CHAPTER - I

INTRODUCTION

1.1   General Background

Nepal is characterized by its isolated position in the Himalayas and its two dominant neighbours, India and China. Due to the arrival of disparate shelter groups from outside through the ages, it is now a multi – ethnic, multi – cultural, multi – lingual country. It is the land – locked country and its economy is basically based on agriculture sector. In Nepal more than 80% of the total populations are dependent on agriculture activities. The large proportion of the land of Nepal lies to the mountain and hilly area. Basically, in these areas the economic condition of the people is based on production of barely, potato, millet and animal husbandry. But in tarai, the socio-economic condition is better than mountain and hill and the productivity of land is also high. But the production in agricultural sector is not satisfactory due to the lack of irrigation, modernization, and so on. However, the contribution of agriculture to GDP is more than 36.18 percent (Economic survey, 2011)

Nepal is the poorest multi – ethnic society in south Asia comprising of more than 36 casts and ethnic groups, more than 56 native languages (mother tongues) and followers of several religious including Hinduism, Buddhism, Islam, Christianity and so on. It faces many problems such as poverty, deficit trade, income inequality and conflict etc. The per – capita income of Nepal is only $1300 (IMF, World economic outlook, 2013) and the large proportions of its population are under poverty line. In nepal under poverty line is 25.16% (CBS, 2011). But there is no accurate data, how many janajati, Madheshi and dalit people are under poverty line that studies by the Central Bureau of

Statistics (CBS). Income inequality is the main feature of the country that effect on the consumption pattern of the people. This raises the gap between the poor and the rich in the country. The consumption is direct function of income. The poor people are unable to meet their basic requirement such as cloth, food, education, health and shelter. On the other hand, very few rich people are enjoying luxurious life. The marginal propensity to consume (MPC) of the poor people is very high and saving is almost zero. Only, their saving on unproductive sector like buying gold, land and making conspicuous consumption; this leads to the unequal distribution of income. Whenever inequality exists in the society majority of the people can't test the fruit of development properly and that hampers welfare of the society.

Political scientist Joshi and Rose broadly classify the Nepalese population into three major ethnic groups in terms of their origin. Indo Nepalese, Tibeto Nepalese and indigenous Nepalese. The first group Indo Nepalese inhabited the more fertilizes lower hills, river valleys, and tarai plants and the second group considered of communities of Tibeto Mongol origin occupying the higher hills from the east to the west. The Tebeto Mongol groups; there was a longitudinal pattern, in which ethnic populations were concentrated in specific geographic pockets. The deeply cut village and high ridges tended to divide ethnic groups into many small, relatively isolated and more or less self contained communities. This pattern was especially permanent among the Tibeto Nepalese population. For example the Bhote group was found in the far north trans-Himalayan section of the mountain, close to the Tibetan border.

The Bhote are indigenous mongoloid people with their own religion, culture, tradition, language and script, who are known as the world nonviolent and peace loving people who follow the Buddhism as

their way of life. The Bhote have been residing mainly in the Himalayas of people since the time immemorial. The words 'Bhot' (Bhot prades) and 'te' (people) which literally means 'people of living near to Bhot prades'. In other terms Bhote literally means inhabitant of Bhot, a Sanskrit for the trans-Himalayan region of Nepal. Ancentral homeland of Bhote lies in the northern side of sankhuwa sava along the koshi river and its tributary – Bhot hkola. As the time passed on, the Bhote spread out along the hilly district of Nepal, mainly sankhuwa-sava, Taplejung, Panchthar, Dolakha, Rasuwa, Gorkha, Bajura, Manang, Mustang, Dolpa. According to the national census – 2001, the population of Bhote is 19261, which is 0.083 percent of total population. Out of it 9959 are male and 9302 are female.

Bhote were of immeasurable value to early explorers of the Himalayan region, serving as guides and porters at the extreme altitudes of the peaks and passes in the region. Today, the term is used casually to refer to almost any guide or porter for mountaineering expeditions in the Himalayas. However, in Nepal Bhote insist on making the distinction between themselves and general porters, as Bhote often serve in a more guide. Traditionally farmers grow wheat, millet and potatoes and sheep, goats and yaks. Until recently a great deal of trading is done with Tibet and Nepal in salt, rice, wool, spices, Yaks.

The word Bhote means people living near to Tibet or Bhot prades as it is addressed to the present day Bhote. It is not clear how this come to be associated with this particular group. When did the Bhote come to their present habitat? From where? Why? In what number? Who came first? These are the main questions. About this matter previous researchers have revealed contradictory ideas. It is not clear in the literatures. The Nepal Bhote society claims that there are many many sub-

group in the Bhote caste. Like as nuppa, thikepa, khumbuwa, naba, pongsuwa, dhaktokpa etc.

1.2   Statement of the Problem

The economy of Nepal is heavily dependent on agriculture. Most of the people living in rural areas. Therefore, improvement of quality of the rural people is required. But even after eleven plans, economic development and living standard of rural people is still unchanged.

The main problem of the developing country is poverty caused by low level of income. In Nepal large proportion of the population are under poverty line. The economy of the developing country is characterized by low level of income, unemployment, corruption, lack of policy implementation, unequal distribution of income and wealth. Very weak economic and resources are main cause of income inequality and poverty.

There is sharp difference between rich and poor household's income and consumption pattern. The rich families receive high level of income and enjoy luxurious life with saving is almost zero. Most of the poor people are from socially excluded groups. The poor people are far from the consumption of national facilities and opportunities. The research problems are as follows:

1)   What are the major sources of income?

2)   Have they spent their income in right way?

1.3   Objectives of the Study

Due to change in the attitude of people and the growing awareness among them, the trend of Consumption of goods is changing especially, increasing day by day. The purpose of study is to gain an entire knowledge regarding socio-economic characteristic, consumption and

income of household living is study area. The main specific objectives are as follows:

i.   To examine the level of income and their sources in the study area.

ii. To examine consumption pattern of Bhote community in the study area.

iii. To examine the gap between income and consumption pattern in the study area.

1.4   Significance of the Study

This study has been associated with the income and consumption pattern of Bhote community of chepuwa V.D.C of sankhuwa-sava district. So, this study has attempted to analyze the income and consumption of Bhote through micro level study. Many studies have been carried out in distribution of income of Nepal. Most of the people want to know about Bhote and their existing problems.

This study has been important for the ethnic explorer and policy maker. It has also importance for the investigators, social workers and donors. It will help to on Bhote, who concern about them. It is also helps to local government for the arranging the local level development program. It is an important for the Nepal Bhote society to know the micro level of economic status of Bhote.

1.5   Limitations of the Study

This study is an attempt to analyze income and consumption pattern of Bhote community. There are varieties of economic variables for measurement of economic conditions.

The limitations of the study is as follows.

i. This study concerntrated only is at micro level study in income, windfalls gains will not be included, only the regular and visible items at local market price level.

ii. Accidental and irregular Expenditure has not be qualified and analyzed.

iii. Only 20% household has been included for data collection because of limited economic resources and time constraint.

iv. Sample statistic has been used for data analysis.

v. This study has been concerned with Bhote community of chepuwa VDC of sankhuwa-sava district only.

vi. This study concentrated only income and consumption pattern of Bhote community.

vii. The valuation of land would not be included.

CHAPTER-II

REVIEW OF LITERATURE

This chapter presents the study and findings in the related field. Income and consumption both are important in magnitude and in pattern in economics. The problem is to analyze the income and consumption pattern of Bhote community. Consumption is the positive function of income i.e. higher the level of income higher will be the consumption and vice versa. Generally, consumption increases less than in proportion. Various indicators are used to measure the economic condition of the households. The United Nations has suggested as better measure to use multiple index such as health, education, housing, working condition, employment, production, consumption and saving.

