Sri Lanka. The author finds the distribution of personal income is more unequal in the under developed countries than in developed countries. The author hypothesized in his study that the inequality first increases and then decreases with the level of development

UNDP (2016) found that inequality raised important question rooted in normative ideas about social justice and fairness in all societies. Because income distribution patterns directly affect opportunities for nutrition, health and education, income inequality is also intimately related to wider inequalities in capability and in some cases to absolute deprivation. Regional variations in income inequality are large. The Gini-Coefficient a measure of inequality calibrated on a scale from 0 (perfect equality) to 100 (perfect inequality), ranges from 33 in South Asia to 57 in Latin America and more than 70 in Sub-Saharan Africa.

UN (2016) explored income distribution in Latin America and dealt about the extent of inequality in the distribution of income in American countries. This study has also tried to show the problem related to the distribution. They are only divided into five major groups. The third one has analyzed several more specific aspect, although, these are always linked to the overall distribution.

Lucas and Verry (2016) discussed about mechanism underlying the success reducing income inequality in the sense of narrowing the initial-ethnic gaps in household income state role of growth. The New Economy Policy (NEP) of Malaysia has made great help to reduce inequality and eliminate the identification of rate with economic function and geographical location. Lucas and Very further expressed that during past

twenty-five years Malaysia has been transformed from being quite poor into being newly industrialized country because of implementation of NEP. The study found that the Gini-coefficient for households' income improved from 0.513 to 0.479 in 1970 to 1984.

2.2.2 Nepalese Context

Many studies are conducted in the field of income distribution in Nepal. Some relevant literature in the case of Nepal is reviewed below:

Kanel (1991) tested the life-cycle hypothesis as a case study of Kathmandu district based on primary data. The main objective of this study was to assess the demographic impact of household expenditure on expenditure behavior of Nepali households over the family lifecycle. He had taken 614 households from Kathmandu valley and collected data through household survey by using structured interview questionnaires. He had used various statistical tools, economic model and as well as hypothesis to verify the findings. He found that there are some differences in the living arrangements between rural and Dalit areas. The larger proportion of people living in Dalit areas. His findings suggest a greater role of household composition in expenditure, which in turn affects saving and economic development.

Hada (2001) showed the majority of land holdings in Nepal are operated by owners. In 1991-92, 83 percent of land holding were feely owned a total of 400,600 holding (15 percent) comprised land, which was partly owned and partly returned only 47,000 holdings (2 percent) were operated under condition of full tenancy. In all 221,200 hectares out of the total of 2.60 million hectares of operated land (9 percent) was land cultivated by tenants. A total of 91 percent of land operated was owned land, rather than by the landless. In 1991-92, 14 percent of handing were less than 0.5 hectares size rented land, compared with 21 percent for holdings 2 hectares or larger (Hada, 2001).

Nepal Rastra Bank (2006) declared the income distribution, employment and consumption pattern in Nepal. In this study, about 79 and 0.9 percent of economically critical population in the country were found engaged in agriculture sector and domestic sector respectively. The incident of poverty was found highest in the hill (47% of household and 50 percent of population), followed by mountain, (36% of households and 44% of the population) and Terai (33% of household and 55% of

population.). Income was higher in Dalit and rural areas and 43 percent of populations were to be living below poverty line.

Macro Economic Situation (2006) published by NRB stated that “a high level of poverty is detrimental to economic development and growth since households is unable to utilize their disposable income for saving and investment.” In Nepal the magnitude of poverty has been inquired by CBS in FY 1996/97 and FY 2003/2004 and Nepal living standard survey. Both surveys revealed that poverty head count in FY 1995/96 and FY 2003/2004 had decreased from 42 percent to 31 percent but inequality is going wider and wider (both income and regional) and given one example, the average life expectancy in Dalit area (Kathmandu) district in 2001 was 69.53 years while it was 44.07 years in rural area (Mugu) district it is felt that this factor has been one of the major contributors to present situation of conflict.

In conclusion, income inequality is one of the major problems in the world. But the situation of the inequality distribution of income seems to be the burning issue of the developing countries and have not been done the research works by many scholars in different parts of developing countries. In addition very few researchers have been done in Nepal and other hand the government has been taken different types of policies and programs to reduce income inequality in Nepal. Therefore, this study carried out on the nature of inequality in distribution of income in Kalika Gaupalika of Bardiya district, Nepal.

The household budget survey had been conducted by Nepal Rastra Bank during mid-November 2005 to mid November 2006 and it's report was published in 2008. The main objectives of the household budget survey was to identify the details of expenditure pattern and expenditure items and services of the Nepalese households.

This household Budget survey covered Kathmandu valley, Hill region, Mountain and the Terai region. This survey has found to be the average households size in rural and Dalit were 5.21 and 5.49 respectively. It has reported the average monthly household income in rural market, Dalit market center and average monthly income of Nepalese household were NRs.22,225, NRs.31,935, and NRs.5,110 respectively. This survey has recorded the average monthly income of poorest and richest were NRs.10751 and NRs.47,767 respectively (NRB, 2008).

Seddon (2010) studied and analyzed the causes and roots of poverty and inequality through an economic and political changes in Nepal which was based on primary

data. The main objective of this study was to assess the causes and roots of poverty and inequality in Nepali. The study has found that extensive population growth, wide gap in the distribution of income and crisis in agricultural sector which were the major causes of poverty. This book is based on the primary data for analyzing the inequality and poverty through field survey. Secondary data has been also used whether it is necessary. The writer has focused to those who are struggling for basic essential of life. According to him, this problem may be should through effective role of government to imply this policy give by writer.

The study based on Nepal Living Standard Survey (NLSS) (2010) showed that absolute poverty declined to 13 percent, 18 percentage point decline in absolute poverty in the six years between 2003/04 and 2009/10. That is like three percentage point decline each year. The NLSS II conducted in 2003/04 showed 31.5 percent of the population was under absolute poverty. The first NLSS in 1995/96 showed 42 percent of the population under absolute poverty. The latest survey is based on 7,200 samples of households selected randomly nationwide (CBS, 2011).

The Gini-coefficient has fallen to 0.35 from 0.41 recorded in the second NLSS. The nominal average per capita income of the poorest 20 percent of the population has increased nearly fourfold to NRs. 15,888 from NRs. 4,003 registered in the second NLLS. However, such income of the richest 20 percent of the population merely doubled, to NRs. 94,419 from NRs. 40,486 over the period. Households headed by females has increased to 26.6 percent from 19.6 percent recorded in the second NLLS. The per capita expenditure share of the poorest 10 percent, according to the survey, is NRs. 11,093 whereas the share for the richest 10 percent is NRs. 102,772. The nominal average household income has seen a 2.5-fold increment to NRs. 202,374 from NRs. 80,111 six years ago (CBS, 2011).

A cross-country model relating growth, poverty and remittances predicts that on average a 10 percent increases in total remittances should reduce poverty by 0.9 percent. The study summarized that there need to reform public sector, bilateral agreements, financial education etc. (CBS, 2011).

Lamichhane (2011) analyzed the income and expenditure pattern in Jagatpur VDC of Chitwan district based on primary and secondary data. Primary data were collected through direct personal interview using questionnaire while secondary data collected

from VDC and other offices. The study used common statistical tools viz. range, Gini coefficient, Lorenz curve, regression analysis etc. The main objective of the study was to examine the income and expenditure pattern in study area.

The study selected 10 percent of the households randomly to collect information. The main objective of the study was to analyze the income and expenditure pattern in Jagatpur area. The study found that estimated the value of Gini coefficient, range and regression and found. 0.18, 1.95 and 0.83 respectively. The study found that 67.78 percent population was engaged in agriculture sector and remaining in other sectors. At last, the study concluded that there is high inequality in the assets distribution. To reduce this inequality, it is necessary to re-adjust the asset-structure in more productive channel. Saving should be mobilized to high return yielding sectors like industries, business from traditional assets like land. Agriculture sector is the major sources of income. Modern farming methods, techniques and irrigation family should be enhanced for the development of agriculture in his study area.

