CHAPTER I
INTRODUCTION

1.1   Background of the Study

Poverty is a burning issue all over the world, but it differs from one country to another. It exists not only in the developing but also in the developed countries. The difference is only the extent or magnitude. The extent or magnitude of poverty depends on the average level of income and the degree of inequality in its distribution. In developed country, poverty is failure to come up to desire level of living but in developing country, poverty reflects the picture of illiterate, high infant mortality, inadequate housing rapid growth of population and unemployment. Therefore, in the less developed countries, the extent or magnitude of poverty is higher than that of developed countries because of the higher dependency on limited resources (Poverty Reduction and the World Bank, 1999).

Thus, the poverty is deeply rooted in developing countries because of slow economic growth, unemployment, on the other hand, rate of population growth greater than the rate of growth of domestic product (GDP), on the other hand. Hence, poverty means the situation where people are incapable to expense in minimum level of requirement. The minimum requirement represents foods, health, cloth and shelter. Poverty is not only the problem of underdeveloped or developing countries but also the developed countries. (UNDP, 1998).

Poverty is used in two main senses: in its first sense commonly used in development, it is a broad word used in development, it is a broad word used to refer to the whole spectrum of deprivation and ill being; in its second usual poverty has a narrow technical definition for purposes of measurement and comparison. Poverty is then defined as low income, as it is reported, recorded and analyzed, or often as low consumption, which is easier to measure. There remain many dimensions, such as poverty social inferiority, isolation, physical weakness vulnerability, season ability, powerlessness and humiliation are the example of deprivation and disadvantage as poor people experience them. To recognize, accept, act on and evolve that new agenda is a personal, professional and institutional challenge, demanding deep change in the ways we think and behave. Globally the number of people conventionally

defined as in absolute poverty is often quoted as being over one billion. (Chambers, 1999).

We can define poverty in absolute and relative terms. Absolute poverty refers to a situation where people receive income below minimum level of required for survival and physical efficiency where as income level higher than minimum subsistence requirement but below the "Wolf point" is considered to be relative poverty (Carvalho, 1997).

Poverty in Nepal can be seen from micro and macro perspective. At micro level, it focuses primarily on individual's experience an extreme poverty which is in terms of low caloric intake per day, lack of basic health facilitative, illiteracy, high infant mortality, inadequate shelter and low purchasing power. At macro level, poverty can be identified in terms of high level of population growth, low productivity and lack of employment opportunities technological and, administrative inefficiency of lack of marketing facilities (ILO, 2002).

Nepal is an agricultural country. About 81.10 percent of the total population in 1991 are engaged in the agricultural sectors while 59.61 percent in 2001. But the level of productivity per unit land is low, due to small size of land holding, technological backwardness, farmer training, lack of improved seed and lack of irrigation. So, most of the Nepalese farmers are not able to save anything they consume themselves. The poverty is not merely an economic issue. It is also an issue related to human dignity. In Nepal, poverty is mostly concentrated in rural areas depends upon agriculture. The agriculture remains the main stay of the economy over the past few decades 94.37 percent are engaged in agriculture in 1971. Similarly, 91.37 percent in 1981, 81.10 percent in 1991 and 59.61 percent in 2001. The poor people in rural areas either have a very small area of unproductive land or no land mainly due to low productivity of agriculture, fragmentation of land, the limited based and inadequate growth rate of non-agricultural sector in the economy. Further, the high rate of growth of population, the lack of exploitable mineral resources, poor agriculture policy, topographical disadvantage and unemployment are also responsible for its economic backwardness and poverty (CBS 2003).

Nepal was placed in the 154th position in the list of global human development index for 1996. Among the SAARC countries also Nepal finds itself rank in, which Sri Lanka has occupied the 1st position and followed by Maldives, India, Pakistan and Bangladesh (UNDP, 1997). Nepal is ranked by 152nd position in the worlds according to HDR (1998). Nepal improved a bit economic development after the political change in 1990, because Nepal is ranked in the 144th position among the 174 countries of the world and 5th position among the SAARC countries leading to Bangladesh and Bhutan according to (UNDP, 2003).

Nepal is ranked by 138th position in 2010 and 157th position in the world according to HDR 2011 (UNDP).

"The poverty alleviation" has been taken as one of the major objectives since sixth five year plan (1980-85). Particularly after the political change of 1990, the long-term target of poverty alleviation has been continuously set for four periodic plans. The long term plan aims to achieve the target of reducing poverty in ninth five year plan from 42 percent to 32 percent in the 10th five year plan (2002-2007) from 32 percent to 23 percent, in 11th five year plan (2007-2012) from 23 percent to 15 percent and in 12th five years plan (2012-2017) from 15 percent to 10 percent (NPC, 1997).

Poverty has two dimensions low income which is in sufficient to maintain a dignified life, and low level of human capabilities, which restrict a citizens options to lead a life of his/her choosing. Poverty is from a deprivation with strong interactive linkage to other from such as physical weaknesses, isolation, vulnerability and powerlessness. It is a state of economic, social and psychological deprivation occurring among people or countries lacking sufficient ownership control or access to resources to maintain minimal acceptable standards of living. It represents an exclusionary relationship. Where individual or states are denied access to an adequate package of resources [UNDP, 2001].

In summary, the poverty is a multidimensional phenomenon. Generally, common people know poverty is lack of shelter, being sick and not being able to see a doctor, not having job, not being able to go to school, powerless, lack of representation and freedom, poverty has many faces changing from place to place and across time and has been described in many ways (W.B. 1980) defined poverty as "A state of

economic, social and psychological deprivation occurring among people or countries lacking sufficient ownership, control or access to resource to maintain minimum standard of living". In fact, poverty is a threat to prosperity everywhere but the problem of poverty was deeply rooted particularly in less developed countries like Nepal. In the case of Pakawadi VDC (Study area) lack of resources, growing unemployment rate, market imperfection, technological backwardness, slow pace of economic growth could be the reasons in distribution of income could be the reasons for poverty. The socio-economic variables such as caste, location, occupation, education level, consumption of income, land holding and family size are also in some extent with economic issue are responsible for poverty in Pakawadi VDC.

1.2   Statement of the Problem

The agriculture sector is the main study of development in all developing countries. The problem of poverty is the greeatest problem in all countries irrespectative of their relative stays of development in the developing country. Hence for the elimination of poverty the development of agriculture plays vital role, but the tragedy is that the productivity in rural sector has been declined on account of lack of irrigation fertilizer, improved technology in crop production, farmer training and agriculture credit. The disguised unemployment in agriculture sectors is one of the main causes of poverty and it is due to lack of alternative employment opportunity.

Thus, the poverty is not related with per capita income, like in early days, but it covers also income malnutrition, illiteracy and other human necessities. The human development index developed recently by the UNDP is an aggregate index that measures other forms of depreciation including low life expectancy, illiteracy and measures of incomes to essential the services like safe water, public health, sanitation and adequate nutrition.

In Nepal, the absolute poverty occurs mainly due to lack of agriculture production, alternative employment opportunities, lack of income generation programes and lack of socio-economic development. Besides that the population is growing faster than gross domestic product (GDP). Moreover, the tax structure has the regressive nature because people are imposed by indirect tax which is being compulsion for everybody.

This is hurting the poor in general and inequality of income distribution is persistent (Gross Domestic Product is 3% Budget, 2061).

1.3   Objective of the Study

The present study has following objectives:

1.   To measure level of poverty in the study area and
2.   To find out the causes of poverty in the study area.

1.4   Significance of the Study

Various attempts have been made through the various programmes and plans by the government and non government organizations to reduce the poverty, but yet there have not been any significant progresses in their economic conditions in the Pakawadi VDC. This study attempts to present the economic condition of the Pakawadi VDC. It has aimed to provide representative picture of poverty or minimum subsistence of income of the VDC. The study depicts the income disparities within the poor class of the rural area. It helps in the formulation of right policies and will also be useful to the researches, students and persons who are interested in the development of Pakawadi VDC.

1.5   Limitations of the Study

The study has following limitations:

1.   The study basically concerns to a particular area. Therefore, the generalization of the result may or may not be equally relevant to the other rural part of Nepal.
2.   Economic variables are more analyzed such as income, inequalities in the distribution of income and wealth, unemployment etc. as the cause of poverty where as socio-cultural variable as caste, political power etc. are ignored.
3.   The study is conducted within the given time frame and financial limitations.
4.   Income and consumption of transitory nature excluded.
5.   The study is related with Pakawadi VDC of Syangja district.

1.6   Organization of the Study

The study organized by different seven chapters. The first chapter consisted introduction which includes background, statement of the problem, objectives, significant of the study, limitation and organization of the study. The second chapter included the literature review which are theoretical empirical literature review and conceptual framework. The third chapter methodology consisted selected area, population, research design, source of data, data processing and data analysis method and procedure. the chapter four included   different   demographic and social background analysis and presentation. Such as age, sex, caste, education, land holding etc. the five chapter analysis the economic status , income distribution of the study area, absolute poverty and line. The six chapter includes nature of poverty problem in the study area, occupational status and poor, educational status and poor, family size and the poor. The seven chapter includes the summary, conclusion and recommendation.