2.1   Income

Income is the total receipts of an individual or a household from different sources within the certain period of time say hour, day, week, and month and so on. It includes the total funds from different sources. It includes wages, salaries, rent, capital gain, annuities, dividend, interest, pensions etc. it is the total amount of goods, services and funds of an individual or household in a given period.

2.2   Consumption

Consumption is the final use of goods and services for satisfying wants. It is the destruction of utility from which consumer gets satisfied. As one consumes goods and services the utility is destroyed. Consumption is sole purpose of production.

2.1.1 Review of International Study

Various empirical studies on income and consumption expenditure have been made. Here some selected studies are explained separately.

Keynes,(1936) has rigously discussed about consumption behaviour of people and proposed the fundamental psychological law of consumption which provides basis for the consumption function stating consumption is a stable function of disposable income. The consumption expenditure depends upon the present absolute level of income rather than upon the relative or the permanent income. Keynes argued that man are disposed, as a rule and on an average, to increase their consumption as their income increases but not by as much as the increase in their income.

The strength of this hypothesis is its focus on current absolute income which perfectly explains consumption and it can be applicable to purchase of all types of goods and services; durable and non durables. But its weakness lies in the formulation of a non- proportional relationship between consumption and income which is considered true only for short run. The later studies have shown the existence of proportional consumption function at least over the long run.

Kuznets (1942) observed the income consumption relationship of American economy of the period 1869 to 1938. The main objective of the study was to examine whether the consumption income relation is stable or not. The study has showed that the ratio of total consumption to total national income had remained constant while income had quadrupled (Shapiro, 1984).Kuznets' finding was supported by Raymond Gold Smith's Study relating to consumption and personal income. According to Gold Smith "a main enduring characteristic" of saving was the long term stability of aggregate personal saving at approximately one- eight of

income (Vaish, 2002). This means that the long run consumption income ratio was stable at seven-eight of income.

Duesenberry(1945) has developed a consumption theory popularly known as the Relative Income Hypothesis. This suggest that the consumption behaviour of a consumer, unlike that assumed by keynes, is not influenced merely by the present level of absolute income, but also by the level of consumption attained in previous periods and the consumption level of his neighbours. It is much more difficult for a family to reduce a level of consumption once attained then to reduce the portion of its income saved in any period, opines Duesenberry. A family even at the time when its income falls wants to maintain the same consumption level that it has accustomed to during the periods of its rising income. The consumption behaviour shows irreversible over time due to the ratchet effect.

Second characteristics were the imitative and emulative nature of consumption. The same family with any certain given level of income typically spend more on consumption if it lives in a community in which that is relatively low than if it lives in a community in which that income is relatively high(Shapiro,Edward 1990). This tendensy arises from the pressure on the family to keep up with it's neighbour's living standard to which Duesenberry called the demonstration effect. It is concluded that the past level of consumption, past peak income and neighbour's consumption behaviours affect the present consumption.

J.S Duesenbery(1952) in his famous Book " Income Saving and theory of Consumer Behaviour " gave a new concept about the determinant of consumption expenditure. According to him, the fraction of families income sacrifice for the consumption depends on the relation to the income of neighbouring families but not on the absolute level or

current level of income. This theory has focused on the relative aspect of income rather than other component and emphasized the initiative and emulative nature of consumption. He calls it the "Demonstration effect".

Modigliani, franco and Richard (1954) have proposed an alternative theory of consumption called life cycle Hypothesis. Based on utility maximizing behaviour, modigliany and Richard viewed consumers as planning their consumption and savings behaviour over long periods with the intention of allocating their consumption in the best possible way over their entire lifetime. The household do not change consumption in an erratic way as income would change but try to maintain a stable and a smooth consumption pattern over the life cycle. Household consumption depends upon the lifetime resource as well as the composition of the households.

The life cycle approach has been most popular in analizing household survey data in which age, marital status and other demographic variables play an important role. But unlike the keynesion hypothesis, this approach is strictly applicable only to the consumption of service flows and to purchases of non-durable goods.

Friedman(1957) has propounded an alternative explanation of consumer behaviour known as the permanent income hypothesis. This states that lifetime resource is the primary determinant of consumption. Friedman attemped to devide current net income into two components namely 'permanent income' and 'transitory income' permanent income is real perpetuity yeild from total current wealth. On the assumptions that there is a constant long term real interest rate and the consumption is proportional to wealth, consumption is a constant fraction of permanent income and the permanent income is the product of interest rate and wealth. Wealth increases over time owing to normal saving from income

plus the positive or negative windfall effect of transitory fluctuations in income have relatively small effects on permanent income and via it: this puts a smaller effect on consumption.

Friedman concluded that to have a strong effect on current consumption, an increase in current or future income must increase the total wealth in general and the permanent income component in particular. Thus, the factors that cause a persistant or permanent increase in income would have a much greater effect on wealth and hence, on the current consumption than a temporary or transitory increase in income.

W. H. Branson suggested that assets as well level of income have something to do with consumption for a given level of income; consumption may also be a function of assets of wealth (Branson, 1972).

U.S Department of commerce conducted and empirical study in 1981, taking the family budget data for the years 1929-1980, in constant dollars to observed the income consumption relationship. The cross-sectional data shows, how agregate consumption expenditure have varied with aggregate disposable personal income for given year between 1929-1980. This had concluded that the consumption function is non proportional in short run and proportional in long run. Further, it found that for 1970-1980 the MPC is slightly greater than unity because autonomous consumption is negative, the APC have increases as income increases(Shapiro,Edward 1990).

World Bank (1999, W.B) published a policy research paper on 'Micro Determinants of Consumption, Poverty, Growth and Inequality in Bangladesh'. This paper analyzed the micro-determinants of consumption, poverty, growth, and inequality from 1983 to 1996 using simple regressions. This study concluded that income, consumption, occupation and poverty are determined by education, demographics, land

ownership, occupation and location. Per capita consumption associated with many of these household remained stable overtime. The returns to demographics had a greater role in the determination of income level respectively in rural and urban areas. It has used Genies to show income inequality.

2.1.2 Review of South Asian Study

Radhakrishna and G.K Misra(1970) has jointly analyzed " A Regional Approach to consumption pattern in india." The study shows that consumption is influenced by the income level. This paper has shown that the regional variation in consumption pattern and the Engle Elasticities of major consumption items. They have used many tools to make this analysis such as semi-log and double log-linear model to show the function and their elasticities.

This study is related with Bihar of india. This study had concluded that the expenditure elasticities for good items in rural are higher in Bihar and low on urban area of Bihar. It has concluded that as income of households increases from their subsistance level than the demand of non-food items increases but demand of food items decreases.

Adelman and Robinson (1978) had analyzed income distribution and cited the causes of shift of priority from rapid rate of economic growth to equitable distribution of income in economics. This study has examined Simon Kuznet's hypothesis in case of developing countries especially to South Korea. Adelma and Robinson had mathematically sophisticated model having both static and dynamic parts to justify their study in the last part of this study, rural and urban policy experiments of income distribution have been discussed. The major conclusion from the policy experiment was that the timepath of the size distribution of income was exceedingly stable.

Gurapada chakrabaty (1979) in his article "Estimation of Engel Elasticites through concentration curve " has tried to estimate Engel elasticities of various items of consumption based on the method of lyonger(1955) i.e through concentration curve and specific concentration curve. These concentrations shows the interrelation between income and expenditure which take place on particular items.