The study estimated average annual household income, per household expenditure and per capita income equal to NRs. 37,662,355, NRs. 128,353.64 and NRs. 115,370.77 respectively. The Gini-coefficient estimated by this study is 0.255. It depicts the less inequality in the size of distribution of income and range, variance, and coefficient of variation is 46,000, 47.9 and 2.98 respectively which shows the inequality in the distribution of income. He has also recommended to improve the unequal distribution of income between different households and modernized in agriculture system.

Acharya (2012) studied on income and expenditure pattern of Bote Community in Patihani VDC of Chitwan District based on primary as well as secondary. Primary data have been collected through direct personal interview using questionnaire and secondary data collected from different sector. The study used range, Lorenz curve, Gini coefficient, standard deviation, regression etc. The main objective of the study was to analyze the income and expenditure pattern in study area.

The study found that estimated annual average household expenditure and per capita expenditure was found to be NRs. 15197 and NRs. 3021 respectively. Marginal propensity to Consume (MPC) and Gini-coefficient for the study area was found to be 0.92 and 0.1944 respectively. In his study area, the total populations of Bote were

302, among them half of the population are engaged in business activities. Lastly, he recommended different types of training to help them to increase their income and productivity.

Tripathi (2012) suggested that on income and expenditure pattern in Ratmate VDC of Okhaldhunga district based on primary as well as secondary data to meet the specified objectives of the study. Primary data were collected through direct personal interview using questionnaire. Secondary data were collected from CBS and Economic Survey. This study is qualitative, explanatory, and descriptive in nature. The main objective of the study was to analyze the income and expenditure pattern in study area. The study used Lorenz curve, Gini-coefficient, range etc. In his study area, there were 484 households and selected 70 households randomly.

The study found that estimated MPC, Gini-coefficient and coefficient of range as 0.376, 0.404 and 0.90 respectively. The study found that 50.76 percent of the total expenditure is on food items and remaining 49.24 percent on non food items. In his study area, major sources of income are agriculture and service. Service is the main source of cash income which helps rural people for their external spending and to buy house and land in the Dalit area. Agriculture is for livelihood. It provides them food and nutrition. Total households of his study area involved in agriculture but some households get income from services. At last, the study recommended to management of local weekly hatt bazar is necessary in his field area.

Lamichhane (2012) examined on income and expenditure in Geetanagar VDC of Chitwan district based on primary data taking 74 households out of 750 households. The study used random sampling in selecting the 74 households. The study used simple log linear regression, Lorenz curve and Gini coefficient were used. The main objective of the study was to assess the income and expenditure pattern in study area.

The study found that the average member of households of 7 persons, 69 percent people were engaged in agriculture sector while remaining part of labor engaged in service and small and cottage industries. The marginal propensity to consume and Gini coefficient for the study was found to be 0.6 and 0.56 respectively.

To raise the income, the employment opportunities other than agriculture sectors need to be explored. To which development of cottage industries has been suggested.

Free schooling for the lower income section is suggested in order to uplift their income thereby in narrowing the income disparity between "haves" and "haves not" because the people of household with higher education are found to have earning more income.

Acharya (2012) analyzed the income inequality and expenditure pattern in Manpur Gaupalika of Dang district based on primary data. The main objective of the study was to analyze the income inequality and expenditure pattern in study area. The study found that the average annual household income is NRs. 80414.75. The study found that 42.3 percent population is involved in agriculture, 16.34 percent involved in non agriculture. He concluded that there was highly disparity in asset distribution in his study area. At last, he has recommended that the modern technology should be applied in farming system and to manage irrigation system to increase productivity of both land and labor resources.

Bhattarai (2012) explored the income and expenditure behavior of Rajbansi in Chandragadhi Village of Jhapa district is based on primary data. The study covered whole area of Rajbansi community taking sample of 120 households randomly. The study estimated the value of Gini-coefficient; MPC and APC were 0.3474, 0.83 and 0.9446 respectively. The saving potentiality is negligible because the MPC is very high. He has used statistical tools such as variance, coefficient of variance, standard deviation, Lorenz curve etc. The study found that 44.33 percent households were engaged in agriculture sector. Agriculture is the main sources of income in his field area. At last, the study recommended government sector emphasis on the irrigation facilities, agro-based cottage and small industries should be established.

The study showed that the average annual household income, average annual household income per capital, the average per capital income, average household size and largest family size NRs. 63,155.00, NRs. 6,983.45, NRs. 6,815.29, 9.27 and 21 respectively. This study also finds that most of the household heads are illiterate (86.67%). The marginal propensity to consume, the average propensity to consume and autonomous consumption are 0.83, 0.9,446 and NRs. 7,806.04 for the entire households of the Rajbansi respectively.

Rijal (2012) highlighted the income and expenditure pattern in Khajuri Village Development Committee of Dhanusa District based on primary data. The study took

sample of 110 households out of 1110. Agriculture is the main sources of income while 55.45 percent People are engaged in this sector. The study found to be MPC and Gini-coefficient are 0.57 and 33.58 respectively.

The study estimated average annual household income, expenditure, per capita income, and per capita expenditure equal to NRs. 52,725.04, NRs. 46,378.10, NRs. 7,702.2 and NRs. 6,775.02 respectively. The study found that 68.57 percent of the total expenditure is on food items and remaining 31.43 percent is made on non food items. The study concluded that there is the problem of low productivity in field area. The study recommended farming system should be modernized for high productivity, government should provide fertilizer to farmer and to improve irrigation facilities.

Regmi (2013) focused on income inequality in the size distribution of income of the Mallaj Lekphant Gaupalika of Parbat district for this study, Primary data has used. The main objective of the study was to analyze the income inequality and expenditure pattern in study area. The study found that the distribution of income by household size, that the Gini-coefficient ratio is 0.394 which is less than national level (0.530) and the distribution of income is not highly unequal between household and level of income and sources of income are very low.

Bhatrai (2013) tried to illustrate the level of pattern of income distribution and examines the impact of income inequality in social structure. He has used various statistical tools to measure the income inequality such as Range, Gini-coefficient and Lorenz Curve. The main objective of the study was to analyze the income and inequality in study area. The author has presented the sample household data according to caste group of household, occupational structure of household, educational status, etc. The Gini-coefficient study found that there is high inequality in rural part of Nepal. The author also concluded that the economy is not facing only inequality but also suffering from low level of income trap.

Kandel (2013) indicated the income inequality of Bharatpur Municipality of Chitwan. The author has used primary data selecting from 90 households of the study area. The main objectives of the study were to examine the extent of income inequality in size distribution and to determine the relationship between poverty and inequality. To measure the extent of inequality in the size distribution of income, he has used Range, Lorenze curve, Gini-Coefficient. He has found the Gini-Coefficient for total income is

to be 0.4064 in the study area. The study concluded that land is a major source of livelihood which is distributed unequal among the households.

Khanal (2014) nicely analyzed the income inequality in rural area of Kuwakot VDC, Syngja District. The main objectives of the study area to show the size of distribution of income, to examine the existing level of income inequality and analyze the income distribution of different ethnic groups. To measure the income inequality he has used some essential tools such as Range, Lorenze Curve, Gini-Coefficient, Relative Mean Deviation, and Coefficient of Variation. The study based on primary data collection and secondary data has also been used. This study concludes that there is high inequality in income distribution in rural part of Nepal. The majority of people are based on agriculture sector and they use traditional tools for cultivation. This study also finds that the average per capita annual income is only Rs 7078.97 and average annual households income is Rs.42201.54 only, which is very negligible and insufficient to sustain their lives.

Timsina (2016) examined income and expenditure patterns in Byarbana Village Development Committee of Morang district based on primary data. The main objective of the research was to investigate the income distribution and expenditure pattern of villagers. The study collected information from 120 households using random sampling technique. Both primary and secondary data were used to fulfill the specified objectives of the study. The primary data were collected through direct personal interview using questionnaire and secondary data were collected from Nepal Rastra Bank, Nepal Planning Commission, UNDP, World Bank, household budget survey, and Central Bureau of Statistics etc. She has used Gini coefficient, Lorenz curve, range, variance, standard deviation, relative mean deviation, regression etc as the tools of analysis.