CHAPTER II
REVIEW OF LITERATURE

The assessment of world development report and human development report based on level of in the level of income required to support a minimum daily calories in taken, are not satisfactory to country Nepal. It held a middle rank within the low level of developed countries for most of development indicator like gross domestic production, per capita income and adult literacy rate until the mid sixteen. The situation of the country had not changed by the 1990s. The World Bank reported that about 37-42 percent of country's population was living a absolute poverty. Nepal has been ranked as one of the poorest country which occupies 136th position among the 177 countries compared on the Human Development Indicators (UNDP, 2005).

To define poverty universally is the difficult task. The World Bank defines poverty as the inability of people to attain a minimum standard of living (W.B. 1990). Poverty can be sensibly identified in terms of capabilities deprivation the approach contentrates on deprivation: that are intrinsically important (Sen, 1981: 87). Poverty is not merely an economic issue, it is also an issue related to human dignity. It comes from the ability of society to transform the numbers that we commonly call population in to human resources and human beings through enhancement of their capabilities (Pandey, 1998: 81). Poverty is a state of economic, social and psychotically deprivation occurring among people of countries, lacking sufficient ownership, control or access to resource to maintain minimum standard of living (WB, 1990). Poverty from human development perspective is as state in which opportunities and choices must basic to human development are denied (UNDP, 1997: 15).

The growth rate of gross domestic production (GDP) of the country also remained expectancy low throughout much of the countries development experiences. The trends of average annual GDP growth rates have remained very unsatisfactory. It remained 2.27 in the year of 1975-80, 4.71 in 1980-85, 4.80 in 1985-90, 8.02 in 1990-95 and 3.98 in 1995-98 Pandey, 1999: 48).

Most of the people below the absolute poverty are those who do not have land or have very nominal land and the production from that is not enough to sustain them from the

whole year. Moreover, they live in remote areas are illiterate or school dropouts and don't have any other skills to earn their livelihood. In this way, the sources of poverty are (a) Limited resource base (b) restricted access to natural resource base (c) lake of access to market, technologies and inputs (d) weak institution and (e) neglect by development policy (ICIMOD, 2002).

In ancient time there were different types of societies. According to the ancient concept poverty is an inescapable fact of life. It is regarded a curse having these concept several saints and holy man passed their life in poverty (William, 1996).

The analysis of the recent concept of poverty available composite and individual development indicator used in different context and studies leads to the conclusion that key poverty reduction impact indicator could by (a) security income. Employment and credit (b) knowledge and information (c) Health (d) Drudgery reduction. (e) Empowerment/ Inclusion (f) Gender equity (g) Access to service and (h) Health and environmental sustainability (Nepal, 2005).

Poverty has been analyzed under three dimensions income, human and social exclusion. The poverty in Nepal is a multidimensional problems encompassing economic, social and human aspect, alleviation of which has been the main challenges of development (Poudyal, 2004/05).

Poor people are often excluded from equal access to economic opportunity because of regulations. They lack of information connections, skills, credit and organization and because of discrimination. Elements of empowering approaches can help overcome many of these barriers that prevent poor people's entry into new markets and limit their productivity despite their unremitting hard labor (Narayan, 2002).

Nepal's planning strategy is focused on human resource development and quality of life improvement. Emphasize income generating projects and on welfare handouts. Rural development through new land and its development drainage and irrigation, agriculture support services, village and small industries, rural infrastructure (road, electricity, water etc.) and social (health, school, food supplementary) (Poudel, 2005).

Both human and income poverty persists largely because of weak governance. The four essential element of human governance are ownership, equity, accountability and efficiency. The report emphasizes in making pro-poor public spending (UNDP, 2001).

The first attempt to define and quantity the level of poverty in Nepal was made by National Planning Commission in 1976/77 through a survey on employment, income distribution and consumption patterns. Te minimum subsistence level of income and expenditure were used for derivation of income and expenditure was used for derivation of the poverty line. An income level of Rs.2 per capita per day at 1976/77 prices was taken as the minimum substance level. This out of level was based on the expenditure required to buy food, giving average daily intake of 2256 calories and value of the lowest actual daily consumption of other basic necessities this centurion at that gave a poverty estimated of 40.30 percent (NPC, Vol. IV, 1978).

The World Banks study shows that there is 74 percent of rural population below poverty line. According to this report, there is the existence of severe poverty in Nepal i.e. 71 percent of total population live in poverty especially in rural areas. The study has used various socio-economic indicators to show the exact situation of poverty i.e. health, education, basic service etc. (WDR, 1991).

Poverty causes suffering among millions of people. Many of the poor cannot by the food, shelter, clothing and medical care that they need. Neediness causes malnutrition and poor health. It also produces feeling of frustration, hopelessness and a loss of dignity and self respect. Governments and private organization have tried to reduce of eliminate poverty. But if remains a widespread and serious world problem. The different definitions of poverty from country to country make it difficult to determine how many people are poor. It is estimated that more than 1 billion people about a fifth of the world's population are so poor that their health and lives are endangered. The most wide spread and severe poverty occurs in nations with few resources. These nations are sometimes called developing nations this article will deal mainly with poverty in the United State and other highly industrialized nations for information on poverty in other countries (The World Bank Encyclopedia Volume 15).

Hamilton (1968) discusses about the meaning of poverty in his book. He has examined income and its distribution. He has also taken the income inequality as the

major factor of poverty he has used Lorenz curve to show it geometrically. He makes distinction between absolute poverty and relative poverty. However, he uses relative concept for analytical purpose. He has made a due consideration on how to eliminate poverty. He has used secondary data (Hamilton, 1968).

"Poverty and income distribution in Rural Nepal" by Rizwanur Islam, analysis the extent of poverty, distribution of income distribution of land holding, trends in poverty etc. He has used the secondary data supplied by NPC in 1978 and ILO's survey in 1974 to fulfill the objectives of the study.

The writer has asked two questions about the trend of poverty.

(a)   Has there been and increase or decrease in proportion of population and household living in condition of poverty.

(b)   What has been happening to the living condition of the poor ?

Asian and South Asian countries like Pakistan, Bangladesh and Thailand. (Islam, 1984).

David Seddon, in his book "Nepal: A state of Poverty" has examined the cause of poverty in Nepal. According to this increasing population agriculture crisis and the wide gap between rich and poor are the main reasons for poverty. The writer has taken primary data for the analysis of poverty through field survey between 1974 and 1982. The writer has also used secondary data. The writer has given due consideration on the struggle for basic essential of life. Mr. Seddon has recommended some policies giving high emphasis on the role of government (Seddon, 1987).

Nepal has completed ten economic plan (five year). Each and every plan provides major focus on poverty alleviation and enlistment on living standards of the people. The first policy against the rural poverty appeared in Nepal. In early 1950's after the country achieved the independence "Land Reform Programme" was of the major antipoverty policies introduced in the second economic Plan (1963). Widening inequality in the cultivated land increasing income gap between the rich and poor in rural society was the main reason that land reform policy of 1963 was initiated in Nepal. At the fifth five year plan (1975-80) the integrated rural development program (IRDP) implemented was one of the main anti-poverty policies. The program was

general in a nature aimed to expand the income, employment and production of the rural poor through stimulating a agriculture activities as well as profiding basic social services. Similarly, small farmer development program (SFDP) was initiated in 1975 with in aim to increase the income and employment opportunities of the rural poor by providing them access of credit to under taken agricultural as well as non agricultural activities. The next anti poverty policy appeared during the sixth five year plan 1980 in the form of food for work program. The program had an aim to reduce the food shortage in the rural areas through the increased food supply to the needy people and it response to build and maintain rural infrastructure through local participation. Established "Grameen Vikas Bank" another anti poverty program in eight economic plans. Siilarly AAFNO Gaun AFFAIn BANAUN was another poverty alleviation program implemented in 1995, 'GARIB SANG BISHASWOR', 'MAHILA JAGRITI', is another anti poverty program in ninth economic plan.

UNDP (2000) has shown various figures regarding in the context of Nepal. According to HDI: Nepal is ranked as 144th out of 174th countries according to human poverty index 51.3 percent people below poverty line. Per capita income per person US $ 210 per year. Out of total population 90 percent people live in rural areas about 80 percent of rural poor are either self employed in agriculture of agriculture labour with or without tenancy. According to UNDP 2000, about human development index, Nepal is situated 0.474 before than 0463 shows some improvement could happen. Adult illiteracy rate 60.80 percent only 20% of the total populations available sate drinking water, 84 percent of the total population are far from the sanitary condition (UNDP, 2000) above all these figure shows Nepal is one of the poorest country in the world.

In "Poverty to Prosperity in Nepal" S.C. Jain focuses on the various poverty problems in Nepal and recommends some long terms policies to reduce it. His study is based on the sample survey done by National Planning Commission. He categorizes the poor people into two groups poorest of poor and the poor about poverty line. In the former case he takes the people who have income less than NRs 2 per day in 1977 prices and he calculated that 36.2 percent of the total population falls in this group. In the latter case, there falls the people whose per capita daily income ranges from NRs 2.00 to 2.68 and he estimated that 18.8 percent the total population lies in this group. Thus, 55 percent of total population is poor in Nepal. According to him, 87 percent of the

total poor live in rural areas of Nepal. He recommends some policies for additional income generation in order to raise the living standard of the poor people of Nepal (Jain, 1981).