Meheta (1983) has written an article named, " Consumption pattern in Rajastan in quaterly publication of the faculty of Economics," he has analyze the consumption pattern through the current total expenditure as a permanent income by using various Engel function in Rajastan. He has shown that elasticity values are very similar to those of the less develop countries in general and other in India. He has concluded that at mean expenditure level is generally lower in urban areas than in rural areas in the case of foodgrains and other items and in larger in urban places in the case of non food items, especially on clothings.

Dowling and Lahiri (1990) attempted to explore the behaviour of private consumption in Asian countries to understand their growth experience in savings. They utilized the data of nine Asian countries over the period 1960 to 1980 to know the consumption behavior in the selected countries. They used the life-cycle theory of saving to investigate the problem and log linear regression model have been utilized to find out the marginal propensity to consume (savings). They found that consumption propensities in the agricultural developing economies of Asia have been falling partly in response to the accelerating growth in these countries and partly in response to the structural shifts they have been experiencing due to industrialization.

The researcher found that there doesn't appear to be any evidence in favors of the absolute income hypothesis or the permanent income

hypothesis. The sensitivity of the average propensity to consume to sectored composition of income arises from the enormous differences in the physical and financial infrastructural facilities, demographic factors, and basic nature of economic activity and market features in rural and urban areas.

2.5   Review in Context of Nepal

In the field of income and consumption expenditure various studies have been made in Nepal and the major finding of the specific studies are reviewed in the following section.

National Planning Commission (1978) had conducted a first nation wide survey on employment, income distribution and consumption pattern in Nepal. The whole survey was carried out with 10 town panchayats and 128 village panchayats of 37 districts. In this survey consumption expenditure had been analyzed in different categories, geographical regions and occupational classes. The   annual average percentage consumption expenditure on all goods and services have been estimated that the average household and per capita consumption on rural area is less than the urban areas i.e Rs 5461and 931.66 in urban areas respectively. It has found that consumption expenditure is concentrated more on food i.e. 74.08 and remaining portion is spent on non food items.

 Nepal Rastra Bank (1978) showed that the national average monthly household income, including the rental value of self owend homes is estimated at Rs1,233. For rural and urban households it works out to Rs. 1,192 and Rs. 1,785 respectively. The Gini coefficient of 0.57, based on average household income shows greater income inequality. The average monthly expenditure of rural and urban household worked out to Rs 1,147 and Rs. 1,618 respectively. In terms of population out of

22572 persons covered by the survey 43.1 percent in rural and 24.1 percent in urban areas were living below the poverty line.

Nepal Human Development Report (1998) had made every comprehensive study on every field in economic of social sectors. It used various statistical and geographical methods to analyze the findings. This study had made conclusion that agriculture land is our principle productive resources that determines income level and that interns determines consumption pattern. It found 69% of the land holders have below 2 hectors. This unequal distribution of productive assets significantly influenced income earning opportunities. About national income distribution it had made clear that the bottom 20% of household received only 3.7% of the national income while the 10% claim a share of nearly 50%.

Gurung(2001) conducted a research on consumption expenditure pattern in nepal and has concluded per capita consumption is increased with increased per capita income and household size. This study showed positive relationship between income and consumption. This also showed 60% of income is on food consumption, 40% on non food consumption that shows the poverty characteristics of the study area (Morang district). This study found out that the unequal distribution of income in the study area.

Nembang (2002) conducted a research entitled income and consumption pattern of limbus in 2001 using primary data through interview method in jhapa and panchthar district. The number household is 236 out of 240 total households.the study found out that main source of income is remmitance and a large proportion of income is spent on consumption of goods. They spent 66.88% on food items following 25.43% on non food, 0.59% on tobaco and 7.19% on fuel expenditure. It

found most of the rural dwelling people are poor in comparison with the urban people. The people of jhapa are richer than the people of pachthar. Family size and the per capita income show inverse relationship i.e larger the family size lower is the per capita income and vice-versa. The economic condition of remmitance receiver is better than the condition of non-receiver and people of jhapa are more literate than the people of panchthar.

Rijal(2002) specified the nature of consumption pattern in one village of dhanusa district. Only 110 households have been included collecting informat information out of 1110 households. That is 10 percent of total households. Only the primary data is used and questionnaire as a main tool to obtain information. In the used statistical tools, range, Lorenze curve, Gini coefficient and regression for data analysis. In the research area, an annual household income and consumption expenditure has been found Rs. 52725.04 and 46378.04 respectively. An average per capita income has been estimated Rs 7702.2 and consumption expenditure has estimated 6775.02. Out of total expenditure, 68.56 percent is on food items and 31.44 percent on non food items respectively. The value of Gini coefficient is 33.58 percent. The research found that 80 percent of households have engaged in agriculture occupation and only 24 percent people have found non-agriculture. He has also found that there is the problem of low productivity in several sectors and unequal distribution of income between different households.

CBS (2003) had made a comprehensive study between urban and rural, different regions and ecological zone. The survey followed the world Bank's living standard survey(LSMS) methodology and uses a two stage stratified sampling scheme, as was done in the first survey. This

found that per capita income increased as compare to first living standard survey. Other significant change in the past eight years is the composition of income sources remmitances increased from 16 to 25 percent. But study reveald that household has decreases but the propotional of irrigation land areas has been increased as compared to the first survey.

Rai(2003) analyzed the income and consumption pattern of thami community in Nepal, conduction a case study of khopachangu VDC of Dolakha District. The study found that the main occupation of Thami community is manual labour. Hence, wage was the main source of their income and farming of the total expenditure, expenditure in beverage made by this community was found very high in all the level of income while expenditure in education, nutrition, fruits and health see, to be negligiable. Based on this analysis he had concluded that, in the study area, all the income groups fulfill the basic notion of keynesian psychological law of consumption. Besides it also found that the household size plays a significant role in the determination of the income and consumption, in the study area.

Rai (2007) explored on the consumption expenditure of household with income source, educational status, occupation and household size. He collected data from 10 different colonies. It only used 72 samples out of 606 universes. In the study it is used different statistical tools for data analysis and found that the average size of the communities is 4.52 that is 4.60 for Kathmandu and 5.45 for the country as a whole (CBS, 2004). The large numbers of household persons have been involved in business, which have followed by professionals, bank employees, industries, homemakers, and teaching. They spent an average 53.31 percent of total expenditure on food items and spent rest about 46.69 percent on non-food items. On non-food items, the highest expenditure is on education

followed by clothing and house operating. The total expenditure elasticity is 1.067 for all non-food items and 0.455 for all food items respectively. The regression coefficient of total expenditure (b_1) is 0.439 on food grains, pulses (0.361), vegetables (0.379), fruits (0.567), beverages (0.336) meat (0.404), milk (0.402), sweats (0.347), bread (0.550) and outside meal (0.403) respectively.

Banu (2008) analyze " Economics Status of Tibetan Refugees: A case study of Lalitpur, Jawalakhel camp" with the main objective to examine the economic status of Tibetan refugees and various sources of their endowment of Jawalakhel camp did the research taking 50 household (25%) from the camp. For the purpose of analyzing the data, Lorrnz Curve, Gini Coffecient, ratio, percentage, tables and so on are used. It was found that the total consumption expenditure made on food items is 59.49 percent and 43.51 percent is made on non food items. Among food items all the income groups have shown higher share of consumption expenditure. Expenditure on housing is found to be the highest in all the income groups become housing including electricity and water bill, gas, kerosene and the rent bill. Expenditure on education is founded to be second position in the large income ie 10.47 percent. The research showed that the high income group spends high income on education and health comparatively to low and medium income group.

Shresta (2010) unveiled the reality via study done in Chunikhel VDC Kathmandu on consumption behavior basing 123 households using ratio, percentage, table, range, Gini Coffecient, Lorenz Curve and Regression Analysis. It discovered that the total income of the household is 14.25 percent from agriculture occupation and 87.75 percent from non-agriculture occupation. The total consumption on non food items is 46.71 percent. Food and non food consumption is analyzed according to gender.

