

**VICIOUS CIRCLE OF POVERTY IN NEPAL:
A CASE STUDY OF KAPALLEKHI VDC OF DOTI DISTRICT OF NEPAL**

A Thesis

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Submitted By

**Nabin Prasad Bhatta
Regd. No. 5-1-33-782-97
Class Roll No.: 359/059
Exam Roll No.: 3879 (2nd Year)**

**Central Department of Rural Development
Faculty of Humanities and Social Sciences
Tribhuvan University
Kirtipur, Kathmandu, Nepal**

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LETTER OF RECOMMENDATION

It is a great pleasure that I recommend for the approval of the thesis entitled **Vicious Circle of Poverty in Nepal: A Case Study of Kapallekhi VDC of Doti District of Nepal** prepared by **Nabin Prasad Bhatta** under my supervision for the partial fulfillment of the requirements for Master of Arts in Rural Development. Therefore, this thesis report is recommended for its evaluation.

Prof. Dr. Pradeep Kumar Khadka
(Supervisor)

Date:

LETTER OF APPROVAL

This is to certify that the thesis submitted by **Nabin Prasad Bhatta** entitled **Vicious Circle of Poverty in Nepal: A Case Study of Kapallekhi VDC of Doti District of Nepal** has been approved by this Department in the prescribed format of the Faculty of Humanities and Social Sciences. This thesis is forwarded for the acceptance.

Thesis Evaluation Committee:

Prof. Dr. Pradeep Kumar Khadka
Head of the Department

Panna Kazi Amatya
External

Prof. Dr. Pradeep Kumar Khadka
Supervisor

Date:

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Poverty is rural in nature in case of Nepal. As high percentage of people of Nepal are the inhabitants of rural areas, the situation of poverty is quite dangerous. The presence of vicious circle of poverty in rural Nepal shows the unbreakable situation. It is multidimensional and deeply rooted in the rural areas. Size of landholding, literacy, employment, productivity, market facilities, basic infrastructures and services etc. are the main factors affecting poverty.

It is worth mentioning here that the inspiration to carryout this research, come to me when I visited the rural areas of Nepal. In fact, during the time, I have personally realized that the life of the rural people is totally affected by poverty and they are spending their daily life in vicious circle of poverty. So, the topic has been chosen to find out the nature, extent and vicious circle of poverty in the rural areas of Nepal.

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Nabin Prasad Bhattad

Researcher

Roll No.: 359/059

Central Department of RD

Tribhuvan University

Date:

ABSTRACTS

Poverty is multidimensional and deeply rooted in rural areas in case of Nepal. Small size of landholding, low productivity, lack of market facilities, lack of firm jobs, unemployment, illiteracy, lack of credit, lack of agriculture training and other basic infrastructures are the major causes of poverty in Nepal.

Present study is conducted to findout the situations and problems of poverty in Nepal through a case study of Kapallekhi VDC of Doti District. It is found that the poor people of the study area have low landholding and its uneven distribution, unequal distribution of income, and particularly among lower castes. It is found that 44.4 percent of people are absolute poor and 14.6 percent of people are relative poor, i.e., 59 percent of people are total poor and 41 percent of populations are non-poor.

Gini coefficient of the study area showed the high degree of inequality in the distribution of income while Sen's poverty index showed the high-extent of poverty. The value of range, variance, mean deviation, and coefficient of variance also showed the high degree of inequality in the distribution of income.

Similarly, marginal propensity to consume and correlation showed a positive relationship between income and consumption. Earning capacity is positively related with level of education, employment and landholding size. In the other hand, income level is negatively related with family size and agricultural-oriented job. It is also found a close relationship between ethnicity and poverty.

It is also observed that there are a large number of problems which are directly affecting in the increment of poverty. The basic objectives behind the study are to measure absolute and relative poverty as well as nature and extent of poverty in the study area to findout the various factors affecting poverty.

The research design used in the study is analytical and descriptive in nature and stratified random sampling is used for the collection of primary data. Both primary and secondary data are used in the study and for data analysis purpose, various econometric tools are used.

So, to reduce the poverty in the study area, it is recommended that agricultural productivity should be increased, employment opportunities, created, informal education and vocational training provided, various facilities created, awareness and poverty alleviation programmes generated, cottage and small industries promoted, labour intensive technologies implemented, unnecessary expenses reduced and strong commitment of people towards reducing poverty accelerated.

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ABBREVIATIONS

ADB	:	Agriculture Development Bank
CBO	:	Community Based Organizations
CBS	:	Centre Bureau of Statistics
CV	:	Coefficient of Variation
DDC	:	District Development Committee
Dr.	:	Doctor
FAO	:	Food and Agricultural Organization
FGT	:	Foster Greer Thorbecks
GBB	:	Grameen Bikas Bank
GC	:	Gini coefficient
GDP	:	Gross Domestic Product
GNP	:	Gross National Product
Gms.	:	Grams
HDR	:	Human Development Report
HH	:	Household
HMG/N	:	His Majesty Government/ Nepal
INGO	:	International Non-Governmental Organization
kg.	:	Kilogram
MD	:	Mean Deviation
MPC	:	Marginal Propensity to Consume
NGO	:	Non-Governmental Organization
NPC	:	National Planning Commission
NRB	:	Nepal Rastra Bank
No.	:	Number
PCI	:	Per capita Income
PE	:	Probable Error
Prof.	:	Professor

R.D. : Rural Development
Rs. : Rupees
SAARC : South Asian Association for Regional Cooperation
SLC : School Leaving Certificates
T.U. : Tribhuvan University
UN : United Nations
UNDP : United Nations Development Program
USA : United States of America
US \$: United States Dollor
VDC : Village Development Committee
WB : World Bank