The study found that estimated average annual household income, per capita income, per capita expenditure, household expenditure equal to NRs. 94,777.35, NRs. 10,762.143, NRs. 14,363.32 and NRs. 10,341,593.00 respectively. The Gini coefficient estimated by this study is based on household income and per capita income level is 0.2077 and 0.144 respectively. The author has found to be 68 households engaged in agriculture sector and remaining engaged in non agriculture sector. 56.67 percent households earn their income mainly from agriculture. So, the main source of income in Bayarbana VDC is agriculture.

Ghimire (2016) suggested expenditure and spending behaviour of households in Damak Municipality taking a sample of 762 households. To collect information, the study used primary and secondary data to find out socio-economic condition. Primary data were collected through household survey by using interview questionnaires and the sources of secondary data were government offices, municipality, visiting different website etc. The main objective of the study was to analyze the income inequality and expenditure pattern in study area. To analyze data, the study used range, variance, method of estimation, Gini-coefficient, regression analysis, etc.

2.3 Research Gap

It is mainly reveal that income and consumption pattern of people are always subjugated in terms of income generating activities in the family. There are some literatures related to income and consumption pattern of people in different countries and different places of Nepal. This study focuses Household Income and Expenditure Pattern of Buddhashanti Rural Municipality. This study tries to examine the Income and Expenditure Pattern of semi Dalit community. Thus, the study will be helpful to those interested persons, parties, scholars, Professors, students, businessmen and the government for academically as well as policy perspective. This study also tries to fulfil the gap of income and consumption pattern of Dalit community of Buddhashanti Rural Municipality-1.

CHAPTER III

RESEARCH METHODOLOGY

3.1 Rationale for the Selection of Study Area

Buddhashanti Rural Municipality is the famous city of Jhapa district in terms of various aspects. Buddhashanti Rural Municipality consists of 9 wards and the population of Buddhashanti Rural Municipality-1 is 6080 (CBS, 2011). The Interview was taken from ward no.1 of Buddhashanti Rural Municipality, focusing more on the study area. There is no study conducted in Buddhashanti Rural Municipality ward no. 1 regarding the income and consumption pattern. Thus, this study attempts to explore the factors that determine impact of income in new Dalit area especially Buddhashanti Rural Municipality of Jhapa district.

3.2 Research Design

This study has based on both descriptive and analytical research design. It has mainly based on the micro study of income and expenditure pattern of the Dalit community of Buddhashanti Rural Municipality of Jhapa district. To make the study more rigorous, literatures concerning to the Dalit community and the theoretical concerning to the Dalit community and the theoretical development of expenditure function and the empirical studies made in the past in the concerned area has also been extensively reviewed.

3.3 Nature and Sources of Data

The nature of research study is descriptive as well as analytical. The study has based on primary as well as secondary data in order to meet stated objectives of the research study.

3.3.1 Primary Data

Primary data has been collected by using the interview schedule with the Dalit community of Buddhashanti Rural Municipality-1 of Jhapa district.

3.3.2 Secondary Data

Secondary data has been collected from official and unofficial sources, National Planning Commission (NPC), Central Bureau of Statistics (CBS), and Economic

Surveys (MoF), annual publications of Nepal Rasta Bank (NRB) and Gaupalika's reports.

3.4 Sample Selection Procedures

The study area is in Dalit community of Buddhashanti Rural Municipality-1 of Jhapa district. According to Rural Municipality Report (2018), there are 600 Dalit household. From the Dalit household for sample 120 households (20%) has been randomly drawn by lottery method and were interviewed them for data collection. The units of information are the households and the type of data collected is cross-sectional data.

3.5 Tools of Data Collection

Tools of data collection are tables, graphs, percent, ratio, and other simple statistical tools like range.

3.6 Data Processing

In the process of data processing, the available secondary data from various sources are collected, classified, edited, organized, coded, calculated in accordance with the nature of study and nature of available data and information. Tabulated and interpreted data have been analyzed to meet the stated objectives of the research study.

3.7 Statistical Tools

Collected data are presented according to the need of the study. The available data from various sources are collected and classified and then tabulated to meet the need of the study. The data are analyzed both quantitatively and qualitatively.

3.7.1 Range

Range is one of the important ways of measuring inequality. It is a measure of the degree of dispersion of the value of variance. The difference between the highest and the lowest income level as a ratio of mean income is defined as range.

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

3.7.2 Gini Coefficient

The Gini coefficient method of measuring inequality is considered as a powerful tool for the study of size distribution of income.

Mathematically,

$$GC = \frac{\text{Area between the Lorenz curve and } 45^{\circ} \text{ line}}{\text{Total area below the } 45^{\circ} \text{ line}}$$

This method is a more direct method of measuring inequality. The Gini concentration ratio is the ratio of the area concentration, shown by the Lorenz curve to the area to minimum possible concentration. This ratio can be calculated by different methods such as algebraic and arithmetic formulations. If the Lorenz curve coincides on the 45° line, the value of GC is zero i.e. there is equal distribution of concerned variable whereas, if the Lorenz curve covers the whole area below the 45° line, GC will be equal to unity i.e. there is the highest inequality in the distribution of concerned variable. Hence the value GC is always positive and less than one on notation $0 \leq GC \leq 1$.

The formula for the computation of GC is classified into two categories as:

(i) For grouped data:

$$GC = \frac{1}{100} [\sum X_i Y_{i+1} - \sum X_{i+1} Y_i] \%$$

Where,

GC = Gini coefficient

X_i = Cumulative of variable on X.

Y_i = Cumulative of variable on Y.

3.7.3 Lorenz Curve

Lorenz curve is a graphical method for measuring the dispersion in distribution. This method of measuring inequality comes into existence when Lorenz first of all applied to measure inequality of income and wealth in USA. Although sometimes this curve is used to measure the distribution of profit, wages, production etc. It is a cumulative percentage curve in which the percentage of items is combined with the percentage of other things as income, wealth, profit etc. The Lorenz curve shows the difference between equal distribution and actual distribution.

3.7.4 Regression Analysis

Regression is the technique of study how the variations in one series are related to variations in another series. The regression analysis is a statistical method for determining the nature of relationship that exist among two or more variables and

making estimate or predictions from that relationship. The unknown variable that we are going to predict (estimate) is called dependent variable or explains variable or regressed. The known variable whose values used to predict, the values or unknown variable is called independent variable or explanatory variable or repressor.

The relationship between the dependent and independent variables are estimated linearly as follows:

$$Y = a + bX$$

Where,

Y = Household Expenditure,

X = Household Income,

a = intercept, and

b = slope of regression line or MPC ($0 < b < 1$)

3.8 Selection of Variables

Some variables are selected for the study, which are given below:

Assets: It includes land, livestock, holding, physical instruments, cottage industries etc.

Income: It is the cash money received from agriculture, industry, business profit, pension, salaries, wage etc.

Expenditure: In this study expenditure means expenditure refers food items and non-food items. Food items consist of cereal, pluses, meat, vegetable, milk etc. Non-food items include tobacco, tea, education, health care, clothing etc.

Earners: The household members who are 14 to 59 years old including in earning members.

Household: It is defined as the group of people related by blood, marriage and two live together and take meal in the same kitchen.

Household Categories (Income Size): In this study, the total sample households are categorized in three income group as

Low Income Group: Income generate below Rs.75000 per annum.

Medium Income Group: Income generates Rs.75000-150000 per annum.

High Income Group: Income generates above Rs.175000 per annum

CHAPTER IV

DATA ANALYSIS AND PRESENTATION

4.1 Socio-Economic Condition of Dalit Community

According to Nepal Dalit Council (NDC), caste-based untouchability refers to the discrimination practiced toward the communities whose touch is believed to pollute and needs to be purified to the extent of sprinkling water; or any form of discrimination against any community that was identified as untouchable before the promulgation of the New Civil Code, 1963. NDC has tentatively identified 22 Dalit castes – 5 from the Hills and 17 from the Terai. Although 10 castes, including Badi and Musahar, have single caste-name, 12 castes including Gandarva and Chamar have multiple caste-names. Some Dalit castes such as Viswakarma Pariyar and Sarki of the Hills and Chamar of the Terai have multiple names while some Dalit castes such as Musahar and Bantar of the Terai have single names; eg, Viswakarma has now become a common caste name that refers to Kami or Lohar or Sunar or Wod or Chunara or Parki or Tamata. It seems without clear Constitutional and Legal recognition of definition and identification of Dalits, would be difficult to ensure democracy and development, or rights and services to Dalits in the effectively.