Findings told that consumption habit of male and female is more and less same. It showed male consumption on food items is 53.38 percent and female is 52.84. The consumption on non food items of male is 46.62 and female is 47.16 percent. Conclusion of the study that the coefficient of range is .98 which showed that there is high inequality in the income distribution and coefficient of income elasticity in agriculture and non agriculture incomes are positively but less than unity.

Dahal, (2010) studied the socio economic status of Dalit of Made Rambeni VDC of Shankhuwa Sava. Study is done using descriptive and analytical method. An objective of this study is to analyze socio economic status of Dalit in terms of education and health. It was found that 38.82 percent Dalit had equality in consumption expenditure and income. 49.25 percent did more consumption expenditure than income. 11.89 percent Dalit had saved a little from their expenditure. High share of their consumption expenditure was on meat. So, most of the Dalit had difficulty to meet their daily needs.

Ghimire (2010) conducted a thesis in consumption and Expenditure Behavior of Household in Damak Municipality. He collected data from 164 households and to support the primary data and make comparison; secondary data has been used. In the thesis Only 10 foods and 5 non-foods items is analyzed. It analyzed income, consumption expenditure, household's size, education and occupation. For the data analysis variance, coefficient of variance, range, pie chart, bar diagram, Gini coefficient regression, and other test are used. In the research, it is found that 37.9 percent households have engaged in service sector followed by business 21.95 percent, agriculture sector 16.46, foreign employments 12.19, labor 9.15, and other 3.06 percent respectively. The total expenditure elasticity has been estimated 1.067 for all non-foods,

which shows that an increment in total expenditure, that seems to be more increase proportionately. Similarly, the elasticity of all food items has been found 0.455 that indicates an increment in total expenditure but on food, it is proportionately less. Among food items, the highest total expenditure elasticity is in pulse, fruits, wine, paddy and oil respectively. Among all non-food items, the total expenditure elasticity is maximum for housing operation, the highest expenditure is in education followed by cloths and housing. In his study area, 38.58 percent of total income has been received from business, followed by 27.65, 25.93, and 6.06, percent from services, foreign employment, and agriculture respectively. He has found that the total expenditure on food items is higher than the share of non-food items.

Phayal (2010) attempted the study on consumption behavior in the Nepalese context using secondary data and found that consumption is not merely the function of current disposable income but it is also the function of past income, permanent income, interest rate, population, economic growth, credit availability. Further, the point estimation of APC and MPC of the economy is not worthwhile and the inferences drawn for policy purposes may result failure. The results of RIH and PIH are more appropriate than the earlier explanation of absolute income hypothesis of consumption. People forms their expectation about future income and observes their past standard of living, based on which they plan to consume in current period. The time series analysis of consumption function of Nepalese economy based on different sophisticated version of consumption functions show that MPC of the economy is low. These results signify for the lower performance of the economy as the aggregate demand generated from the private sector is not satisfactory. The point estimation and the time-series analysis of consumption phenomenon of

Nepalese economy are found quite puzzling. However, it is not a denying fact that the MPC of the economy is low as it is found from the recent year's data and the long-run estimation of the consumption functions.

Rai (2010) conducted the research paper using primary data through interview method/ questionnaire method. It found that there are various sources of income. Mostly people received income from remittance and pension. It showed most of them are foreign employee and retired from Gurkha regiment. A few are involved in other occupations like business, public services, banking, and so on. Out of 42 households, 21 households income source is pension 17 households income source is remittance, and 2 households income is public service. The conclusions are drawn using the simple statistical tools and where necessary standard deviation, R-square, adjusted R-square, linear regression analysis have also been used for data analysis using ordinary least square (OLS) method. The consumption on non-food item is high as compared to food item. It is due to high expenditure on education, health care and demonstration effect. The value of MPC on food expenditure is higher than non-food commodities. MPC on all non-food items is inelastic. The MPC on food commodities is 0.17 and non food commodities are 0.06 respectively. The total APC is 0.68 and MPS is 0.32. It shows MPS is less than gross national saving rate.

Mager(2011) in his thesis entiled " income and consumption pattern of Mager community": a case study of shivagadi VDC, kapilvastu district, in his study area, the highest per capita income is 28609.69 has been earned by household having family size 1-4 persons, 28013.77 by 5-8 person and 25960.93 earned by above 9 persons. Gini coefficient among the sample households is 0.35, Range is 498770 and variance is 14264 and coefficient of variation is 65.99 percent. This shows the

enequality in the distribution of income. Total consumption expenditure made on the food item is 40.88 percent and a non food items is 59.12 percent. His study shows that MPC is declining along with increasing in higher income group. Maximum MPC for lower income group i.e 75 percent. On the other hand 59 percent for large income group. Most of the sample household is engaged in agriculture and foreign employment.

Detail study and research work haven't yet done inclusively about the Bhote community and their income and consumption pattern in Nepal. Therefore, detail studies are not found here but still some researchers have given some information in their study. Similarly, few research works are found about the Bhote community as a case study in a particular area of Nepal. These studies are not found to clarify the actual conditions of this community in the country completely as well as income consumption pattern. These studies did not properly show the economic as well as the social status of rural dwelling Bhote community. All the facts in these studies are descriptive. No study is found on income and consumption pattern of Bhote residing such rural area. So, this research work has focused on the facts of a limited area that highlights the different aspects of this community analyzing income and consumption pattern as well as socio-economic status and fulfills the objectives of the study. This study tries to highlight various aspects of the Bhote community related to income and consumption behavior.

CHAPTER – III

RESEARCH METHODOLOGY

This chapter includes various details about the process through which this research was conducted, the various procedures and various types of data collection. It also presents with the short discussion of research design, nature and source of data, selection of the study area, sample design and size, data collection and technique, data analysis and concept and variables.

3.1   Research Design

This study is designed to meet the objectives of understanding income and consumption pattern of the Bhote community residing in the eastern part of Nepal. This study is based on descriptive as well as analytical method. The research being prepared with the view of ascertaining new knowledge and ideas by doing plain description of any events or subject matter is called descriptive type of research design. This method is based on current occurring facts. It focuses searching any subject matter, obtaining important data and getting new knowledge   by description of the data.

3.2   Nature and Source of Data

For the purpose of the study, both primary and secondary data have been used to generate and analyze the objectives in this study. Therefore,

1. The primary data have been collected through field visit such as household survey, observation, and interview and questionnaire method.

2. The secondary data have been collected from CBS., DDC office, VDC office, various published and unpublished documents, thesis, journals, books and relevant materials related to the subject matter.

3.3   Selection of the Study Area

The study was undertaken on the Bhote community of Chepuwa VDC of Sankhuwa Sava district, Nepal. This study area is selected on the basis of the researcher's interest and familiarity to the area. Moreover, the issue of indigenous people is the most discussed topic in the present political scenario of New Nepal. Likewise, the area where the study was conducted is a virgin area for a research.

3.4   Sample Design and Size

There are 406 households' with 1916 populations in the Chepuwa VDC. Among them, there are 404 Bhotes households with 1907 population and Kami 7, other caste 2 populations. Bhote are available in all wards .Out of 404 households, 20% have been selected for the study. The selection of the study households has been done by using simple random sampling. Therefore the sampling procedure adopted during study has been given below.

Table 3.4

Sample design and size

Ward no:	Sample HHs of chepuwa VDC	Percent
1	16	4
2	12	3
3	6	1.5
4	14	3.5
5	10	2.5
6	9	2.25
7	6	1.5
8	7	1.75
9	0	0
Total	**80**	**20**

Source: Field survey

Universe   : There are 406 households in the study area, out of which 404 Bhote households have been selected purposively.