A research worker assessed the impact of agricultural development activities on the poor including small and marginal farmers as well as landless rural people. The study focused that more absolutely poor live in rural areas than in urban areas and the institutional setting (including macro economic factors) is more important for development than the strategic institutions such as research extension, input and output markets credit irrigation and SFDP (Adhikari, 1987).

A study has presented a comparison of the magnitude of poverty between Hills and Tera regions of Nepal. The study highlights the hardships faced by rural poor. Not only this, they have also tried to show the future or rural poor. They have shown the relationship between malnourishment and poverty. According to their study, the prevalence of malnourishment and poverty. According to their study, the prevalence of malnourishment in the hill is 75 (Bhandari, Kunwar and Dangol, 1986).

Gautam (1996) has examined the cause of poverty in Nepal. According to him, law national consumption expenditure heavy unemployment along with misemployment explosive growth rate of population, in adequacies of anti poverty planning and actions in this regard, rising inequalities of income regional disparities, in appropriate technology, capital deficiency, selection of wrong investment strategies, lack of education, lack of skill development program and a number of social factor are also responsible (Gautam, 1996).

A joint study of World Bank and UNDP, Nepal: Poverty and income has intended to deepen our understanding of the nature of poverty in Nepal of its causes and of the constrains which prevent the poor from improving their conditions. It investigates the effect of development policies and strategies on personal income and seeks to identify the most promising area for raising income at the poor. The main objectives of this study were to purpose the outlines of a long-term country strategy to reduce poverty as well as to recommended specific measures for government and donor support. The study showed that the incidence of poverty is more serious in rural area. For this

purpose, secondary data from (NRM) and other research organization have been used finally; it gives some priority alleviation strategy in Nepal (WB, 1991).

The Ninth Five Year Plan has set poverty alleviation as its main objectives with a determination of bringing down the number of the below poverty line from 42 percent to 32 percent. The plan also aim at improving the living standard of the people below poverty line, placing special emphasis on uplifting the living standard of those lacking productive assess and income generating resource and those counted as the poorest empowering socially and economically the backward, down trodden and weakness sections of society and lowering the high incidence of poverty by developing physical, social and economic infrastructure in the underdeveloped, remote regions of the country (Ninth Five Year Plan 77) (NPC, 2059 B.S.).

Poverty has been perceived from different perspectives. Income based poverty weakness in different aspects of human development and social exclusion are the main aspect of poverty. The main indicator of income based poverty is the percentage of people living below poverty line. Human development capacity indicators are also equally change as per the change in income based indicators. The typology of these capacities includes access to existing resources, human resource development and participation in social / poetical decision making process etc.

The first income poverty estimation on scientific basis was carried on in 1976/77, which estimated that 33 percent if total population live below poverty line. The incidence of poverty was high in mid-western and far-western development regions along with rural areas. Highly affected the next survey of 1984/85 estimated that 41.2 percent people live below poverty line. The difference in poverty incidence between various geographical and development regions was almost similar.

According to the next survey exclusively done in rural areas in 1990/91 it was estimated that high incidence of poverty fall hard on landless and small farmers; but poverty was not only limited to these groups. The latest extensive household survey was conducted on in 1995/96 to evaluate poverty and measure living standard of the Nepalese people. Another survey of the same king has not been done yet.

It was estimated at the beginning of the Ninth Plan that 42 percent of population live below poverty line. The Nepal living standard measurement survey had estimated

annual per-capita income of Rs.4404 to meet the expenses on daily minimum average of 2124 kilo calories from food basket and other non-food items requirements too. The income level at the current process of 2001 terms out to be Rs.6100.

The mid-term evaluation of the Ninth Plan has estimated that 38 percent of populations live below poverty line. These micro levels of estimates do not provide disaggregated live poverty on geographical basis. According to (NLSS, 1996) 44 percent of rural population lives below poverty line. Where as the figure for urban sector is 23 percent only. There is a great difference between Kathmandu valley and other urban areas in this regard, too. It is estimated that 34 percent of people live below poverty line in urban area excluding Kathmandu valley. The level of income inequality is high I urban areas. Since 86 percent of the total population lives in rural areas, the nature of poverty in Nepal is rural oriented one. The poverty pressures in Terai and mountains are similar, but it is extremely high in Himalayan region. By to development regions incidence of poverty in mid-western and far western development regions are the highest.

Table 1.2: Distribution of Poverty Management 1995/96, Nepal

Ecological zones	Poverty incidence; percent of people living below poverty line	Poverty gap, depth/intensity of poverty (Percent)	Severity of poverty (Percent)
Mountain	56	18.5	8.2
Hill	41	13.6	6.1
Terai	42	9.9	3.4
Distribution of population by place of residence			
Urban	23	7.0	2.8
Rural	44	12.5	5.1
Nepal	42	12.1	5.0

Source: W.B. (1999) Nepal: Poverty at the turn of twenty first century.

Poverty is a multi-dimensional and complex problem. The causes of poverty, by analyzing different aspects of income and human poverty are not only economic but also social and technological backwardness too.

One of the main causes of poverty is low economic growth rate. The stock taking of economic achievement of last three decades shows a lower economic growth rate of

approximately 4 percent while annual population growth rate was about 2.5 percent. The per-capita income growth rate at a very low level could not contribute to mitigate poverty significantly.

NPC (1978) has attempted a study to define and quantify the level of poverty in Nepal. In this study some statistical tools like Lorenz curve and Gini concentration ratio have been used. In this survey 10 town Panchayats and 128 village Panahayats of 37 different districts has taken as a sample. In this study absolute poverty line at NRs.21 per capita per day at 1976 / 77 prices was taken as the minimum subsistence level.

Subedi (1986) has done a comparative study between two VDCs named Hansapur and Belwa of Hills and Tera respectively. The study shows that about 65.6 percent people in hill village are engaged in agriculture but 84.4 percent of Terai people are engaged in non agricultural occupation. It is found that the cyclic nature of poverty in the study are lack of food, shelter, clothing, lack of basic education, poor health, unemployment, large family size, low productivity of unskilled labour, lack of opportunities in production, low size of land holding etc.

Dahal and Shrestha (1987) have analyzed that the poverty situation with the help of primary data of Pachathar district. For the analytical purpose the study have used some statistical tools like Sen's poverty index break even techniques etc. Dahal and Shrestha have estimated the poverty line on the basis of minimum subsistence norm and sen's poverty index, the study found that 63 percent of households or 64 percent of population are living below the poverty line. The nature of poverty has been analyzed with the help of various factors such as size of land holding, ethnic group, household size, illiteracy and so forth.

NRB (1988) has examined the income distribution, employment and consumption pattern in Nepal. In this study, about 79 and 0.9 percent of economically active population in the country are found to be engaged in agricultural sector and domestic sector respectively. The level of income to meet the minimum basic needs required per person per month was calculated at NRs 160.8 for the Hill/Mountain and NRs.125.64 pfor the Terai region. This was based on estimation of the NPC's survey. The incidence of poverty was found to be highest in the Hill followed by Mountain

and lowest in the Terai. In rural Nepal 40.7 percent of households and 43.1 percent of population was found to be living below the poverty line.

The Human Development Index (HDI) was introduced in the HDR, 1990 comprising of indicators documenting life span, literacy enrollment ratio and employment for each country. The HDR 1990 demonstrates that the ranking of countries, which depends upon the income of HDIs. The Human Development Report (1991) emphasized the poverty alleviation in an integral part of human development. The HDR (1995), claims that people are the real wealth of nation and the end of development is human well being. The purpose of human development is not only to enhance incomes but, to enlarge all human choices. The HDRs have provided a better understanding of concepts of poverty and focused world attention of the social, cultural and political measures to tackle it.

NRB (1994) has analyzed in final report that representative the 7336 household of 32 districts of Terai, Hill and Mountain sectors. The major finding are 86 percent of population engaged in agricultural sector and average family size is 6.2 percent, the literacy rate of rural sector was 38 percent, landless family only 17 thousand.

Pant (1995) has analyzed the nature of poverty problem by establishing relationship with various socio-economic characteristics, such as level of education ethnic group and employment. This study has used primary data and also used secondary data for comparison. This study has taken a sample of 100 households out of 1016 households of Chiti VDC of Lamjung district. Pant has used various statistical tools such as Sen's poverty index; Gini coefficient etc. Pant concluded that 41 percent of households or 41.7 percent of population are absolute poor and 18 percent of household or 19.2 percent of population are relatively poor.

NLSS (1996) conducted by the CBS, based on the households consumption expenditure the poverty index is determined for both at national and regional levels. Using the per capita calories requirement of 2250 for defining a poor, the NPC estimated the poverty line incomes to be NRs.4560 after including households expenditure on food, housing and non food items. Based on this threshold value of income the incidence of poverty in Nepal was estimated to be about 45 percent. The

information based on NLSSR 96 indicates that 24.4 percent of the urban population as poor compared to 46.4 percent of the rural population.

