

**A COMPARATIVE STUDY OF CONSUMPTION PATTERN  
IN RURAL AND URBAN POKHARA**

**A Thesis**

**Submitted to the Department of Economics Faculty of Humanities and  
Social Science, Prithvi Narayan Campus of Tribhuvan University,  
In Partial Fulfillment of the Requirement for the Degree of  
MASTER of ARTS  
in  
ECONOMICS**

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## LETTER OF RECOMMENDATION

This thesis entitled "*A Comparative Study of Consumption Pattern of Rural and Urban Pokhara*" is prepared by Tak Bahadur Thapa under my supervision. I hereby recommend this thesis for approval by the thesis committee.

Date: 14<sup>th</sup> Oct 2012

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## **APPROVAL SHEET**

We certify that the thesis entitled "*A Comparative Study of Consumption Pattern of Rural and Urban Pokhara*" submitted by Tak Bahadur Thapa to Department of Economics, Prithivi Narayan Campus, Pokhara, Faculty of Humanities and Social Science, Tribhuvan University, in partial fulfillment of the requirements for the degree of *MASTER OF ARTS in ECONOMICS* has been found satisfactory in scope and quality. Therefore, we accept this thesis as a part of the said degree.

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## ABSTRACT

*The study entitled “A Comparative Study of Consumption Pattern of Rural and Urban Pokhara.” has been carried out in partial fulfillment for the degree of Masters of Arts in Economics. This study is based on primary data and collected from two wards of Pokhara Sub-Metropolitan City i.e. Ward-10 (Urban Ward) and Ward-14 (Rural Ward). The sample wards have been selected purposely on the basis of rural and urban characteristics. The main objectives of the study is to know the nature and pattern of consumption expenditure, estimate and test the consumption function and factors affects consumption expenditure in rural and urban settings. For the data collection structured interview schedule was used.*

*Multiple regressions have been used to analysis the influence of independent variable on dependent variables. Here, household size, per capita income, education and remittance have been treated as independent variable while per capita consumption expenditure has been treated as dependent variable. Chi-square test has been used to find the test statistics between consumption and other variables (income, household size and occupation). Similarly pie chart has been used to find the consumption pattern. In the same way mean difference test has been used to find the difference in mean of rural and urban respondents. The model has been applied under linear and log linear forms. The linear model has been found significant for per capita income and household size in both rural and urban Pokhara. Similarly log linear model also found significant for per capita income and household size in both rural and urban Pokhara. As whole both the model are significant at 1 percent level of significance.*

*Regarding composition, rural respondent spent more on food and non-food items than that of urban. Not surprisingly, urban respondent spend more on house rental relative to their rural counterparts. There is difference between consumption pattern of rural and urban respondents. The linear regression analysis shows that as the increase in one per capita income, consumption will increase seven percent more than urban respondent than that of rural respondent. Similarly, increment in one year of education will reduce per capita consumption in rural area but per capita consumption increases in urban areas. At last the study has been compared with Nepal Living Standard Survey 2010/11 report and found a huge difference between both.*