Study Unit : Among 404 Bhote households, 20% households were selected for the study on the basis of simple random sampling without replacement. All family members were selected from each Bhote households. And one member of the family as a household was interviewed respectively.

3.5   Data Collection and Techniques/Tools

Primary and secondary data have been collected using various tools and techniques. The primary data collection techniques are described below:

3.5.1 Observation Method:

Observation is a very useful tool for collecting information such as observes the location of the study area, relationship between people and environment. During the survey period the researcher has collected little information on the basis of field observation of the study area regarding socio-economic status of Bhote in the VDC.

3.5.2 Interview Method:

In this method some informal interview has been taken to the chairman/secretary of the Village Development Committee, indigenous leaders, social workers, teachers, educated persons and other ordinary Bhote people.

3.5.3 Questionnaire Method:

The major information of this study area are collected from the head of the household or well informed about family member with the help of the well structured of questionnaires. The sample size of the study

area was selected about 80 households to collect the primary data. Structure questionnaire was prepared to generate the realistic and accurate data. The respondents were asked the questions and answers required to fill up the questionnaire. The researcher collected the information asking the question from the schedule from their respondents who were not able to fill up the questionnaires.

3.6   Data presentation and Analysis

All collected data are presented in various forms in order to convey relevant information. This is a descriptive analysis. So, the data were analyzed descriptively and tables are also presented to make it more meaningful. From tables, socio-economic indicators like education status, population, occupation, income and expenditure status are presented. Statistical tools like percentage and ratio have used. There are also used other data analysis tool which is mentioned under.

3.6.1 Gini Concentration Ratio

Gini-Coefficient is a measure of the inequality of income distribution. The possible lowest value of Gini-concentration ratio is zero. The zero Gini concentration ratios signify perfect equality in the distribution of the income and the highest values of the ratio is 1 and this signifies inequality in the distribution of income.

The formula for the computation of Gini Concentration is,

(i)   For group data

$$\text{Gini} = \frac{1}{100^2}\left[\sum X_iY_i + 1 - \sum X_i + 1Y_i\right]$$

Where,

X_i = cumulative of variable on X.

Y_i = cumulative of variable on Y.

3.6.2 Loranz Curve

The objective of the Lorenze curve is to depict the degree of inequality in the relevant distribution it is taken from. In the present study, the curve is used to measure inequality in the distribution of income.

3.6.3 Variance

The variance is defined as the average of the square deviation from the mean. This exactly equal to the square of standard deviation thus it is useful tools to estimate variation. For calculating varience, we can used following formula.

We have the formula,

$$V = \sum \frac{(Y-\bar{y})^2}{n}$$

Y = percent of income, $\bar{y}$ = average of income percent, n = number of percent income

3.6.4 Coefficient of variation

Coefficient of variation shows the ratio of standard deviation and mean.

We have the formula to calculate coeficient of variation,

$$C.V = \sqrt{\frac{v \times 100}{\bar{y}}}$$

V = varience, $\bar{y}$ = mean

3.6.5 Range

Range is one of the methods to measure inequality. It is the difference beween highest and lowest item of the given series. So, we calculate the range using following formula.

We have the formula,

Range = Max Y - Min Y

3.7 Concept and Variables

The researcher has used some of the concepts/variables in the study to clarify the readers.

Household : The household is defined as a group of persons dwelling in a residence and   sharing a common kitchen under the same roof.

Household Head: Household head is the persons who manage all the rules and regulations in family.

Literacy: Literacy represent to the state where a person is able to read and write and calculation of literacy rate is population aged 5 and above.

Total Household Income: It is defined as the income earned by the entire household comprises from farm income wage income, non farm income (i.e. enterprise income), agricultural income and rental income. Subtracting from the expenditure made from the total income by the respective items derives the net total income.

Total Household Consumption: It consists of food as well as non food expenditures. Food items consumption contains food grains, pulses, milk, fish, meat, vegetables including alcoholic drink etc. non –food consumption include tobacco, educational expenditure, fuel, housing and so on.

Occupation: The main occupation performed by the Bhote of Chepuwa VDC comprises of agriculture, daily wage labor and small business and so on.

CHAPTER- IV

DEMOGRAPHIC PROFILE OF STUDY AREA

This chapter deals about geographic location, climate, population, education, caste and ethnicity, language, religion, settlement pattern and house structure, development infrastructure of study area Chepuwa VDC in the following sections:

4.1   Geographic Location

Chepuwa is one of the VDC's of Sankhuwa sava district which lies in northern part of Sankhuwa sava. It is a mountainous district situated in the northern part of Koshi Zone. The spatial location of this district is latitude 27°10' to 27°55' north and longitude 86°58' to 87°40' east. There are consisting 33 VDC's and one municipality Khadbari, the headquarters of the district. It is surrounded by Taplejung and Tehrathum district in the east, Bhojpur and Solukhumbu districts in the west, China in the north and Dhankuta districts in the south. The famous natural scenarios Arun valley, run River,mt Makalu and Makalu barun national conservation area have highlighted the position of the district. Chepuwa VDC lies in northen east part of Sankhuwa sava district. Chepuwa VDC is surrounded by Taplejung Districts in the east, Hatia VDCs in the west, Kimathanka VDCs and China in the north and Pawakhola VDCs in the south. The total area of this VDC is 434.94 sq. km. Transportation services are not available in the Chepuwa VDC. It takes three and Four days on foot to reach in district   headquarter.

4.2   Climate

The climate condition of the Chepuwa VDC is better, due to the geographical nature. The climate varies in hot dry season, in warm raining season and in cold dry season. There is too cold in the winter in

the heights area of the VDC, which is lies in the North east part. In summer there is hot in the bank of Arun River which southern part of the VDCs. In the middle part of the VDC there is pleasant weather the year. Generally, Chepuwa has subtropical monsoon climate and warm temperature climate.

4.3   Population

Chepuwa is one among moderate density populated VDCs in Sankhuwa Sava district. Bhote and Kami ethnic groups of people are residing in this VDC. According to profile of Chepuwa VDC shows the total population is

Table 4.1

Distribution of VDC Population and Households in Ward Wise

Ward No	Number of Households	Male	Female	Total
1	89	200	217	417
2	52	115	115	230
3	55	117	132	249
4	52	128	104	232
5	46	102	112	214
6	29	59	61	120
7	19	42	39	81
8	45	138	134	272
9	19	57	44	101
Total	**406**	**958**	**958**	**1916**

Source: DDC Profile, 2001

Table 4.1 shows there are 406 households and population is 1916. Among them 958 are males and 958 are females.

4.4   Education

Chepuwa VDC is a well known VDC for education. There are six primaries, one lower secondary, and one higher secondary schools running from the government sectors. This schools and higher secondary largely have been contributing to produce educated personalities in Chepuwa VDC. According to population census 2001, 39.24 percent are literate and 60.76 percent are illiterate. However, there is variation in male and female literacy level. It is presented in the table 4.2. According to table 4.2, 73.29 percent of total female population is illiterate while male illiteracy rate is 48.58 percent (CBS, 2001).

Table: 4.2

Population (6 years of Age and above) by Literacy and Set

Sex	Population	Illiterate	Illiterate %	Literate	Literate %
Male	813	395	48.58	418	51.42
Female	790	579	73.29	211	26.7
Total	**1603**	**974**	**60.76**	**629**	**39.24**

Source: CBS, population census, 2001

4.5   Caste and Ethnicity

Chepuwa has a non diverse population of ethic back grounds. The main castes of these people are Bhote, Kami and others. The detail information show in Table 4.3

Table 4.3

Distribution of Population by Caste and Ethnicity of Chepuwa VDC

S. N.	Caste and Ethnicity	Population	Percent
1	Bhote	1907	99.54
2	Kami	7	0.03
3	Others	2	0.01
	Total	1916	100

Source: CBS Population Census, 2001

In Chepuwa VDC Bhote are largest group and they taken 99.54 percent of total   population. Kami second position takes place. Bhote caste takes 99.54 percent of total population. The others are in small number only 0.01 percent or 2 people lies in Chepuwa VDC.