Gautam (1997), has analyzed the extent of poverty and the pattern of income distribution in Tarigaum VDC of Dang district, with 108 sample household and 873 sample population. The analysis concluded that 40.74 percent households and 49.48 percent people are absolute poor in the study area. Similarly, 35.28 percent households and 28.09 percent people are relative poor. The analysis clarified that the nature of poverty problem is determined by various socio-economic characteristics and variables existing in the society such as family size, land holding pattern, educational status, occupation status and so forth.

UNDP (2001), Nepal is a poor country and getting poorer every day, according to government document published a few years ago. This is reflected in various social and economic indicators as well as Nepal's current rank as 129th worldwide in the Human Development Index (HDI). Nepal's levels of human development are low even by South Asian Standards. The country's HDI value, calculated in the global Human Development Report 2001, stood at 0.480, slightly above Bhutan (0.477) and Bangladesh (0.470, but below the other. Disaggregated at the regional and sub-regional level human development indices rural and urban areas, 2000 are 0.446 and 0.616 respectively.

Panthi (2001) has analyzed the nature of poverty problem by establishing relationship with various socio-economic characteristics, such as level of education, ethnic-group, employment etc. In this study primary data were used for analysis and data were collected from 88 sample households of Barkulpur VDC of Kapilvastu district. Various statistical tools such as Gini-coefficient, Lorenz curve, Sen's poverty index etc. have been used in this study. This study concluded that 56.44 percent population of the poor population are absolute poor and 25.8 percent population are relative poor.

Particularly, poverty can be seen in rural area. Inside the poor community, farmers having the marginal land with low caste are categorized. To alleviation poverty, employment should be provided inside the target group population below poverty line in the analysis of 9th plan of 10th plan shows that 38 percent.

In conclusion, the poverty seems to be the burning issue of the developing countries and have been done the research work by many scholar in different parts of developing countries. However, very few research have been done in Nepal and particularly almost nil in Pakawadi VDC of Syangja district. On the other hand, the government has taken different type of policies and programmes to reduce poverty from the country. Therefore, this study will carried out the nature of poverty problem in Pakawadi VDC of Syangja district. In the view of government of Nepal poverty is study the different angle. Some major aspects of poverty are: Profitable poverty, weakness in main aspects of human development and social deprivation. The percentage of people under the line of poverty come under profitable poverty. In some cases there may be weaknesses in people on the human developmental aspects that is another aspect of the study of poverty people may be deprived from the chances because of that they can not involve on the main stream of development. Studying this kind of cause is also aspect of poverty (His Majesty Government, NPC, Nepal, 10th Plan 2059-2064).

Table 2.1: **State of Poverty Place of Residence, Ecological Zone and Development Regions in Nepal**

Region	Head count index	Poverty gap index	Squared poverty gap index	Distribution of total population
Nepal	25.16	5.43	1.81	100
Urban	15.46	3.19	1.01	19.0
Rural	27.43	5.96	2.00	81.0
Mountain	42.27	10.14	3.54	7.0
Hill	24.32	5.69	2.09	44.2
Terai	23.44	4.52	1.31	48.7
EDR	21.44	3.81	1.01	23.3
MDR	21.69	4.96	1.76	35.7
WDR	22.25	4.27	1.38	19.2
MWDR	31.68	7.74	2.69	13.0
FWDR	45.61	10.74	3.77	8.8

Source: NLSS 2066/2067, CBS, 2011 (Pre Primary Data)

CHAPTER III
RESEARCH METHODOLOGY

3.1   Research Design

This study is based on the micro study of poverty. The study analyses the excite state of poverty in a specific area identified in the case study of the present study. This study also based on descriptive as well as exploratory research design. Through the help of exploratory research design-social, cultural, political and economic causes and consequences will be pointed and presented. Similarly, descriptive research helped to find out the fact that how deprivation and affected by the different tools of poverty.

3.2   Selection of the Study Area

The selection of the sample area two words (ward no. 6 and ward no. 8) were selected of nine words of Pakawadi VDC. Out of total 142 households of Ward No. 6, 70 households were taken as samples for this research. Similarly, out of total 103 households of Ward No. 8, 40 households were selected for this research. The sample were selected by using simple random sampling method.

3.3   Sources of Data

The study is based on primary as well as secondary data. Primary data is mainly collected through the structured questionnaire and observation. In addition on the primary source relevant information from secondary source i.e. data published by National Planning Commission, different articles of VDC 2068 and other organizations are also been used.

3.4   Sampling and Data Collection Procedure

The selection of the sample size of two ward 6 and 8. Word no six was142 households which is taken in 70 household and ward no 8 have 103 households and taken 40 household. Every sample selected by the simple random sampling method which every five households taken 2 entered into the SPSS programme of the computer. The necessary tables were generated for different socio-economic characteristics such as income, landholding, family size, level of education etc. as for objectives of the study.

3.5   Data Processing

After completion of field work, the raw information were checked, edited and coded and were entered into SPSS programme. The necessary tables were generated for different socio-economic characteristics such as income, landholding, family size level of education etc. as for objectives of the study.

3.6   Methods and Tools Used for Data Analysis

Various statistical method and tools have been used to measure the poverty and it extent. Some tools are to show the relationship between poverty and other factor such as income inequality, unemployment and level of education etc. Some of them are as follows:-

3.7   Operational Definition of the Terms Used

3.7.1   Absolute Poor

The minimum subsistence nation is followed to estimate absolute poverty line. Therefore, the absolute poor indicates by the household per capita income, which is below minimum subsistence level.

3.7.2   Relative Poor

The household income level is higher than minimum subsistence requirement but below wolf point level is called relatively poor.

3.7.3   Nor Poor

The household is considered to non-poor, whose income is above break even level of income i.e. above the equality point of expenses and income and who can save if so desired.

3.7.4   Absolute Poverty Line

To measure absolute poverty line, minimum subsistence norm following by food and agriculture organization (FAO, 1972) is used. According to this norm calorie requirement per capita per day for survival for Nepal is 2256 calorie. For this calorie intake, net consumption of 605 grams cereals and 60 grams of pulses are required

daily. The average cost for this norms are estimated through using average market prices prevailing in the study area at the time of survey.

According to NPC (1978) the norms prescribed by FAO sources only 65 percent of the total subsistence consumption expenditure other 35 percent of subsistence consumption expenditure is spent on other hand food and non food items. Therefore, the absolute poverty line is determined by summing up 65 percent expenditure on nutritional requirement and 35 percent expenditure on other food and non-food items.

3.7.5 Computation of Total Poverty Line

To derive total poverty line, two types of tools i.e. Keynesian consumption function and wolf point are used.

(i) Keynesian Consumption Function

Keynesian consumption function is an important tool of economic analysis. It says that the consumption is an increasing function of income. But increase in consumption is less than increase in income. Likewise, when income decreases consumption also decreases but less than income and consumption never meet zero because a person must eat to be alive.

We assume that consumption is the function of income and it can be expressed as :

$$C_i = \alpha + \beta Y_i$$

β = Marginal propensity to consume (O < b < 1)

Y_i = Income level

C_i = Consumption

(ii) Calculation of Wolf Point

The wolf point is known as break even point and implies equality between income and consumption expenditure symbolically, we can express,

$$C_i = Y_i \text{ .... (i)}$$

To calculate wolf point, we have to estimate the value of α and β of the Keynesian consumption function for this simple regression analysis has following as below:

$$C_i = \alpha + \beta Y_i$$

$$\Sigma C_i = n\alpha + \beta\Sigma Y_i$$

$$\Sigma X_i Y_i = \alpha\Sigma Y_i + \beta\Sigma Y_i^2$$

Wolf point implies equality between income and consumption expenditure

(i.e. $C_i = Y_i$) thus the expressions,

$C_i = a + bY_i$ can be written as

$$Y_i = \alpha + \beta Y_i$$

$$\text{Wolf point} = \frac{\alpha}{1-\beta}$$

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

3.7.6 Relative Poverty Line

The relative poverty line is estimated on the basis of Wolf point and absolute poverty line. The household whose income level is higher than minimum subsistence requirement and below the wolf point level is relatively poor.

CHAPTER IV
INTRODUCTION OF THE STUDY AREA

The study was conducted in Syangja District Pakawadi VDC, Western Development Region of Nepal. The district is boardered by Gulmi in the west, Parbat and Kaski in North, Tanahun in East and Palpa in the south. The Siddhartha highway across the district at northern and southern part and the district headquarter Putalibazaar is 56 km. far from the selected VDC.

Pakawadi VDC is located in the eastern part of Syangja district. It is boardered by Kuwakota VDC in the South Keware and Kuwakota VDC in the east, Tulashi Bhanjyang and Tindobate VDC in the west, walling Nagarpalika and Keware VDC in the North. The study area is 16 km. far from the Siddhartha highway. Agriculture is the main occupation of the people in this VDC. So the economy of this village or district is mainly based upon agriculture.

This study is fundamentally concerned with the nature of image of poverty problem in Pakawadi VDC. The total population of this VDC is 5864 out of which 2361 male and 3503 female. Again 1295 are out of country which is 1201 male and 94 female. This VDC has 1189 household with average family size 6.02.The major caste/ ethnic compositions were Brahmin, Chhetri, Magar, Gurung, Sarki, Thakuri, Newar, Majhi.