- (A) Hill Origin: Gandarva (Gaine), Pariyar (Damai, Darji, Suchikar, Nagarchi, Dholi, Hoodke), Badi, Viswakarma (Kami, Lohar, Sunar, Wod, Chunara, Parki, Tamata), and Sarki (Mijar, Charmakar, Bhool).
- (B) Madhesi Origin: Kalar, Kakaihiya, Kori, Khatik, Khatbe (Mandal, Khanka), Chamar (Ram, Mochee, Harijan, Rabidas), Chidimar, Dom (Marik), Tatma (Tanti, Das), Dusadh (Paswan, Hajara), Dhobi (Hindu Rajak), Pattharkatta, Pasi, Bantar, Mushar, Mestar (Halkhor), and Sarvanga (Sarbaraiya).

Dalit refers to a group of people who are religiously, culturally, socially, economically and historically, oppressed, excluded and treated as untouchables and the belong to different geographical region, language culture and castes. The community related to Dalit people is known as Dalit community.

4.1.1 Demographic Aspects

The total population of Dalit people belongs to different age groups. The demographic composition is that in distribution of population by age and sex in general. The

income level of the households is highly affected by the demographic composition. To improve the economic condition, the dependency ratio must be low. The dependency ratio is the ratio of persons in the "dependent" ages (under 15 years and over 59 years). The people who are of the ages (15-59) years is called economically productive group.

Table 4.1

Distribution of Population by Age and Sex of Dalit People

Age Group	Male		Female		Total	Percent
	Number	Percent	Number	Percent		
Less than 14	80	59.70	54	40.30	134	22.22
15-59	224	52.83	200	47.17	424	70.31
60 and Above 60	25	55.55	20	44.45	45	7.47
Total	329		274		603	100

Source: Field Survey, 2019.

Table 4.1 shows that the economically active population of (under age group 15-59) the study is 70.31 percent. It is more than the national average of 54.15 percent. Among the total active population, proportion of female is less than male nearly by 6 percent which is nearer about national of 49.9 which shows nearer about national average 39.35 percent which is not consistent with the national of 49.9 which is nearer about national average and 50.1 respectively. The population under the age group 0-14 is 22.22 percent and 7.47 percent population falls above 60, which is significantly high.

Similarly, the age between 15 to 59 years is an economically self dependent group having the population size 424 including 224 males and 200 female which occupies 70.30 percent of the total population. The age group above the 60 is also economically dependent group. This group having 45 people including 25 male and 20 female which is 7.47 percent of the total population.

There are various reasons responsible for high dependency in the society. The main reason for high ratio of children and therefore the dependency burden is the traditional view of viewing children as an income earning assets by their parents and lack of awareness about small family. Similarly, the main implication of high dependency ratio is the vicious circle of poverty not only in the family but as a whole society.

It can be concluded that 29.69 percent are economically dependent and 70.31 percentage economically self dependent.

4.1.2 Educational Status of Dalit People

Education is one of the indicators of development of nation. Literacy is the critical choice uplifting lifestyle. It also develops perception power and increases the potentiality of person. It changes all people into good civilization. It will not only help in individual development but also provides knowledge and skills to develop the community and nation as well.

The educational status of Dalit people has been shows in the following table.

Table 4.2

Distribution of Population by Education

Educational status	Male	Female	Total
Illiterate	102 (46.36)	118 (53.64)	220 (36.48)
School level	241 (66.95)	119 (33.05)	360 (59.70)
Higher education	13 (56.52)	10 (43.48)	23 (3.82)

Note: Number in parenthesis indicated the percentage.

Source: Field Survey, 2019.

Table 4.2 analyzes that education level is categorized in three groups. They are higher education (above SLC), school level (from class 1 to 10) and illiterate (who were

unable to read and write). The table shows that 36.48 percent which is quite good than the national average of 46 percent of the total population are illiterate, 59.70 percent of Dalit people are school level and 3.82 percent people are higher education including 56.52 percent male and 43.48 percent female. The total population literate is 63.52 percent which is slightly more than national literate population rate (57.6 percent).

It shows that most of the people are still illiterate in the study area. In the case of literate status male population is higher than female. The status of higher education is not good which is very less. The parents were not aware of the importance of education and they had no access to school/college. The main cause of Dalit people, poor economic condition compelled them to dropout for higher education, so they are economically weak which affects their livelihood.

4.1.3 Family Size Distribution of Households

Number of family members in household is known as family size. The table 4.3 shows that the three categories of households, small household have 4 members, medium have 5 to 8 and then large household have above 9 members. 37.5 percent household have 4 members, 52.5 percent have in between 5-8 members and 10 percent have more than 9 members.

Table 4.3

Family Size Distribution of Households

Family Size	No. of Household	% of HH	Total Population	Percentage
1-4	45	37.5	180	29.85
5-8	63	52.5	315	52.23
9 and above	12	10	108	17.92
Total	120	100	603	100

Source: Field Survey, 2019.

Table 4.3 depicts that the majority of people (52.23 percent) have medium size of family.

Respondents also becoming educated and the available of contraceptives, the family size is becoming smaller in the study area. Due to the lack of awareness, most of the households have 4 children. So, they cannot teach them. Old generations are superstitious, but young generations are not aware, lack of communication, deprived from the health service and lack of health education.

4.1.4 Pattern of Housing

The housing in family is categorized as temporary, Pakki and Kachhi in Nepal. Table 4.4 shows that out of 120 households 15 houses were made of by wood and use tyle in roof. 90 houses made of by Jasta and other 15 houses were made of break, cement and other materials.

Table 4.4

Pattern of Housing Condition

Types of Houses	No. of House	Percentage	Type of Roof	No. of Household	Percentage
Temporary	30	25	Tyle	15	12.5
Pakki	64	53.33	Jasta	90	75
Kachhi	26	21.67	Other	15	12.5
Total	120	100.00	Total	120	100.00

Source: Field Survey, 2019.

Table 4.4 justifies that in the Dalit people, 30 houses are Temporary and remaining 64 and 26 houses are Pakki and Kachhi respectively. It is concluded that majority of people in study area have Pakki houses.

4.1.5 Use of Electricity by the Households

The respondents who have electricity are electricity user and respondents who have no electricity household are non user. Table 4.5 shows that 89.47 percent of the total households are using electricity facility which is more than the national average of 60 percent and only 10.53 percent households are not found electricity facility but in the national context 40 percent are deprived from electricity facility.

Table 4.5

Use of Electricity by the Households

Electricity	No. of HH	Percentage
User	104	89.47
Non user	16	10.53
Total	120	100.00

Source: Field Survey, 2019.

Some respondents are newly migrated from hill side and they settle the edge of forest where the government does not provide the electricity line and the lack of economic condition is the main reason of being deprived from electricity facility.

4.1.6 Drinking Water and Toilet Facility

The respondents who have drinking water facility and toilet are considered good family in rural area.

Table 4.6

Drinking Water and Toilet Facility

Drinking Water and Toilet Facility	No. of HH	Percentage
Yes	120	100
Total	120	100.00

Source: Field Survey, 2019.

Table 4.6 reveals that in the study area, 100% of households use drinking water from public tap that means nobody are out of drinking water facility. In the national level, 80 percent people get drinking water service. Most of respondents have made general toilet, rest of the other take water from public tap and they use open toilet.

4.2 Analysis of Economic Aspect of Dalit People

There are different sources of households' income. Households' income comes from the farm and non farm sector.

Table 4.7**Main Sources of Income of Dalit People per Annum**

Items	No. of HHs	Total Income
Agriculture	32	2007802
Manual labor	14	3360000
Business	24	4800000
Services	10	3000000
Livestock	20	100000
Foreign job	20	8000000
Other	-	-
Total	120	14167000

Source: Field Survey, 2019.