4.6   Language

People of Bhote caste use Bhote language in Chepuwa VDC. Kami people speak Nepali language and Bhote language as mother tongue respectively and remaining other castes speak Nepali language as mother tongue. Kami also use the same language as Bhote. All caste people use Nepali language as common language and use to communicate with different caste.

4.7   Religion

Banpo(Buddish) religion is followed by the majority of people while a little percentage has adopted Christianity in Chepuwa VDC. They want to introduce Lhomi or Singsa in Nepal, but lhomi and Singsa are also Bhote.

4.8   Settlement Pattern and House Structure

Settlement is also an indication in Nepal of the ethnic compactness of the different communities, cultural environmental diversities are

reflected through the pattern type and from of settlement. The major groups present in the study area are Bhote, Kami and other. Kami are generally situated separately than other community. Kami are supposed to be untouchable and their houses are built far from other. Most of houses are made by stone and wood. Most of the houses are found to be having one is two rooms. In the house, they use one room is kitchen and sitting room other room is used to keep their religion materials. The houses sizes of Bhote are very wide for to do their social, cultural and religious program. Total houses are cleaned mostly once a year, especially in Losar.

4.9   Development Infrastructure in Chepuwa VDC

Chepuwa VDC is also one of the back warded VDCs in the development sector among 33 VDCs in Sankhuwa sava District. It has been back warded every sector of development infrastructures in comparing to other VDC of district. Towards the education sector covering total population density there are 8 government schools, one higher secondary. Health facility is also available to the people; one Health Post is in Chepuwa VDC ward No. 5. For major condition of the patient the people of this VDC are referred to Sankhuwa sava District Hospital. But the VDC is rich in local resources. The major productions are millet, wheat, maize, potato, Apple and so on. About 50 percent land of total land is used for agriculture production and about 30 percent of total agricultural land is receiving irrigation facility. This facility is boosting up economy sector of this area. In addition to this; Kuwa, Mul Dhara and stream are main source of water for drinking, irrigation and domestic use.

Telephone lines have been extended to this VDC, telecommunication service is available but there is not e-mail internet service. Electricity facility hasn't all the ward of VDC but has sollar system all over the houses. A Post Office, a Police Office, one Food institution Office are in Chepuwa VDC.

CHAPTER – V

PRESENTATION AND ANLYSIS OF DATA

5.1   Distribution of Sample Population by Age and Sex

The sample population distribution by Age and Sex is presented in the following table 5.1. The demographic feature shows that the male and female population has somewhat equal.

Table 5.1

Distribution of Age and Sex of the sample population

Age group	No of population			Total percent	Sex ratio
	Male	**Female**	**Total**		
Below 14	64	68	132	33	0.94
15-39	79	77	156	39	1.03
40-59	46	48	94	23.5	0.96
60 above	10	8	18	4.5	1.25
Total	**199**	**201**	**400**	**100**	**4.18**

Source: Field survey 2013

Table 5.1 shows that out of 400 populations 199 are male and 201 are female. Among broader age groups on a descending order, it is found that 39 percent of population falls under 15-39 years of age, 33 percent at bellow 14 years of age, 23.5 percent at 40-59 years of age and 4.5 percent at above 60 years of age. Here, main contribution is made by working age groups of 15-39 years. Sex ratio is estimated to be 4.18 which imply female population to be higher than male.

5.2 Education Status of study area

In the study Area majority of the households are found literate. Table 5.2 dipicts that the literacy scenario of the study Area.

Table 5.2

Education Status of the study Area

Education	Male	Female	Total	Percent
Illiterate	60	68	128	32
Literate	11	35	46	11.5
Under SLC	55	72	127	31.75
SLC	27	15	42	10.5
Above SLC	46	11	57	14.25
Total	**199**	**201**	**400**	**100**

Source: Field study 2013

Table 5.2 depicts that only 32 percent of the sample population is illiterate and the rest of 68 percent are literate. Educated people of the people of the population having under SLC is 31.75 percent of the sample population, out of the sample population SLC holders is 10.5 percent, Above SLC is 14.25 percent and literate only is 11.5 percent of the total sample population.

5.3 Family Size Structure of Households

To categorize the sample households by number of family member the range are taken as 1-2, 3-4, 5-6, 7-8, 9 and above.

Table 5.3

Family Size Structure of Households

Fimily	No of Family	Total population	Household %
1-2	8	16	10
3-4	24	88	30
5-6	28	154	35
7-8	16	106	20
9 above	4	36	5
Total	**80**	**400**	**100**

Source: Field survey 2013

Table 5.3 depicts that the number of 80 sampled households have 400 persons in total. From the sample size of 80 households about 10 percent of households are having family size 1-2 persons. About 30 percent of households are having 3-4 persons. Similarly, 35 percent and 20 percent of households are having family size of 5-6 and 7-8 persons respectively. Only 5 percent of households are having family size above 9 persons.

5.4 Occupation

The main occupation of household of chepuwa is Agriculture. Among the selected 80 households, the 28 sampling household were reported in Agriculture. It was found that households also have different sources of income rather than one. Different family members were found to be involved in different occupation. So, it was difficult to lebel the main occupation in many cases. Based on the highest income yelding occupation, the main occupation in chepuwa VDC is Agriculture. The occupation in chepuwa VDC is shown in below table 5.4.

Table 5.4

Occupation of Household

Occupation	No of HHs	Percent
Agriculture	28	35
Service	12	15
Bussiness	12	15
Treeking	8	10
Foreign job	16	20
Others	4	5
Total	**80**	**100**

Source: Field survey 2013

Table 5.4 depicts that 35 percent of the households earn their income mainly from Agriculture. Besides, other occupation such as foreign employment, service and Bussiness also play important role in the generation of income and employment in the chepuwa VDC. Other non specified occupations are also the important field where a significant number of populations get employment and income.

5.5   Land Distribution in the study Area

The nature of income is highly affected by the size of land holding. In the present situation land is the most important assest and a source of income and employment of every household. It is also an indicator of the state of every household. In general there is positive relationship between size of the land holding and income level and negative relationship between size of the land holding and poverty. Table 5.5 shows the distribution of land among total sample households.

Table 5.5

Land Distribution in the Study Area

Size of distribution of land (Ropani)	Numbers of households	Percent
Landless	2	2.5
Having below 5	12	15
Having 6 to 9	45	56.25
Having 10 to 14	13	16.25
Having above 15	8	10
Total	**80**	**100**

Source: Field survey 2013

Table 5.5 clearly shows that among the 80 respondent households 2.5 percent households are landless, 97.5 percent households have ownership of land. Out of 80 households 16.25 percent household have less than 14 ropani, 12 percent households have been less than 5 ropani they have only Ghar, Gharbari and Bari, 56.25 percent households have 6 to 9 ropani and 10 percent households have the land ownership above 15 ropani.

5.6 Housing

In the study area majotity of houses are made by stone, wood and roof are made from jastako, chhanako and falyakko. Table 5.6 depicts that the housing condition of the study area.