While talking about religion most of the people are Hindu and Buddhist.

As far as occupation is concerned farming, service in the government and other different private agencies, small scall local business, tea shop, food shop etc. are predominantly prevailed. The main agricultural crops of the study area are paddy, maize, wheat, millet, potato, vegetables fruits etc. Farmers are also involved in the raising of livestocks cattle, buffaloes, goat / sheep, poultry etc.).

4.2 Demographic Status

According to VDC office Syangja, the total population of the VDC is 5864 among them 2361 male and 3503 are female. The total population is organized into 1189 households.

Table 4.1: Distribution of Population by Ward and Sex Pakawadi VDC

Ward No.	Household	Male	Female	Total
1	141	289	406	695
2	210	405	685	1090
3	100	210	316	526
4	162	358	476	834
5	72	146	218	364
6	142	288	371	659
7	150	248	426	674
8	103	169	272	441
9	109	248	333	581
Total	1189	2361	3503	5864

Source: VDC Profile, 2068.

Distribution of population by ward and sex from the above table shows that, there are 1189 households in the V.D.C. Where total population is 5864 with 2361 male and 3503 female. Ward No. 2 has highest households (210) and Ward No. five has lowest household (72). Female number is more than male number.

Table 4.2: Sample Household and Population in Ward No. 6 and 8 by Sex

Ward No.	Total Household	Sample HHs	Sample Population			Total
			Male	Female	Out of country	
6	142	70	145	157	54	356
8	103	40	82	127	31	240
Total	245	110	227	284	85	596

Source: Field Survey, 2068.

One hundred ten household are selected from simple survey. In this VDC, the distribution of population of sampled household by ward and sex wise are as in table

4.2. From the table it is clear to see that of the total population 44.42 are male and 55.58 percent are female. The average household size of sample households is 4.6. Again 85 young people are out of country.

Table 4.3: Population by Broad Age Group Sex and Ward

Ward No.	0-14 years		15-59 years		60+ year		Total
	Male	Female	Male	Female	Male	Female	
6	56	52	68	88	21	17	302
8	36	36	33	79	13	12	209
Total	92	88	101	167	34	29	511

Source: Field Survey, 2068.

From the table it is clear to see that of the total 511 sample population. Where 63 people are older age, 180 people are child age and 268 people are younger age who are dependent people (52.26) male and female population are about in equal number in child and older age. But female are more than male in younger age and in economic population.

Table 4.4: Sample Population by Broad Age Group and Sex

Age Groups	Male	Percent	Female	Percent	Both	Percent
<15 years	92	40.53	88	30.98	180	35.01
15-59 years	101	44.50	167	58.80	268	52.26
60+years	34	14.98	29	10.21	67	12.42
Total	227	100.00	284	100.00	511	100.00

Source: Field Survey, 2068.

Age distribution of the population by boarder age group shows the economic population is higher for both sexes, i.e. 44.50 percent for male and 58.80 percent for females. The younger age dependent population is higher for both sexes compared to older age.

Table 4.5: Distribution of Sampled Households by Family Size

Family size	Number of HHs	Percent	Rank
1-2	5	4.54	5
3-4	32	29.01	2
5-6	40	36.36	1
7-8	16	14.54	3
9-10	14	12.72	4
11 and >	3	2.72	6
Total	110	100.00	

Source: Field Survey, 2068.

Table 4.5 shows the majority of the household (36.36%) have 5-6 family member at the home, who are just separated from them parents likewise 2.72% of sample

households have still more than 11 family members and they are Brahman and Magar. Due to son preference society, the rural people prefer the son to perform religious duties after parents death. This notion have given force to growing population. However, the family planning is also spreading over the VDC, but it has not been fully successful] yet.

4.3   Caste and Ethnic Group

Brahman, Magar, Kami (Sunar) and Newar are the main ethnic group in the Ward No. 6 and 8 of the VDC.

Table 4.6: Distribution of Sample Population by Caste and Ethnic Group

S.N.	Caste / Ethnic group	Sampled Households		Sample population	
		No.	Percent	No.	Percent
1	Brahmin	49	44.55	254	49.70
2	Magar	45	40.91	192	37.57
3	Kami/Sunar	15	13.64	62	12.13
4	Newar	1	0.90	3	0.60
	Total	110	100.00	511	100.00

Source: Field Survey, 2068.

Table 4.6 observes that the majority of the sample households and population belongs to Brahman families (49.70%) followed by Magar (37.57%), Kami (Sunar) (12.13%) and Newar castes cover only (0.60%) of the sampled population. Regarded religion of the people are belonging to Hindu and Buddhist.

4.4   Education Status

In the VDC there are 8 schools i.e. two higher secondary school, one secondary, one lower secondary, three primary school. Again Ward No. 6 and 8 there are not only higher secondary school but also lower secondary school. Ward No. 6 and Ward No. 8 only two / one) primary school.

Table 4.7 shows that the majority of the sampled population is illiterate (29.55%). However, the percentage of higher education or SLC passed people is very low i.e. (11.54). The percentage of primary and literate (24.85%) which is majority of the literate population.

Table 4.7: Sampled Population six years and above by Educational Status

Educational Level	Name of people	Percent
Illiterate	15	29.55
Literate	127	24.85
5 to 8 (Lower secondary)	102	19.96
9-10 (Secondary)	72	14.09
SLC and SLC >	59	11.546
Total	511	100.00

Source: Field Survey, 2068.

4.5   Occupational Status

Table 4.8 shows the occupation status of sampled household of ward no. 6 and 8.

The majority of the labour force are engaged in agriculture (91.85%) followed by (21.22%) Nepal and foreign countries service, 3.33 percent labour (wages), 1.48 percent business and 1.11 percent other and so on.

Table 4.8: Occupational Status of 15-59 Years Sampled Population Occupation.

Main occupation	Labour force	Percent
Agriculture	248	91.52
Business	4	1.48
Service (Nepal, India and Other countries)	6	2.22
Labour (wages)	9	3.33
Other	3	1.11
Total	270	100.00

Source: Field Survey, 2068.

Student are not separated from occupation groups because students are also engaged in agriculture business and service etc. About 25 percent population is dependent population of the total sampled population.

4.6   Size of Landholding

As shown in the table 4.8 in majority of the peoples occupation is agriculture in the study area.

Table 4.9:   Distribution of Sampled Households by the Size of Landholding for Cultivation

Size of land (in Ropani)	No. of HHs	Total land (in Ropani)	Percent of total land
0.5	15	7.5	2.158
1	15	15	4.317
2-3	30	75	21.583
4	20	80	23.022
5	20	100	28.777
6 above	10	70	20.144
Total	110	347.5	100.00

Source: Field Survey, 2068.

Table 4.9 shows that the total land covered by the sampled households are 347.5 Ropani, 10 households are more than 6 Ropani which 20.14 percent of total land 15 household are 0.5 ropani which is very poor land household.

CHAPTER V

INCOME DISTRIBUTION OF THE STUDY AREA

The standard of living of the people upon the level of income. The unequal distribution of income leads to poverty. There is always positive relationship between unequal income distribution and poverty i.e. if unequal income distribution increases, the poverty also increases and vice-versa.

So far as the poverty problem of the study area is concerned with unequal income distribution, which has been appeared as a contributing factor because there is a big inequality income distribution in the study area. In this chapter, the distribution of income among the poor and non poor households are examined. To examine the actual pattern of income and wealth distribution in the study area.

5.1   Distribution of Income Among Sampled Households and Their Population

In this present study, the income distribution and inequality of the sample households are distributed into ten income groups, each groups represents 10 percent of the total sampled households. It has been ranked from low income group to the high income group of the household. The per capital daily income is used for analysis, it is due to obtain more reliability to present a clear of income inequality. Table 5.1 presents income distribution per capita per day of simple household.

Table 5.1 presents the higher disparity in income distribution among the sample households.

Table 5.1: Income Distribution among Sample Household

No. of HHs	Percent of HHs	Cumulative percent of HHs	Total daily income by groups	Percent of income	Cumulative percent of income
11	10	10	333.33	4.02	4.02
11	10	20	400.00	4.83	8.85
11	10	30	500.00	6.04	14.89
11	10	40	666.67	8.05	22.94
11	10	50	883.33	10.66	33.60
11	10	60	933.33	11.27	44.87
11	10	70	1000.00	12.07	56.94
11	10	80	1066.67	12.88	69.82
11	10	90	1166.67	14.08	83.90
11	10	100	1333.67	16.10	100.00
110	100		8283.67	100.00	

Source: Field Survey, 2068.

It can be seen that top 10 percent of households members have 16.10 percent of total daily per capita income, where as at the bottom 10 percent households members receive only 4.02 percent of totally daily per capita income. So it can be said that there is a high degree of income inequality in the study area.

5.2   Income Distribution Among the Absolute Poor

The unequal distribution of income is not only the problem of total poor and non-poor but such inequalities are also found among absolute poor. There is significant difference of income among the absolute poor. In the present study, it is found that 45 total sampled households or 40.91 percent of total sampled population are absolute poor. To examine the income distribution among the absolute poor household, the total 45 absolute poor households are divided into 6 groups. It has been ranked from low income group to the high income group of the sampled household, which is shown in Table 5.2.