Farm includes value of total crop-production, values of livestock product etc. Non-farm income includes gross home enterprises and other sector includes rent from building, financial assets and pension etc. Table 4.7 shows the source of households' income from different sources of Dalit people. 32 and 14 HHs main source of income is agriculture and manual labor. Similarly 24 and 10 households' source of income is business and service respectively.

4.2.1 Agriculture Pattern

The main occupation of Dalit people is agriculture. Generally all the members of their family are engaged in this sector. However, they have taken land on rent from other. Although they have not any leisure time in cropping period but they can have food only for 6-7 months, which covers 3.19 percent of their total income.

Table 4.8**Land Ownership (in Bigga)**

Land Ownership (in Bigga)	No. of Households	Percent
Landless	6	5
Less than 1	96	80
1-5	16	13.33
More than 2	2	1.67
Total	120	100.00

Source: Field Survey, 2019.

Table 4.8 shows that 6 HHs were landless and remaining households were found as land owners. There was no registered land owner. There was no registered land under respondent's name. They are living by the edge of community forest. Table 4.8 shows that about 80 percent people had below 1 Bigga land which is only used for housing purpose, 13.33 percent people had 1-2 Bigga land and only two household people had above 10 Bigga land. Land is the main source of income of farmers but they have small pieces of land which are not efficient to produce necessary crops / food items for them.

4.2.2 Livestock

Livestock is necessary for farmer because they use cow, oxen, buffalo, goats etc. to produce compost fertilizer and for meat. They can have bullock from livestock. In addition, the farmers may have milk, meat etc. from livestock.

Table 4.9

Livestock Facility

Livestock	No. of HH	Percentage
Yes	120	100
Total	120	100.00

Source: Field Survey, 2019.

Table 4.9 analyzes that in the study area, 100% of households have livestock like cow, oxen, buffalo, goats and sheep. It covers 2.93% of total income in study area.

4.2.3 Domestic Job (Especially Kathmandu City)

Domestic job is one of the main sources of income for Dalit people. They have less agriculture land which is insufficient for their survival. Thus, they go to Kathmandu city to earn money.

Table 4.10

Domestic Jobs

Job	No. of HH	Percentage
Domestic Job	72	60
Foreign Job	48	40
Total	120	100.00

Source: Field Survey, 2019.

Table 4.10 depicted that after farming season, 60 percent respondents go to Kathmandu city for searching job. The share of income from foreign job is 40 percent. Table 4.7 shows that in Dalit people manual labor plays an important role because it is also main source of their income. After farming season, they depend upon manual labor. They have to go for laboring to the neighboring village city. They do labour work in the city.

4.2.4 Business, Services and Others

Business, services and other are other nominal sources of income of Dalit people in study area. The major income in study area also includes pension, rent, sell vegetable, etc.

4.3 Pattern of Expenditure

4.3.1 Household Expenditure Pattern

The expenditure pattern of people varies from one community to another community due variation in culture and behavior. The expenditure pattern of people depends upon level of income. Higher the income higher will be the expenditure pattern and vice-versa.

Table 4.12 shows that about 7.5 percent of households' expenditure of Dalit people is on food items as their basic requirements. Rest of other their income was spent on other items such as meat, alcohol, clothing, education and health medicine.

The expenditure pattern of Dalit people was composed as given in the table 4.12.

Table 4.11
Expenditure on Rice/Crops, Wheat and Salt Oil (in Rupees)
per Annum

Income Level ('000)	No. of HH	Expenditure on Rice and Wheat	Average Expenditure on Rice and Wheat	Expenditure on Salt, Oil	Average Expenditure on Salt, Oil
Less than 50	18	31700	1761.11	25020	1390
50-100	54	147824	2737.48	88246	1634.18
100-150	22	80400	3654.54	33204	1509.27
150-200	12	130250	10854.16	21980	1831.66
Above 200	14	96600	6900	29896	2135.42
Total	120	486774	4056.45	198346	1652

Source: Field Survey, 2019.

Table 4.12 analyzes that, as income of the household increases, expenditure on rice, wheat falls. The low income level group people spend more money than the higher level of income group people on food items of their total income. This shows the negative relationship between share of total expenditure on rice and wheat and level of income.

The average yearly expenditure of households was found NRs. 4056.45 in Rice and Wheat and NRs. 1652 in oil and salt. The low level of income group people spent less money than the higher level of income group people. This type of expenditure shows that positive relationship between level of income and expenditure.

4.3.2 Expenditure on the Vegetables/Pulse Items

The expenditure on vegetables/pulse items of people varies from family to family due variation in behavior. The expenditure on vegetables/pulse items of people depends upon level of income. Higher the income higher will be the expenditure on vegetables/pulse and vice-versa.

Table 4.12

Expenditure on the Vegetables and Pulse Items (in Rupees) Per Month

Income Level ('000)	No. of HH	Expenditure of Vegetable, Pulse	Average
Less than 50	18	15520	862.22
50-100	54	72700	1346.29
100-150	22	41570	1889.54
150-200	12	41720	3476.66
Above 200	14	75060	5361.42
Total	120	246570	2054.75

Source: Field Survey, 2019.

Table 4.13 depicts that in this study area of Dalit people don't spend more. They grow vegetable in their own land and they bagging from other too.

4.3.3 Expenditure on Clothing

The expenditure on cloth of people varies from family to family due variation in income. Higher the income higher will be the expenditure on cloth and vice-versa. The respondents use simple type of cloth. Old people only wear Daura Surwal and

young generation used fashionable clothes. Old generation did not buy clothes every year because they have not more money. But young generation buy clothes on Dashain and Tihar every year. So, young generation more spend on clothes than old generation.

Table 4.13

Expenditure in Clothing (in Rupees) Per Month

Income Level ('000)	No. of HH	Expenditure	Average Expenditure
Less than 50	18	25100	1394.44
50-100	54	154640	2863.70
100-150	22	73300	3331.80
150-200	12	56600	4716.66
Above 200	14	92100	6578.57
Total	120		3347.83

Source: Field Survey, 2019.

Table 4.14 analyzes that in this study, the average household expenditure about 3347.83 is spent for clothing items. The low income people spent more proportion on clothing than the high income people but in absolute expenditure the average spending of high income people spend more than low income people because MPC is high on low income group.

4.3.4 Factors of Household's Expenditure

Household expenditure is determined by different factors. The most important factor among them is level of income. As level of income increases, the level of expenditure also increases. The main factors of household expenditure are as following:

(a) Income Level

Income level is the main determinant of household expenditure. How much amount of transaction will be paid for household expenditure by the household may be dependent on the income of it members of family. If a family earned more income of its members, they will spend more amount on consumer goods and services but if a family has low income level, then its household expenditure will fall below. The family with low-income level spends on his basic requirements such as food, housing

and clothing for survival but the family with high income level with initiate to spend on some comfortable and luxurious goods including their basic needs.

(b) Interest Rate

Generally to operate productive activities people borrow some debt but in some cases, a number of households will use to borrow to fulfill their basic households requirements if they fail to maintain their needs by own income source in this condition the household expenditure must be affected by the interest rate. If interest rate is low, the household may spend high and if the rate of interest is high, the household will not initiate to spend more on consumer goods because the expenditure in expenditure is taken as unproductive.

(c) Social Customs and Practices

Social customs and practices are two other determinant factors for influencing level of expenditure. At feasts and festivals some household of a particular community must spend more than their affordability to protect their customs and culture. At special time and ceremony such as birth, wedding, death, people have own customs and practices.

(d) Availability of Debt

If people fail to maintain their needs by their own income source, they must borrow the debt but in this situation if there is no availability of debt for households, then they may not spend more on goods. As a result, the household expenditure falls below.

(e) Value of Assets/ Capital

The household expenditure has been also affected by its value of assets and capital because the same quality of capital goods will be valid more or less on the basis of its location. For instance in the Dalit area people cannot afford more on goods and services because the houses can't be rented and the rural land has low value but with same amount of capital stock or assets in non-Dalit area may be valued at high rate. So that in Dalit area there is less household expenditure than in non-Dalit area even in remote area if there would have been linked by road and electricity facility and trading center the household expenditure would be risen.