# TABLE OF CONTENTS

|  | <b>Page No.</b> |
|--|-----------------|
| ACKNOWLEDGMENTS  | iv              |
| ABSTRACT   | v               |
| TABLE OF CONTENTS  | vi              |
| LIST OF TABLES   | vii             |
| LIST OF FIGURES  | viii            |
| LIST OF ABBREVIATION                                       | ix              |
| <b>CHAPTER I: INTRODUCTION</b>                             | <b>1-6</b>      |
| 1.1 Background   | 1               |
| 1.2 Statement of the problem                               | 3               |
| 1.3 Objectives of the study                                | 4               |
| 1.4 Formation of hypothesis                                | 4               |
| 1.5 Significance of the study                              | 5               |
| 1.6 Limitations of the study                               | 5               |
| 1.7 Organization of the Thesis                             | 6               |
| <b>CHAPTER II: REVIEW OF THE LITERATURE</b>                | <b>7-19</b>     |
| 2.1 Conceptual and Theoretical Overview                    | 7               |
| 2.2 Review of Previous Studies                             | 16              |
| <b>CHAPTER III: METHODOLOGY</b>                            | <b>20-26</b>    |
| 3.1 Study Area   | 20              |
| 3.2 Research Design  | 20              |
| 3.3 Nature and Sources of Data                             | 20              |
| 3.4 Population and Sample                                  | 21              |
| 3.5 Method of Data Collection                              | 21              |
| 3.6 Specification of Variable and Description of Variables | 22              |
| 3.7 Methods of Data Processing Analysis                    | 23              |
| <b>CHAPTER IV: DATA ANALYSIS</b>                           | <b>27-53</b>    |
| 4.1 Introduction   | 27              |
| 4.2 Respondent Characteristics                             | 27              |
| 4.3 State of Consumption expenditure                       | 30              |
| 4.4 Factors Affecting Consumption Expenditure              | 34              |
| 4.5 Pattern of Consumption Expenditure                     | 40              |
| 4.6 Determinants of Consumption                            | 42              |
| 4.7 Consumption Function Curve                             | 48              |
| 4.8 Comparing Present Study with NLSS 2010/11              | 50              |
| 4.9 Major Findings   | 51              |
| <b>CHAPTER V: SUMMARY AND CONCLUSION</b>                   | <b>54-59</b>    |
| 5.1 Summary  | 54              |
| 5.2 Conclusion   | 55              |
| <b>BIBLIOGRAPHY</b>  | <b>57</b>       |
| <b>APPENDISES</b>  | <b>60</b>       |

## LIST OF TABLES

|     |   |    |
|-----|---|----|
| 3.1 | No. of selected sample HH by selected wards               | 21 |
| 4.1 | Respondent Characteristics                                | 28 |
| 4.2 | Descriptive Statistics                                    | 31 |
| 4.3 | Mean Difference Test                                      | 33 |
| 4.4 | Test Statistics (Rural Sample Household)                  | 36 |
| 4.5 | Test Statistics (Urban Sample Household)                  | 37 |
| 4.6 | Test Statistics (Overall Sample Household)                | 39 |
| 4.7 | Result of Linear Consumption Function                     | 43 |
| 4.8 | Result of Log Linear Consumption Function                 | 45 |
| 4.9 | Result of Linear Consumption Function with Dummy Variable | 46 |

## LIST OF FIGURES

|     |  |    |
|-----|--|----|
| 2.1 | Absolute Consumption Curve             | 8  |
| 2.2 | Kuznets Consumption Curve              | 10 |
| 2.3 | Duesenberry Consumption Curve          | 11 |
| 2.4 | Long-Short Run Consumption Curve       | 13 |
| 2.5 | Life Cycle Consumption Curve           | 14 |
| 4.1 | Consumption Pattern of Rural Pokhara   | 40 |
| 4.2 | Consumption Pattern of Urban Pokhara   | 41 |
| 4.3 | Consumption Pattern of Overall Pokhara | 42 |
| 4.4 | Rural Consumption Curve                | 48 |
| 4.5 | Urban Consumption Curve                | 49 |
| 4.6 | Overall Consumption Curve              | 50 |



## ABBREVIATIONS

|       |   |                                |
|-------|---|--------------------------------|
| ADB   | : | Asian Development Bank         |
| APC   | : | Average Propensity to Consume  |
| CBS   | : | Central Bureau of Statistics   |
| DF    | : | Degree of Freedom              |
| Edn   | : | Education                      |
| GDP   | : | Gross Domestic Product         |
| HH    | : | Household                      |
| IMF   | : | International Monetary Fund    |
| MOF   | : | Ministry of Finance            |
| MPC   | : | Marginal Propensity to Consume |
| NLSS  | : | Nepal Living Standard Survey   |
| NRB   | : | Nepal Rastra Bank              |
| PCC   | : | Per Capita Consumption         |
| PCI   | : | Per Capita Income              |
| PSM   | : | Pokhara Sub Metropolis         |
| Remit | : | Remittance                     |
| SD    | : | Standard Deviation             |