According to table 5.2 the lower income group household (15.56%) earn only 10.68 percent total income and in the same way the proportion of the highest income group household (22.20%) receives 31.78 percent of total income. This indicates a high disparity in the income distribution among the absolute poor households. The lowest 15.56 percent household are the poorest of the poor.

Table 5.2: Income Distribution Among Absolute Poor Household

No. of HHs	Percent of HHs	Cumulative percent of HHs	Total daily income by groups	Percent of income	Cumulative percent of income
7	15.56	15.56	212.10	10.68	10.68
7	15.56	31.12	230.28	11.60	22.28
7	15.56	46.68	254.52	12.82	35.10
7	15.56	62.24	309.06	15.57	50.67
7	15.56	77.80	348.46	17.55	68.22
10	22.20	100.00	630.79	31.75	100.00
45			1985.25		

Source: Field Survey, 2068.

5.3   Major Findings

Basic poverty indicators generally two kinds of poverty line are estimated in the analyses of poverty, one is absolute poverty line and other is relative poverty line. The absolute poverty line indicates to the level of income, which is termed as required for minimum subsistence or only to survival. Person whose income is below poverty line is called absolute poor or the poor of below poverty line.

Similarly, Kenesian notion of break-even technique is used to draw the total poverty line it is usually the defined that break-even point is that level of income where it just equals the consumption expenditure. Person whose income level is below this point is called poor. But it does not tell about the relative poverty line. Therefore, we can assume that if the income of a person is below this line but above the absolute poverty line. Than we can say that person is relative poor.

The basic aim of the present study is to analyze the extent of poverty in the Pakawadi VDC. In order to determine the extent of poverty, two types of poverty lines are estimated in the analysis, that is absolute poverty line and relative poverty line.

5.4   Absolute Poverty Line and Absolute Poor

The absolute poverty line is determined on the basis of minimum income required to purchase the subsistence calorie requirement per day per person for the survival and social existence which is known as subsistence norm.

According to FAO standards (1972) the calorie required for survival level in Nepal is 2256 per person per day. A net consumption of 605 grams of cereals (Rice, Maize, Millet, Wehat etc.) and 60 grams of pulses (Rahar, Musuro, Mass, Pea, Bodi, Marhayang, Gahat, Soybean, etc.) which provided on average of 2042 and 214 calories respectively. But there is no special study has been carried out so far as to minimum daily calories requirement of people of Pakawadi VDC.

In the study area the cost of 605 gram of cereals and 60 grams of pulses are Rs.10.90 and Rs.3.48 respectively in the local market prices. Thus the aggregate value of subsistence food consumption is Rs.14.38 per capita per day (Annex-I). The study considers only those cereals and pulses which are commonly consumed by the people and are easily available in the local market. The cereals items include Rice maize, wheat and millet. The pulse items include Bodi, Mussuro, Mass, pea, Rabar, Marhayang, Soybean, Gahat etc. The value of food items are derived by taking average of the prevailing market prices.

According to NPC, the expenditure on food items covers only 65 percent of total subsistence expenditure, the remaining is for meeting other basic non food requirements, such as clothing, housing, education, etc. Likewise, the calculated value for food is NRs.14.38 in the percent study area which represents 65 percent of the total expenditure per capita per day. The remaining 35 percent of total expenditure is expended on non food items.

The value of minimum average daily consumption expenditure on non-food item is estimated to be NRs.7.74 per person per day. The absolute poverty line income per

capita per day is NRs.22.12 on the basis of subsistence norm in the study area (Annex-1).

Thus, those household whose per capital daily income is less than NRs.22.12 are known as absolutely poor households. Various researchers have estimated absolute poverty line in different time and different place of Nepal.

The extent of poverty men's the proportion of the population whose is less than the defined level of poverty line. It defined level of poverty line selected and the district union of income of individuals and households, different researchers have their own option about the total poor of the country. Some research concluded in the point the nearly 60 percent of rural people are poor and some researcher have reach in the point that it is more than 70 percent. But all researchers believe on the some version that it is the existence of high degree of poverty in the rural areas of Nepal then in the urban area.

By concentration on theses, views, the present study makes an effort to answer the question what is the percentage of total poor and what fraction of total poor constitutes absolute poor and relative poor in the study areas. Following table can expresses it clearly.

Table 5.3: Absolute, Relative, Total and Non-Poor in the Pakawadi VDC

Types of poor	Household		Population	
	No	Percent	No	Percent
Absolute poor	45	40.91	214	41.88
Relative poor	35	31.82	157	30.72
Total poor	80	72.73	371	72.60
Non poor	30	27.27	140	27.40
Total	110	100.00	511	100.00

Source: Field Survey, 2068.

Table 5.3 shows that 45 household (40.91%) where are 214 (41.88%) population. 35 household (31.82%) where are 157 (30.72%) population. Again 80 household (72.83%) which belong to 371 (72.60%) population. Only 30 household 140 population are non poor.

5.5   Chapter Summary

In this present study, 110 households were divided (10%) each 11 households were selected income distribution. 10 percent household. Average income 10,000 to 40,000. Seven household (15.56%) low total daily income 212.10 and 10 household (22.20%), 630.79 highest daily income. It found total poverty were 80 (72.73%) household 371 population and 30 (27.27%) household 140 population were non-poor.

CHAPTER VI
NATURE OF POVERTY PROBLEM IN THE STUDY AREA

Poverty is concerned with multidimensional problems. There are several views on poverty expressed different writers and researcher. Most of them, however, state that rural poverty is characterized by a small land holding, low income and a substance oriented approach to agriculture. As someone talks about the poverty problem in Nepal, it implies rural poverty and hence it has a link with land ownership because land is the most important source of rural income and status. The dynamic of poverty, inequality and nutritional deficiencies are related to each other through complex chain of interaction. Each of these phenomenons rainforces the other and they are all influenced at the same time by a number of other socio-economic parameters.

In this capture, the nature of poverty and its relation with other variable such as education, income, size of landholding etc. are taken into consideration regarding this problem we know that poverty has a strong correlation with the socio-economic structure such as ethnic composition.

Thus, the analysis is focused on socio-economic characteristics of the study area and their relationship with the poverty problem.

6.1   Occupation Status and Poor

An individual's occupation plays a crucial role in determining his economic status. In order words the income level of every households or individuals are highly influenced by the main occupation in which they are involved. The largest percentage of people in the study area is engaged in agriculture and it is their main occupation due to low productivity of land small size of landholding etc. Their income is low. The following table shows the distribution of poor occupation and their mean income.

Table 6.1: Distribution of Main Occupation and per Capita Income

S.N.	Main occupation	No. of HHs	Population	Daily per capita income
1	Agriculture	31	142	10.3
2	Daily wages (labour)	10	40	8.81
3	Service	3	24	10.3
4	Business	1	8	9.23
	Total	45	214	

Source: Field Survey, 2068.

Table 6.1 shows that majority of the households are engaged in the agriculture. However, the agriculturists have lowest daily per capital income i.e. NRs.10.30 compared to business group. It could be because of low labour productivity of land and inadequate technology of farming. In the above table, every household head's income is distributed among the family members. In the same family some are businessmen, some are service 18 people are less than 6 years. Therefore, 214 total poor population is taken in this context. Mean income is taken from the total income of the household.

6.2 Educational Status and Poor

Most of the people in the study area are poor due to insufficient education which may be a serious cause of individual poverty. If the people are educated it will increase the quality, job opportunity, standard of living, inner skill. Therefore, it can be said that lack of education and major cause of poverty, there is a negative relationship between education and the poverty. Table 6.2 shows the educational condition of the sampled households of the study area.

Table 6.2:   **Distribution of Education Status of Sample Households (6 years and above)**

Literacy status of HHs head	Household	Population	Daily per capita mean income (in NRs.)
Illiterate	15*	80*	10.20
Literate	30*	116*	10.60
Who can read and write	15	52	8.80
Primary level	10	30	9.85
Lower secondary	3	24	98.60
Secondary	2	10	11.20
Total	45*	196	

Source: Field Survey, 2068.

*indicates that total number is the sum of illiterate and literate household and population.

Table 6.2 shows that out of 45 absolute poor households head 15 household are illiterate and 30 household are literate. It is found that the income level of literate poor is relatively higher than the illiterate poor.

6.3   Family Size and the Poor

The large family size may be the cause of poverty because there may be positive or negative relationship between level of income and the family size. If all family members are skilled and employed, they will have high level of income. And if the family members are unskilled and unemployed, there will be high dependency ratio as well as low income and the poverty occurs more. Table 6.3 shows the relationship between mean income and the size of family.

Table 6.3: Household Size and Mean Income of the Poor

Family size	Household	Population	Daily per capital mean income
1-4	24	84	9.91
5-7	16	86	10.51
8 above	5	44	12.24
	45	214	

Source: Field Survey, 2068.

Table 6.3 shows that the daily per capital mean income of the families with one to four members in NRs.9.91, similarly 5 to 7 members have NRs.10.59 while 8 above 12.24 which is the highest level of income. The level of income is lowest with very large family size. A family of 8 above members have relatively higher level of income due to greater number of income earner and less dependent ratio. The large family member have low level of income due to high dependency ratio thus, in general the large family has less income than middle family size.