(f) Demonstration Effect

Demonstration effect is another important factor which is related with the level of income. Man is a social being. He cannot move easily far away from the society. To

adjust in society, man has to accept the social behavior, culture, tradition and the living style, which is applied by the society where he is living. Any particular household expenditure will be higher than its affordability following his neighbor. In this case, there arises the demonstration effect. If an individual migrates from Dalit to non-Dalit areas, essentially his expenditure will be raised to adjust with modern city life style.

(g) Habits

The habit of man may influence his household expenditure. For instance, if the members of a family have drinking habit, then its expenditure will be higher than the family which has not any habit of drinking because habit makes consumers to consume some particular things compulsorily.

(h) Price Level

If the price level of consumer goods rises in the market, it will result in the fall of the purchasing power of consumer, which leads to cut off some purchases of goods if income of consumer will not rise during that period instead. If the price level is low, people can buy more amount of goods and the household expenditure will rise.

(j) Quality of Goods

Each consumer pays prices for goods for its quality because there is an existence of quality or utility in goods, which helps to satisfy human wants. If the price is low but there is not any additional demand since the quality of that goods have been same at low level. On the other hand, the consumer ready to pay high price for such goods which have high quality.

4.4 Income Expenditure Pattern

4.4.1 Factors Determining Income Level

4.4.1.1 Investment

Level of income is a prime factor in determining economic well of a household. Investment is a necessary condition to create income. There are two types of assets: physical and capital assets.

If entrepreneurs invested in different sectors, there would be a number of opportunities of employment as a result there would be available not only the large

amount of production but also the consumer will facilitate by cheap and better goods so that the appearance of investment initiates the productive activities. The productive activities make the factors of production active by giving compensation. The bound of factors production, there consists of men and man-made objects so that productive activities may be initiated by investment. Finally, it may increase income generation of household member. Hence to increase investment means to operate productive activities which means to increase the option of income generation to the factors of production or to have opportunity of employment and it will raise income level.

4.4.1.2 Human Resource Development

The human resource development is also known as a determinant of income level of a family in community of everywhere. Human resources development implies to provide perfect manpower for different sectors as their necessities. If household members are skillful and educated, the level of income of that household increases. The physical infrastructure consists of developing roads, building, bridges, machinery plants etc. In the present time factor for the prosperity of human being, human resource development is necessary thing as well as physical infrastructure. If there are trained persons in the family, then its income level will be high as compared with a family with untrained members. It is because perfect and trained worker will be praised with higher salary than imperfect worker.

4.4.1.3 Employment Situation

Production depends upon investment while the employment depends upon the efficiency of labor. Employment creates peaceful environment in the family or in the society. On the other hand, unemployed also needs food, houses and cloth to survive but to afford all these wants, there will not be enough income level so that unemployed person brings disorder in his family, which gives the bad impact in the society. Hence, higher employment will give higher income and several problems can be solved easily.

4.4.1.4 Asset / Property

Nepal is an agriculture country. So that land is taken as a main source of income. The expected income from land depends upon the fertility of land. The production from lands depends upon the fertility of land, irrigation, fertilizer, improved seeds and pesticides to the cultivated land. All these facilities are not available in Nepal where

more than 75 percent Nepalese are working on the agriculture sector. Maximum fertile land is located in the Terai belt and almost all the facilities provided by the government also centralize only in the Terai belt so that the farmers in hilly region are hardly suffered by the crisis of necessary materials and equipments for proper farming as a result of unfertile soil they work hard but they cannot succeed to maintain the annual necessary amount of foods for their family. In addition, in the Himalaya belt, most of the land is covered by snow and this region is also deprived from agriculture inputs i.e. fertilizer, irrigation seeds etc.

4.4.2 Income Expenditure in the Context of Dalit People

Kathmandu district is also situated in the central belt of Nepal. Buddhashanti Rural Municipality is in the east and northern part of Jhapa district. Ward No. 4 is field area which is located towards north side of Buddhashanti Rural Municipality where respondents are living. Agriculture and manual labor is main source of their income. They are working in the field for the whole year. However, they cannot grow sufficient food because they have less land. Then in the point of view of income source, their farming activities do not take place in the first position. Including farming, they have tamed cattle too. Agriculture of this study area is fully dependent on monsoon rainfall. Rest of the farming season, they use to involve in manual labor such as business and laboring in other's field. In addition, some respondents' female and child work other agriculture field in farming season for daily wage and males business and labor in Kathmandu town. They carry goods from one place to another place daily and the other respondents youth people go to Kathmandu and other places leaving their village as well as district for searching job opportunity.

The main occupation of Dalit people is business farming, foreign job, livestock and manual labor. In addition, they are engaged nominally in business and service sector. But some respondents are involved in services whose economic condition is well. The maximum Respondents, the first source of income has been business and the next important source is income from manual labor.

Some respondents are doing business such as small shop, iron work, sewing clothes. Selling vegetable which is carried out from community forest is another source of income. This community forest is open for some days in a month to fulfill the demand

of vegetable, and grass. So, they must be dependent on their selling vegetable to maintain household expenditure.

4.4.3 Factors Determining Expenditure Level

Income and expenditure are two faces of a coin. In the absence of one part, there is no existence of another part. Income is a prime determinant of expenditure level. A person with higher income level can spend more than with low income level because income level determines purchasing power of the consumer and expenditure depends on the consumer's purchasing power.

-) Expenditure level is also determined by custom culture and tradition. For instance in social ceremony of a particular community, people have a special part where drinks and other expensive foods should be bought. So, people give the continuity on their custom and culture and it makes the higher level of expenditure. For example, expenditure on food and non food items increases in the Dashain and Tihar festival because it is Hindu's tradition.
-) The individual nature and habits may also influence their expenditure level. Some people may prepare to be involved in social services who give less priority to his life but more on other self, in this case the level of expenditure will be higher such type of social service oriented person than selfish.
-) The level of expenditure of any person may also be influenced by the life style prevailing at the society where he is living so that the level of expenditure of an individual in non-Dalit community areas is higher than Dalit area because when he adjusts with modern society, living standard of people must be maintained by spending more than the Dalit society.
-) The condition of health also determines the level of expenditure. The level of expenditure of a healthy person may be less than unhealthy people because healthy people will be sufficient for productive activities or he can do his work physically as well as mentally properly. On the other hand, unhealthy people may not work on productive activities instead of this he should use expensive medicine for this treatment daily.

Table 4.14

Population Dependency in Dalit People

Type of Population	Number of Population	Percentage	Remarks
Dependent	146	42.82	< 14 > 60
Independent	195	57.18	< 14 < 60
Total	341	100	

Source: Field Survey, 2019.

Table 4.17 analyzes that 42.82 percent people are dependent on other while they were unproductive. Either they are old who cannot work or they are children. Out of total population 57.18 percent people are independent who can do work they were productive.

4.4.4 Income Expenditure Relationship

There is positive relationship between income and expenditure. Expenditure either it may be for expenditure or it may be for investment or saving. The measure of inequalities is one of the most important sources of income expenditure analysis. For this the range, mean, median, mode, the standard deviation, variance, the Lorenz curve, Gini-coefficient etc. are the important instrument used, which can be shown in the study.

Table 4.15

Measuring of Inequality

	Standard Deviation	Range	Variance	Maximum	Coefficient of Variation
Income	67185.7	279900	4513918384.49	301900	58.92
Expenditure	49661.3	189796	2466244718.69	210954	54.43

Source: Field Survey, 2019.

Range of income is high in the comparison of expenditure which suggests that the level of expenditure seems to be similar than the amount of income.

Table 4.16

**Mean and Median of Income and Expenditure in Dalit People (in NRs.)
per Annum**

	Minimum	Sum	Mean	Median	Mode
Income	22000	6499911	114033.53	106730.77	73529.41
Expenditure	21158	5200313	91233.56	81896.55	74358.97

Source: Field Survey, 2019.

Table 4.19 depicts that mean, median, mode of income are 114033.53, 106730.77, 73527.41 and the mean, median, and mode of expenditure are 91233.56, 81896.55 and 74358.97 respectively.