Table 5.6

Pattern of Housing Condition

Type houses	No of houses	Percentage	Type of roof	No of household	Percentage
Duetale	24	30	Jastako	28	35
Aaktale	48	60	Chhanako	36	45
Vuitale	8	10	Falyakko	16	20
Total	**80**	**100**	**Total**	**80**	**100**

Source: Field survey 2013

Table 5.6 shows that out of 80 household 36 houses were made of by stone, wood and use chhanako in roof. 28 houses made of by jastako and other 16 houses were made of stone wood and falyak's roof. In the Bhote community, 60 percent houses are Aaktale and remaining 30 and 10 percent houses are Duetale and Vuetale respectively.

5.7 Use of Electricity (solar) by the Households

Table 5.7

Use of Electricity (solar) by the Households

Electricity (solar)	No of HHs	Percentage
User (solar)	56	70
Non user (solar)	24	30
Total	**80**	**100**

Source: Field survey 2013

Table 5.7 shows that the most of Bhote household user electricity (solar) and some household non user. 70 percent of the total households are using electricity (solara) facility and 30 percent of the households are not found electricity (solar) in the study area.

5.8   Drinking Water and Toilet Facility

In the study area, 100 percent of households use drinking water from muldhara that means nobody gets drinking water from government sector. In the national level, 80 percent people get drinking water service. Most of Bhote community has made general deep hole toilet and rest of the other used open toilet in the study area.

5.9   Composition and Level of Income

5.9.1   Level and Structure of Source of Income

Source of income determines the level of poverty. If the income source of level is high, the incidence of poverty will be lower, that is why the nature of poverty or poverty problem is influenced or determined by the source of income or occupational structure. Most of the people in the rural area are engaged in the agriculture sectors which provide low productive income value which is at subsistence level due to lack of education, technical farming, irrigation and operational land holdings. Bhote of any area are still engaged in their traditional work. But their traditional works are in danger situation. Most of Bhote are engaged in agriculture, daily works, and traditional work and now day's foreign employees especially to male.

In the context of Nepal, a single occupation cannot support individual to maintain the subsistence norm, so the people are forced to accept the many occupations at the subsistence level due to the lack of specialization. Thus it is clear that multi-occupation can't support to

increase the level of income without specialization in the occupation. Bhote are also adopting multi occupation for their livelihood.

In the case of present study area, most of the households have two or three occupations but their earning level is low. Almost all of the households of the study area do agriculture as the main occupation from the long past. But it is not sustaining.

5.9.2 Occupational Distribution of Income

Field observation and interviews indicates that, in the Chepuwa VDC of Sankhuwasava District, Bhotes in general are found to be engaged in multiple occupations. It is evident that the level of income of a household is not only determined by the number of earners but also by their occupations. In this VDC, the households are engaged in various sectors like agriculture, labor service, traditional work business and other occupations. Main occupation, considered as the highest income yielding occupation, found to be Agriculture. Composition of occupation is mentioned above. In the view of both major and minor occupation, nearly 25.90 percent of the total annual income is generated by agriculture and 20.85 percent, 17.02 percent, 14.72 percent, 8.93 percent, 2.45 percent and 10.14 percent of the total annual income generated by foreign employment, business, service, trekking, daily wages works and others respectively.

Table 5.9.2

Composition of Income from Major Occupation Rs. (per year)

Sources of Income	Total annual income	% of annual income	Number of households
Agriculture	49,20,700	25.90	24
Business	32,32,600	17.02	14
Service	27,93,600	14.71	12
Foreign job	39,60,000	20.85	16
Trekking	16,96,000	8.93	8
Daily Wages Works	4,65,250	2.45	4
Others	19,26,000	10.14	2
Total	**1,87,57,850**	**100**	**80**

Source: Field Survey, 2013

Table 5.9.2 shows that 30 percent households earned their income mainly from agriculture. 30 percent of the households were engaged in agriculture and earned 25.90 percent of the total income. Only 15 percent household are engaged in service and earned 14.71 percent of total income. Similarly, 17.5 percent of households are engaged in business and earned 17.02 percent of total income. 20 percent of household are engaged in foreign employment and earned 20.85 percent of total annual income. 10 percent of household are engaged in trekking and earned 8.93 percent of total annual income. 5 percent of household are engaged in daily wages and earned 2.45 percent of total annual income. 2.5 percent household are engaged in other sector and earned 10.14 percent of total annual income. This indicates that most of the Bhote have engaged in agriculture sector. Remaining sectors have minimum contribution for earning money except daily wage work.

5.9.3 Household Size and Income Distribution

As indicated earlier, the total household size in the study area is 80. The effect of household size on the composition of income and its relation with the level of per capita income is shown in below.

Table 5.9.3

Household Size and Income Level

No HHs size	Number of household	Annual household income (Rs.)		Total	Total Population	Annual per capita income
		Agriculture	**Nonagriculturel**			
1-3	8	2,61,800 (25.44)	7,67,400 (74.56)	10,29,200	16	64,325
3-4	25	14,46,110 (30.05)	41,10,300 (73.08)	55,56,410	88	63,141.02
5-6	28	17,15,100 (23.09)	57,12,250 (76.91)	74,27,350	154	48,229.54
7-8	15	10,37,890 (21.57)	22,42,000 (67.53)	32,79,890	106	30,942.36
9 above	4	3,50,500 (23.92)	11,14,500 (76.07)	14,65,000	36	40,694.44
Total	**80**	**4811400**	**13946450**	**18757850**	**400**	**247332.36**

Source: Field Survey, 2013

Data presented in table 5.9.3 indicate a positive relationship between total household size and level of total household income. The total household income is lowest (Rs. 43,050) for the smaller household size of the household. According to sample survey the household size having more than 80 percent is basically earned from non-agriculture sector. Only 20 percent income is from agriculture. Share of agriculture

as a source of income is less in all household size. It is because Bhote have no adequate land for farming and lack of modernization in agriculture sector. If held Bhote have low type of land in terms of not having irrigation facilities, pakha bari type and so on. In above data share of non agriculture as a source of income is high. Mostly remittance, business, trekking and service contributes more for non agriculture source of income for Bhote or poor people of rural areas. Per capita income of Bhote is very low and which are very low as compared to national level per capita income.

5.9.4 Size Distribution of Household Income

The size distribution of household income can be explained by dividing household in different groups with fixed income range 70,000. There are 10 income group shown in the table 5.9.4.

Table 5.9.4

Size Distribution of Average Household Income (In Rs. '000' per year)

Income group	Household			Total Income	Income	
	No of Household	Percent	Cumulative		Percent	Cumulative
0-70	8	10	10	604500	3.23	3.23
70-140	16	20	30	3212400	17.13	20.36
140-210	16	20	50	1028240	5.48	25.84
210-280	12	15	65	2427510	12.94	38.78
280-350	8	10	75	1927900	10.27	49.05
350-420	4	5	80	3490810	18.62	67.66
420-490	4	5	85	2052890	10.94	78.6
490-560	4	5	90	800600	4.27	82.87
560-630	4	5	95	800950	4.26	87.14
630 to above	4	5	100	2412050	12.86	100
Total	80	100		18757850	100	

Source: - Field survey, 2013

Table 5.9.4 illustrates that 10 percent of households receives 3.23 percent of income. The largest percent of income lie in the income received group 350-420 thousand and largest households lies in the income received group 70-140 and 140-210. The average income of the sample household is 234473.125. There is some extent income inequality. The Gini coefficient of the sample household is 0.28. Hence, we can conclude that there is some extent income inequality in the study area. The table 5.9.4 is used to measure different measures 0f income inequality in this chepuwa VDC such as Gini coefficient, variance and coefficient of variation.

5.9.5 Measurement of Income Inequality

Unequal distribution of income is serious problems in both develop and developing countries. There is no country in the world where inequality of income doesn't exit. The word income inequality is very familiar and interesting in economics literature. Economists and statisticians have propounded different types of methods to shows the concentration of income and wealth. The table 5.9.5 shows the different result of income inequality measures.