6.4   Ethnic Group and the Poor

The living standard is traditionally influenced by the social structure of caste hierarchy in Nepal, because the caste system is practiced by according to occupation. It is common belief that the lower caste people are generally poor due to they are limited in their working condition. In study area, there are various ethnic group.

Which are Brahman, Magar, Kami/Sunar and Newar. The following table 6.4 displays the distribution of daily per capital mean income among different ethnic group.

Table 6.4.: Ethnic Group and Mean Income of the Poor

Ethnic group	Household		Population		Daily per capital mean income in NRs.
	No.	%	No.	%	
Brahman	12	26.7	68	31.8	11.21
Magar	18	40.0	83	38.8	10.00
Kami/Sunar	14	31.1	60	28.0	6.10
Newar	1	2.2	3	1.4	8.50
Total	45	100.0	214	100.0	

Source: Field Survey, 2068.

Table 6.4 it can be seen that out of 45 household, 12 are Braman, 18 are Magar, 14 are Kami (Sunar), only one is Newar and mean per capita income is respectively 11.21, 10.00, 6.10 and 8.50 NRs. It is clear that there is low mean income in lower caste group Kami/Sunar. Newar mean income lower than Magar mean income. Brahman have more income than other group.

6.5   Size of Land Holding and the Poor

The nature of poverty is highly affected by the size of land holding. The rural economy in Nepal still remains in primary stage of development. Regarding this fact, the agriculture is the most important economic activity and land plays crucial role in determining the economic condition. There is a positive relationship between land holding and poverty. Table 6.5 shows the types of landholding by the poor and their mean income.

Table 6.5: Nature of Land Holding and Mean Income of the Poor

Size of land Holding (in Ropani)	Household		Daily per capita mean income in NRs.
	No	Percent	
0.5	15	33.333	8.70
0.1	15	33.333	10.87
2	10	22.222	14.50
3 above	5	11.111	16.20
Total	45	100.00	

Source: Field Survey, 2068.

Table 6.5 reflects that, the size of land holding and income level of the poor are positively correlated. The poor whose have 0.5 ropani lower mean income. The household which have 3 ropani above land and their mean income is also more than other group. Thus, the lack of access to land and very low and ownership are the main reasons for them to remain poor. Since, the land is the most important income generating asset in rural area.

6.6   Chapter Summary

In this chapter, labour (Daily Wages) per capita per day income Rs.8.81 only. But agriculture and service Rs.10.3. There are 18 people are less than 6 years. This study show illiterate are law income than literate. It show small family (1-4) member law are income than 8 above. Here (very low) income Dalit (Kami/Sunar) Rs.6.10 and Brahman are Rs.11.21. Small land holding (0.5 Ropani) are very low income in which Rs.8.70. But 3 Ropani above are Rs.16.20.

CHAPTER VII
SUMMARY, CONCLUSION AND RECOMMENDATION

7.1   Summary

Poverty has become the serious obstacle in the path of development of developing and underdeveloped countries. The most of the rural areas are characterized by the poverty in Nepal. It depends upon the socio-economic structure and other factors of the particular area. The main objective of the study is to identify the nature of poverty, to measure absolute poverty, and recommend appropriate solution for alleviate, the poverty. To perform above mentioned task Pakawadi VDC of Syangja district is taken as the study area. The sample size is about 10 percent of total household, therefore the covers 110 households and 511 population of the area.

Major Findings

- In the study area, the absolute poverty line is NRs.22.12 per capital per day, in which 40.91 percent of total sampled household and 41.88 percent of total sampled population are absolute poor.

- If found that 31.82 percent of households or 30.72 percent of sampled people are relative poor.

- If found that 27.27 percent of sampled households or 27.40 percent total sampled population are non-poor.

- The income level of household is relatively low, who are engaged in labour (Daily wages) work and the income level of the households is higher whose main occupation is business.

- The nature of poverty is highly affected by educational status, therefore, the poverty problem is higher among the literate poor.

- The nature of poverty is more serious in Kami (Sunar) society. The daily per capita income among the absolute poor Kami (Sunar) 6.10 which is below the per day mean income.

- The distribution of land is unequal in the study area. Most of the poor occupy very small fraction of land but landholding is not the sole determinant of poverty.

- From the field survey, it is proved that most of the people spend a large proportion of their income on liquor consumption, smoking traditional festivals and health problems.

7.2   Conclusion

In Pakawadi VDC, the majority of economically active population are engaged in agriculture sector; but they have low productivity of agriculture sector, lack of agricultural credit, lack of chemical fertilizer and irrigation, small size of land holding, backward technology, lack of market facilities and minimum basic infrastructure and others factor, which make them poor. From the field observation, it was found that most of the poor are illiterate and those who are literate they have attained low level of education and most of the literate person is not employed. Thus, there is a significantly large proportion of rural population have remained unemployed and underemployed. Further, the poor people concerned with food, are badly suffering from hunger and malnutrition and their slender body and wrinkled face shows they are in vast burden of loan. Those people who did not have loans also their basic minimum needs of life like food, shelter, clothing, education, health etc. are remain unfulfilled. The distribution of income exists highly unequal and this inequality helps to rise poverty in Pakawadi VDC.

7.3   Recommendation

The problem of poverty is different from country to country and even from region to region within a country. However, the study has following suggestions to alleviate poverty in the study area.

- The provision of irrigation should be spre3ad for increasing agricultural productivity.

- Improved agricultural technology, live stock development, vegetable cultivation, poultry farming, bee keeping, vocational training and some cottage industries should be promoted.

- The compulsory and free education should instituted for children.

- A lot of labour force engaged in agricultural sector should be transformed to other more productive sector. Agro based industry should be established.

- Family planning programme to control the increasing number of children should be promoted.

- The government should provide alternative opportunity of employment for the lower caste people having small size of land holding.

- Health facilities should be expanded to prevent unnecessary expenditure.

- There is a need for making aware to improve the living standard in all respect.

- Almost all occupational caste people have small size of land holding. So, government should provide alternative opportunity of employment for the occupational cast people.

- Special technical support program and awareness program should be launched to establish the cottage industry in the area.

REFERENCES

Aryal, J.P. (1994). *Poverty in Rural Nepal: A Case Study of Sindhuli District.* An Unpublished M.A. Dissertation in Economics. Tribhuvan University, CEDECON, Kathmandu.

Bhandari, B.N. Kunwar and B.S. Dangol (1986). *Rural Poverty and the Poor in Nepal.* Winrok Project, Kathmandu.

Carvalho Soniya (1997). *Combining the Quantitative and Qualitative Approaches to Poverty Measurement and Analysis*. World Bank

CBS (1996). *Nepal Living Standard Survey Report.* Vol. 1 and 2. HMG/NPCS. Kathmandu Nepal.

CBS (1997). *Statistical Year Book Nepal*. HMG/NPCs, CBS, Kathmandu, Nepal.

CBS (1998). *Nepal in Figures.* HMG/NPCs, CBS, Kathmandu, Nepal.

CBS (1998). *Statistical Pocket Book.* HMG/NPCs, CBS, Kathmandu, Nepal.

CBS (2003). *Population Monograph of Nepal.* Vol. 1, pp.20-25.

CDPS (2002). *A Teaching Text on Population and Social Justices*. Kathmandu: CDPS/ILO.

Central Bureau of Statistics (1996). *CBS.* HMG/NPC (Kathmandu: CBS).

Central Bureau of Statistics (1999). *Nepal Labour Force Survey Report 1999.* CBS, HMG/NPC, Kathmandu, Nepal.

Central Bureau of Statistics (2011). "Nepal Living Standard Survey Report (2066/2067) CBS, HMG/NPC, Kathmandu, Nepal.

Chamber, R. (1983). *Rural Development Putting the Last First.* London: Longman Group.

Dahal, K.K. and Shrestha, M. K. (1987). *Poverty in Rural Nepal: A Case Study of Panchthar District.* Win Rock Project, Kathmandu Nepal.

Dahal, M.R. (1999). *The Economic Journal of Nepal.* Kathmandu: (CEDECON), Vol. 22, No. 4, pp. 15-25.

District Demographic Profile of Nepal. A Demographic Data Base for Nepal Based on Cause 2011.

Gautam, Anil (1996). *Poverty in Rural Nepal : A Case Study of Ramjha VDC Lamjung District.* An Unpublished M.A. Dissertation in Economics. Tribhuvan University, CEDECON, Kathmandu.

Gautam, B. (1997). *Poverty in Jarigaun VDC, Dang District.* An Unpublished M.A. Dissertation in Economics. Tribhuvan University, CEDECON, Kathmandu.

Hamilton, David (1968). *A Primer on the Economics of Poverty.* Random House, New York.

HMG/UNDP (2001). *Poverty Reduction and Governance.* Kathmandu, HMG: UNDP.

ICIMOD (2002). *Poverty in Mountain Areas of the Hindus Kush Himalayas.* Kathmandu, 1-5.

Islam, Kiswanul (1984). *Poverty and Income Distribution in Rural Nepal.* Azizur Rahaman Khan and Body Lee ARTEP, Bangkok, Thailand.