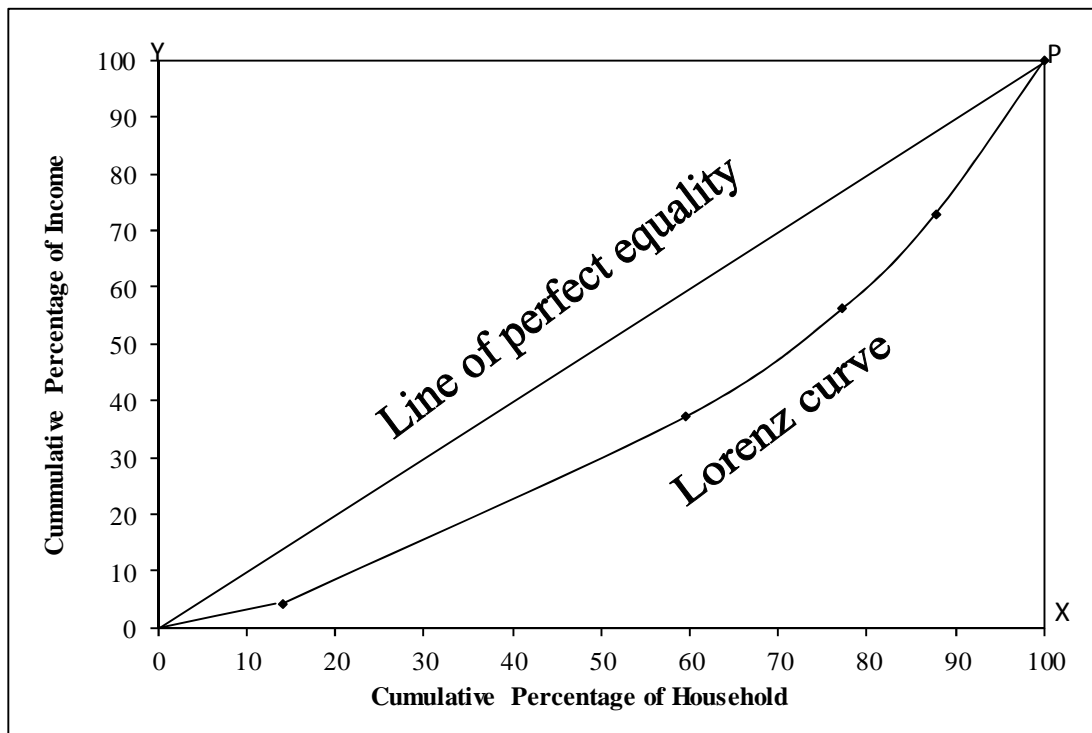
4.4.4.1 Lorenz Curve

Lorenz curve is one of the important methods of measuring inequality of income. First of all this method was used by Max O. Lorenz to measure inequality. After him, it is known as Lorenz Curve.

On the x-axis percent of household is measured while in the y-axis percent of income is mentioned.

Figure 4.1

Lorenz Curve Showing Inequality



In the case of case of equal income of all household the Lorenz curve overlaps the line of perfect equality. The distance from line of perfect equality indicates the value of inequality.

Table 4.17

Calculation of Gini-Coefficient (In Rupees) per Annum

Income Level	No. of HH	% of HH	Cumulative % of HH	Total Income (NRs.)	% of Income	Cumulative % of Income
Less than 50000	18	14.04	14.04	273655	4.21	4.21
50000-100000	54	45.61	59.65	2150746	33.08	37.29
100000-150000	22	17.54	77.19	1228610	18.91	56.2
150000-200000	12	10.53	87.72	1087700	16.74	72.94
Above 200000	14	12.28	100	1759200	27.06	100
Total	120	100		6499911	100	

Source: Field Survey, 2019.

Let, X_i be the cumulative % of HH and Y_i be the cumulative % of income.

Cum % of HH (X_i)	Cum % of Income (Y_i)	$X_i Y_{i+1}$	$X_{i+1} Y_i$
14.04	4.21	-	251.13
59.65	37.27	523.55	2878.41
77.19	56.2	3352.33	4929.86
87.72	72.94	5630.24	72.94
100	100	8872	-
		$\Sigma X_i Y_{i+1} = 18278.12$	$\Sigma X_{i+1} Y_i = 15353.4$

$$\begin{aligned}
 G_c &= \frac{1}{100} \left[\Sigma X_i Y_{i+1} - \Sigma X_{i+1} Y_i \right] \% \\
 &= \frac{1}{100} [18278.12 - 15353.4] \% \\
 &= \frac{2924.72\%}{100} \\
 &= 29.25\% \\
 \dots G_c &= 0.2925
 \end{aligned}$$

Gini-coefficient for this study is 0.2925 which is neither higher nor lower value, which is less than national figure 0.46

4.4.4.2 Gini-Coefficient

Gini-coefficient is an important way of measuring inequality. The Gini-coefficient is defined as the area between the Lorenz curve and the line of perfect equality. The Gini-coefficient calculated for the income distribution of the surveyed households was 0.2925, which is less than national figure 0.46. This shows that although living condition prevailing in Dalit people is bad, the comparative income distribution situation is not very worse. This implies that there is no much difference between the 'haves' and 'haves not' in the Dalit people under this study.

4.4.5 Regression Equation

It is an important statistical tool. This analysis is used to estimate value of marginal propensity to consume and income expenditure relation of the households.

Mathematically,

$$Y = a + b X + U$$

Where,

Y = expenditure

a = Intercept

b = MPC ($0 < b < 1$)

X = Income and

U = error term

As the result of the study from the income expenditure relationship of Dalit community, the simple regression lines fitted are as follows:

) **Total Households**

The expenditure income relationship result estimated for the total 120 households is:

$$Y = 9701.1 + 0.71499 X$$

(0.005) (0.000)

$$R^2 = 0.935 \quad \bar{R}^2 = 0.934$$

$$F = 799.696 (0.000) \quad DW = 1.75$$

The figures in the parenthesis are the probabilities of the respective t and F ratios. The results show that the individual parameter estimates of autonomous expenditure and MPC are highly significant even at 1 percent level of significance. The estimated value of marginal propensity to consume is 0.71499 β 0.72 which implies that increase in income by NRs.1 leads to increase in expenditure by 72 paisa. Not whole of their income is consumed; it is either used for saving or used for further production. A high R^2 shows the very good fit of the model to the data. Similarly, the f ratio is highly significant implying that the regression line estimated is highly significant. Finally, the DW-test for shows no autocorrelation in the error term of the regression model.

) **Lower Income Group**

A similar result follows the lower income group, where also income appears as a significant determinant of expenditure. The results below show that the MPC of the poor is greater than the MPC of the total households.

$$Y = 4937.6 + 0.850 X$$

$$(0.219) \quad (0.000)$$

$$R^2 = 0.916 \quad \bar{R}^2 = 0.909$$

$$F = 120.96 (0.000) \quad DW = 1.54$$

The results show that the individual parameter estimates MPC is highly significant even at 1% level of significance. The estimated value of marginal propensity to consume is 0.85 which implies that increase in income by Rs.1 leads to increase in expenditure by 85 paisa. A high R^2 shows the very good fit of the model to the data. Similarly, the F ratio is highly significant implying that the regression line estimated is highly significant. The DW test shows no presence of autocorrelation in the error term.

(r X5%, then values of d_1 and d_u for $k=1$ and $n=13$ are respectively 1.01 and 1.34).

) **Middle Income Group**

For middle group also, income level is a highly significant determinant of expenditure. The other statistical results are same as the poor income group except the

MPC which is lower for this group than the lower income group and a lower value of R^2 .

$$Y = 2406.8 + 0.78 X$$

$$R^2 = 0.5779 \quad \bar{R}^2 = 0.563$$

$$F = 39.71 (0.000) \quad DW = 1.44$$

The DW-test is indecisive to conclude about the presence of autocorrelation as the value of the DW statistic falls on the indecisive zone.

α 5%, then values of d_l and d_u for $k=1$ and $n=31$ are respectively 1.363 and 1.496).

) **High Income Group**

The MPC of the rich income group has been found to be lowest and in case of rich also, income has appeared as the principal determinant of expenditure as shown by the probability of the t-ratio and high R^2 .

$$Y = 15636.2 + 0.689X$$

$$(0.517) \quad (0.000)$$

$$R^2 = 0.79 \quad \bar{R}^2 = 0.78$$

$$F = 43.57(0.000) \quad DW = 1.94$$

The DW-test shows that there is no presence of autocorrelation in the error term of the regression model.