Jain, S.C. (1981). *Poverty of Prosperity in Nepal.* Development Publisher, New Delhi, India.

Khanal, G.K. (1999). "Economical Poverty: Realities in Nepal." In *Mirmere* (Economic Article Special Vol. 1 (176) 1306.

Kothari, C.R. (1996). *Quantitative Techniques.* India: Viaks Publishing House Pvt. Ltd. Third Revision Edition.

Kunwar, Krishna Bahadur (1993). "Strategy for Poverty Alleviation." *The Rising Nepal Daily*. 9 December, 1991, Tara Nath Sharma (ed.). Gorkhapatra Sansthan, Kathmandu.

Mishra, Chaitanya (1998). *Poverty Alleviation and Human Development in Nepal.* CP, ets: In NPC/UNDP World Bank, Proceedings of a National Seminar 22-24, June 1992, Kathmandu.

Narayan, D. (Edited) (2002). *Empowerment and Poverty Reduction.* A Source Book the World Bank Washington D.C. : 50.

Nepal Living Standard Survey, 2066/67, CBS: 2011 (Pre-primary data).

Nepal Planning Commission, Vol. IV. (1978).

Nepal Rastra Bank (1994). *Multi-Purpose Household Budget Survey: A Study on Income Distribution Employment and Consumption Pattern in Nepal.* NRB, Kathmandu.

Nepal Rastra Bank (1998-1988). *Multi-Purpose Household Budget Survey: A Study on Income Distribution Employment and Consumption Pattern in Nepal.* Kathmandu: NRB.

Nepal, G. (2005). "Poverty Reduction Impact Indicators for Assign Renewable Energy Program Me in *Vikas* (A Journal of Development, Vo. 234 (2). 30-34.

NPC (2059 B.S.). 10th Plan, 2059-2064. National Planning Commission, GoN, Kathmandu.

Pandey, D.R. (1999). *Nepal Failed Development. Reflection on the Mission and the Maladies*. Kathmandu: Nepal South Asia Center.

Pant, S.M. (1995). *A Study on Poverty in Nepal, A Case Study of Lamjung District.* An Unpublished M.A. Dissertation Submitted to the Central Department of T.U. (CEDECON), Kathmandu.

Panthi, D.R. (2001). *Rural Poverty in Nepal: A Case Study of Barkulpur VDC in Kapilvastu District.* An Unpublished M.A. Dissertation Submitted to the Central Department of T.U. (CEDECON), Kathmandu.

PC (1989). *A Study of Employment Income Distribution and Consumption.* NPC 1998, Ninth Plan , NPC/HMG/N, Kathmandu.

Poudel, N.K. (2005). "Vision-2020. We Should have to Learn a Lot". In *Rajaswa* (The Nepalese Journal of Public Finance and Development). Vol. 3, 233-234.

Poudyal, M. (2004/05). "Poverty Alleviation through Social Mobilization; A Model of Village Development Programme in Nepal". In *Vikash* (A Journal of Development, Vol. 24 (2). 53-61.

R. Chambers, Term III (1998/1989). *Poverty and Livelihoods.* Whose Reality Counts.

Seedon, David (1981). *Poverty and Farmers. An Essay Entitlement and Deprivation.* ELBS. Oxford University Press, ILO, Italy.

Seedon, David (1987). *Nepal a state of Poverty*. New Delh: Vikash Publishing House Pvt. Ltd.

Shrivastav, R.P. (1975/76). *Reasons for the Poverty of the Inhabitants of the Village Panchayat Bhawandand Arghakanchi.* Lumbini. Win Rock, Kathmandu.

Suvedi, M. (1986). *Poorest of the Poor, A Comparative Study of Rural Poverty in Two Villages.* Win Rock Project, Kathmandu.

The Rural Poor Human Capital for Nation Building. ESCAP Bangkok, 1985.

The World Book Encyclopedia Britannica (1978). Encyclopedia Britannica, Inc., The University Chicago, Chicago.

United Nation Development Program, Human Development Report (2011, 2010, 2005, 1999, 1998, 1997, 1995, 1991, 1990). New York: Oxford University Press

William, N.H. (1996). *The World Book of Encyclopedia International*. Chicago: 730.

World Bank (2002). *Sourcebook for Poverty. Reduction Strategies. The World Bank.* Vol. 2.

World Bank (1999). *Poverty Reduction and the World Bank.* Progress in Fiscal 1999.

World Bank (1998). *World Development Report*. Washington D.C.: Oxford University Press

World Bank (1991). *World Development Report.* Washington D.C.: Oxford University Press.

World Bank (1991). *World Development Report*. Washington D.C.: Oxford University Press

World Bank (1990). *World Development Report.* Washington D.C.: Oxford University Press.

World Bank (1990). *World Development Report*. Washington D.C.: Oxford University Press.

World Bank (1990). *Sourcebook for Poverty. Reduction Strategies. The World Bank.* Vol. 2.

World Bank (1980). *World Development Report.* Washington D.C.: Oxford University Press.

ANNEX - I

CALCULATION OF ABSOLUTE LINE

S.N.	Cereals item	Average price per kg. in NRs.	Pulse item	Average price per kg. (In NRs.)
1	Rice	25	Bodi (Bean)	70
2	Maize	20	Mussuro	70
3	Wheat	15	Mass	60
4	Millet	12	Pea	50
			Rahar	90
			Marsayang	45
			Soybean	40
			Gahat	40
	Total	72		465

The table shows

a. Price of 605 gram cereals items $\frac{72}{4000} \times 605 = 10.90$

b. Price of 60 gram pulse items $= \frac{465}{8000} \times 60 = 3.48$

The value of 605 grams of cereals and 60 grams of pulse in NRs. is

$$= 10.90 + 3.48 = Rs.\ 14.38$$

According to NPC, only 65% basc requirement is fulfilled by above expenditure. Thus, the cost of 35% other of non food expenditure can be calculated by following way.

$$\frac{14.38}{65} \times 35 = 7.74$$

Thus, the total required expenditure per capita per day is $= 14.38 + 7.74$

$$= 22.12$$

22.12 per capita per day is the absolute poverty line.

QUESTIONNAIRE

1.   General Information

        Name of the Respondent :-

        Age:-   Ward No.:-

        Sex:-   Caste:-

        Occupation:-

        Level of Education:-

2.   Size of family and its structure by age, sex

        Family size   Male (   )   Female (   )

<div align="center">Age Group</div>

0-14		15-59		60+...	
M	F	M	F	M	F

3.   Distribution of family by the level of education.

        Level of education   Number of family member
-       Illiterate (No education)
-       Literate
-       Secondary level
-       S.L.C. and above

4.   Type of house
-       Made with stone and soil
-       Made with stone and cement

5.   Types of roof

-       Made with khar   -   Made with tin
        Made with stone   -   Cemented

6.   Ownership of the house:
        - owned
        - rented from other
        - rented from other without any payment

7. Size of landholdings (in Ropani)

Pattern of Land holding	Types of Land			
	Khet	Bari	Kharbari	Total
Own land				
Land rented in				
Land rented out				

8. Various Source of income

(a) Agriculture   (b) Job (Country or out of country)

(c) Business   (d) Daily wages (labour)

(e) Other

9. Economically active population.

Engaged in	Agriculture	Non-agriculture
Number		

10. Income from borrowing

Borrowing from village merchant. (Rs......)

Borrowing from banking institutions: (Rs................)

11. Cost/expenditure on various items:

(a) Food items

(b) Non food items

   (i) Clothing

   (ii) Housing

   (iii) Education

   (iv) Health

   (v) Other

12. Does your family's total income is enough in fulfill four general necessities ?

(a)   Yes, if any saving (Rs....................)

(b)   No, if deficit (Rs.............)

If your income couldn't fulfill your necessities. What are the cause among below-

a. Lack of working age family member.

b. Lack of employment.

c. Lower productivity of agriculture.

d. Lack of protection to agricultural production

e. Lack of farm skill on productive sectors.

f. Lack of income generating opportunities.

13.   (a) Income from livestock. Animals husbandry and Poultry farming.

Kinds   Quantity   Unit Price   Total

i. Buffaloes -

ii. Cow -

iii. Ox -

iv. He-goat -

v. Pig -

vi. Poultry -

vii. Peagon -

(b) How much income do you receive from animal products ?

Additional question   Income (In Rs.)

-    Selling milk and milk product

-    Selling calves chicken eggs

-    Selling compost fertilizer of animals

-    Other

c. Income from labour

Working day   Week   Month Rate   Income

Wage -

Salaries -

Total -

d. Income from business activities or cottage industry income (only profit) Rs.

Income from service   (yearly)

From salaries   (Rs........................)

From pension   (Rs........................)

e. Income from Rent

Rent from land: (Rs........................)

Rent from house   (Rs........................)

14. What kinds of income generating programme do you desire uplift the standard of living of village poors ?

- What sort of assistance do you need for this ?

(a) Loans in low interest rates.

(b) Subsidies for required materials.

(c) Human skill development programmes

(d) Others .

15. What type of help and incentives do you expect from governmental and non-governmental institution ?

- Source of loan

(a) Banking institution

(b) Non-banking `