α 5%, then values of d_l and d_u for $k=1$ and $n=13$ are respectively 1.01 and 1.34).

CHAPTER V

SUMMARY OF FINDINGS, CONCLUSION, AND RECOMMENDATIONS

5.1 Summary of Findings

One of the determinant factors for socioeconomic status is distribution of income. Most of economic theories that explain income inequalities are use as an indicator of socioeconomic status associated with the individual such as income, educational attainment, or occupation. Similarly, income distribution is primarily responsible for directing, facilitating and promoting socio-economic status of an individual. Inequality is a burning issue of the current world. Inequality refers to the situation in which a particular variable under inquiry does not show equality in its value. Many economic variables such as income, assets, land, educational level, to mention a few, are not distributed equally or proportionally. It exists not only in underdeveloped countries but also in developing or developed countries. Inequality in income distribution is normally observed as one of the most continual and unmanageable problems. Nepal is also facing the problem of unequal distribution of income. However, the problems of inequality in the distribution of income are becoming visible in every aspect. There are many reasons for income inequality within societies. These causes are often inter-related. Acknowledged factors that impact income inequality include the labor market, innate ability, education, race, gender, culture, wealth condensation, development patterns and personal preference for work, leisure and risk. Summary of findings are as follows:

-) The study is focused on the income and consumption pattern of Dalit community of Buddhashanti Rural Municipality of Jhapa district. There are nine wards. The study area is only Ward No. 1. The study is limited to the consumption and income of Dalit community of Buddhashanti Rural Municipality of Jhapa district
-) The general objective of the research study is to identify the income and consumption pattern of the Dalit community of Buddhashanti Rural Municipality-1 of Jhapa district. The specific objectives of the study are to analyze the level of income of household of Dalit community of Buddhashanti

Rural Municipality-1 of Jhapa district and to examine the pattern of consumption of household in the study area and to estimate the consumption function. This study is based on both descriptive and analytical research design. The study area is in Dalit community and non-Dalit community of Buddhashanti Rural Municipality-1 of Jhapa district. According to Rural Municipality report (2075) there are 600 Dalit HH. From the Dalit household for sample 120 households were randomly drawn by lottery system and were interviewed them for data collection

-) This study has attempted to analyze the income and expenditure pattern of Dalit people in Buddhashanti Rural Municipality, of Jhapa district. The location of survey selected was Dalit people in Buddhashanti Rural Municipality of Jhapa district because Dalit people in study area was backward than non-Dalit. The statistical analysis of the study area has been based on the data collection through direct personal interview using questionnaire.
-) The population under the age group 0-14 is about 40 percent and 4 percent population falls above 60, which is significantly high. It shows that most of the people are still illiterate in the study area. In the case of literate status male population is higher than female. The status of higher education is not good which is very less. The parents were not aware of the importance of education and they had no access to school/college. The main cause of Dalit people, poor economic condition compelled them to dropout for higher education, so they are economically weak which affects their livelihood.
-) Most of respondents' main source of income is agriculture and manual labor. Similarly 32 and 24 households' source of income is business and service respectively. Land is the main source of income of farmers but they have small pieces of land which are not efficient to produce necessary crops / food items for them.
-) The average yearly expenditure of respondent was found NRs. 53916.37 in Rice and Wheat and NRs. 17731.15 in oil and salt. The low level of income group people spent less money than the higher level of income group people. This type of expenditure shows that positive relationship between level of

income and expenditure. They can have meat at least twice a month and specially in feast and festivals. As absolute income increases, meat expenditure also rises.

) In this study, the distribution of population by sex is 54.25 percent male and 45.75 percent female. Similarly, the distribution of population by age group were found as between the age of 0 to 14 years, 15-59 years, and above 60 years are 39.29 percent, 57.29 percent and 3.52 percent respectively. The annual average household expenditure is found to be NRs. 91233.56, annual average per capita expenditure is found to be NRs. 15250.18 out of which 36.33 percent and 63.67 percent were shared by food and non food items respectively. The marginal propensity to consume for the study area was found to be 0.72. It is 0.85063, 0.78162 and 0.68907 for low, middle and high income group respectively.

) In this study average household size is found to be 5.98. The dependent population was found about 42.82 percent of the total family members. 58 percent were active population which works 7-8 hours in farm per year. Therefore, they are not fully employed. So, remaining other months, they have to go to abroad for jobs. Large percent of dependence shows the possibility of further degradation in their existing standard of living. Much more people are absorbed by foreign job sector which is the first position of income sources while second position is taken by services. Around 28 percent active population is engaged in manual labor and business sectors and remaining active populations were based on agriculture sectors. People from this community are living at the substance level.

5.2 Conclusion

This study revealed that household size was positively correlated with higher income generation. In other word higher the household size, higher the income generation and lower the household size lower the share of income. This is because of more people went to abroad who had more family members than that of less family members. Similarly, foreign jobs were found to be first position in their income rather than other sector. Much of the income was derived from foreign jobs. Almost all families were engaged in agriculture sector like business. The marginal propensity to consume for

the study area was found to be less than unity. It was found that higher the household size, higher the income generation and lower the household size lower the share of income. This is because more people go to abroad whose household have more population and less family size cannot go to abroad. So, foreign job takes first position in their income rather than other sector. In general, it is found that larger the household size larger is the household income.

The low income people spent more proportion on clothing than the high income people but in absolute expenditure the average spending of high income people spend more than low income people because MPC is high on low income group. In total household the estimated value of marginal propensity to consume is 0.72 which implies that increase in income by NRs.1 leads to increase in expenditure by 72 paisa. Not whole of their income is consumed; it is either used for saving or used for further production. A high R^2 shows the very good fit of the model to the data. Similarly, the F ratio is highly significant implying that the regression line estimated is highly significant.

In lower income group, the estimated value of marginal propensity to consume is 0.85 which implies that increase in income by NRs.1 leads to increase in expenditure by 85 paisa. A high R^2 shows the very good fit of the model to the data. Similarly, the F ratio is highly significant implying that the regression line estimated is highly significant.

5.3 Recommendations

From the study, it is found that there is the problem of low productivity in the several sectors and unequal distribution of income between different households. There is disguised unemployment in the agriculture sector.

The following recommendation are suggested to planners, economist, sociologist, Dalit community, the Government of Nepal and policymakers:

-) The productivity of agriculture sector should be increased by providing improved seed, necessary pesticides, fertilizer, and to manager irrigation facility to the farmer in this community. Agro-vet techniques should be provided to the farmers. In appropriate place the agriculture market should be established.

-) The literacy rate is found to be low. Therefore, proper education program should be implemented in this community and free schooling for all Respondents people.
-) There is disguised unemployment, underemployment and seasonal unemployment in the study area. The opportunities of employment should be increased. For this, the government expenditure should be channeled in those sectors which may create the employment opportunity for the respondent's people.
-) Low income groups have high MPC and they spent more on food than non-food items while high income groups attracted to unnecessary non-food items such as alcohols, fashionable clothes etc. The people in study area have been found less conscious about the significance of education and health so that social awareness program should be carried out in the Dalit people.
-) Nowadays foreign employment has become a popular alternate for most of the unemployed Nepalese youths. In the context of Dalit people, nobody has success in foreign employment for third countries. They are limited only in India for searching job opportunity, which may not be sufficient to improve their existing economic condition. Hence, the government should provide some foreign job opportunity for poor backward community such as like respondents by providing free visa. For this purpose, government may instruct for backward group.
-) In the study area, literacy and all kinds of education of female is found low as compared to male. Thus, the government should give priority to women education in the study area.
-) To generate employment and income of unemployed person in this Dalit community, some cottage industries can be established based on the local raw material.
-) Respondents spent much amount on unproductive sector like Jewelries and luxuries items. So government should establish financial institutions. For this, financial institutions should provide them attractive interest rate.
-) There is high unnecessary expenditure on tradition and festivals. Expenditure on smoking, drinking and unnecessary expenditure on tradition, festivals should be discouraged.

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