Table 5.9.5

Different Result of Income Inequality Measure

Inequality measures	Results
(a) Gini coefficient	0.28
(b) Range	747900
(c) Variance	27.49
(d) Coefficient of variation	16.58

Source: - Researcher's Calculation

Table 5.9.5 depicts that there is some extent of inequality in the distribution of income which is shown by Gini coefficient 0.28, range is 747900 which depicts there is large gap between lowest income group and highest income households, coefficient of variation is 16.58 %, variance is 27.49 all this indicators show inequality in income distribution.

5.9.6 Lorenz curve

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

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

Figure 1

Lorenz Curve Showing Inequality
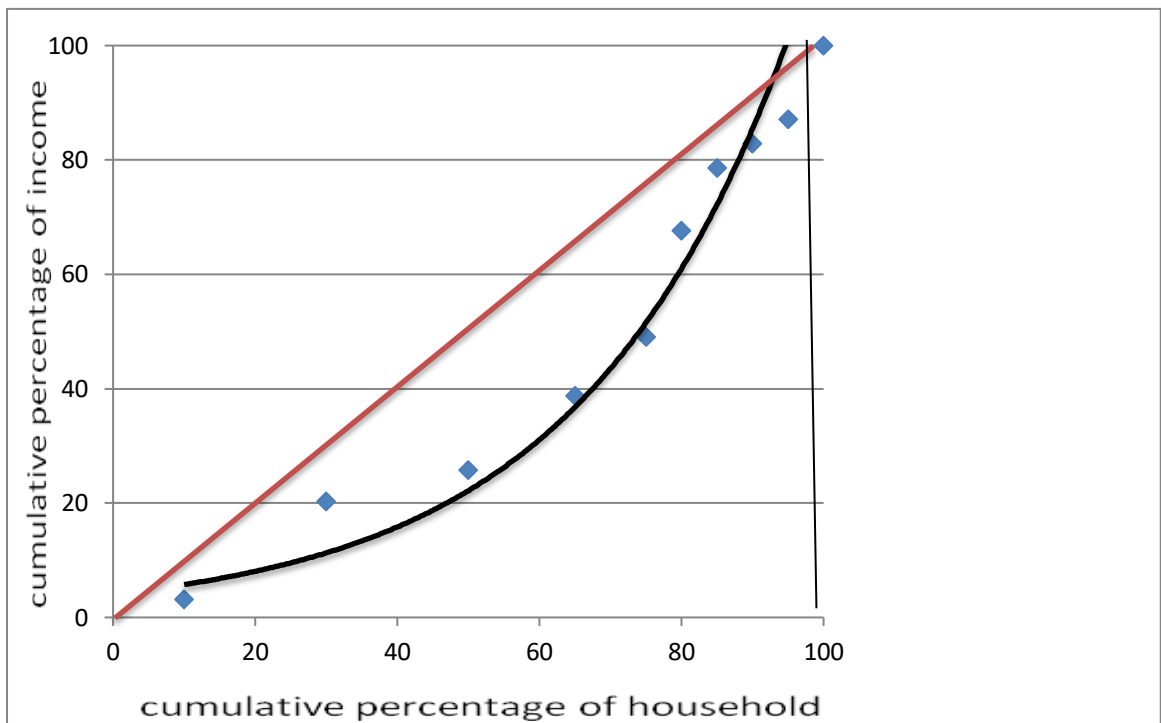
Source: - Based on table 5.9.4

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

5.10 Pattern of Consumption Expenditure by Household Categories

The consumption pattern in a society is generally determined by the income distribution, social tradition, income level, fashion, availability of goods, education status and similar other factors. It is difficult to list them all because of these facets. Similarly, various forms of traditions and mordern animation are seen to be intermingled together and this situation is further aggrevated by ever changing dynamism in the social framework. However, an attempt has been made analyze the expenditure pattern of the households in this section of the study.

5.10.1 Consumption Expenditure by Household Size

The consumption and level of consumption expenditure by household size of Bhote of chepuwa VDC is preesented in table 5.10.1.

Table 5.10.1

Level of Consumption Expenditure by Household Size

Household size	Number of household	Total population	Annual Household expenditure	Annual per capita expenditure	Expenditure in percent
1-2	8	16	7,38,095	46130.94	6.57
3-4	25	88	29,20,000	33181.82	26.04
5-6	28	154	4089743	26556.77	36.47
7-8	15	106	2566521	24212.46	22.88
9 above	4	36	901200	25033.33	8.04
Total	**80**	**400**	**11225559**	**155115.32**	**100**

Source: - Field survey, 2013

Note: Expenditure and consumption are taken for the same meaning here

As shown in table 5.10.1 the annual per capita consumption of the respondents was found to be Rs 155115.32. The maximum expenditure (36.47) is of the household size 5-6 and the minimum (6.57) by the household size having 1-2, in terms of per capita expenditure per annual; the figure is highest (Rs 46,130.94) for 1-2 household size and lowest (Rs 2,421.46) for 7-8 household size. All the household has an expenditure is less than the average level. This suggests that there clear relationship between the per capita expenditure level and household size.

5.10.2 Expenditure on Cost of Agriculture, Cost of Livestock, Food and Non Food Items

In this study, expenditure is classified into four different categories which are expenditure on agriculture, livestock, food items and non food items. The total expenditure of the entire sample stood at Rs 1,12,15,559 out of which agriculture expenditure was Rs 16,39,600(14.62 percent), expenditure on livestock at Rs 302920 (2.70 percent), those on food items is Rs 2637225(23.51 percent) and non food items expenditure Rs 6635814 (59.17 percent). The table 5.10.2 makes clear that Bhote's who also vulnerable group are have done more expenditure on food. In the catagorization of basic needs, non food items to top list.

The present study intends to analyze the pattern of consumption on food, non food items and others. Table 5.10.2 shows household's expenditure on various items.

Table 5.10.2

Expenditure on Various Items

S.N	Expenditure	Total expenditure in Rs	Percent
1.	Agriculture	1639600	14.62
2.	Livestock	302920	2.70
3.	Food items	2637225	23.51
4.	Non food items	6635814	59.17
	Total	**11215559**	**100**

Source: - Field study, 2013

5.10.3 Distribution of Household Annual Consumption

Table 5.10.3 shows the consumption expenditure and percentage of households according to ascending order.

Table 5.10.3

Distribution of Households Annuals Consumption (in Rs '000' per year)

Source: - Field survey, 2013

Expenditure group	Household			Total expenditure	Expenditure	
	No of House hold	Percent	Cumulative		Percent	Cumulative
Less than 80	5	6.25	6.25	357470	3.19	3.19
80-95	16	20	26.25	1403630	12.52	15.71
95-110	7	8.75	35	722060	6.44	22.15
110-125	15	18.75	53.75	1749993	15.60	37.75
125-140	4	5	58.75	527500	4.70	42.45
140-155	6	7.5	66.25	876135	7.81	50.26
155-170	8	10	76.25	1317760	11.75	62.01
170-185	5	6.25	82.5	887865	7.92	69.93
185-200	8	10	92.5	1519115	13.54	83.47
200 to above	6	7.5	100	1864031	16.53	100
Total	**80**	**100**		**11225559**	**100**	

Table 5.10.3 shows that the share of total expenditure to the first 6.25 percent of households with an average yearly expenditure is Rs 357470 and in context the highest percent is 16.53 percent of average total yearly expenditure is 1854031 of total household surveyed. Table 5.10.3 shows that lower 50 percent of household has 35.59 percent of the total average expenditure, while the higest 50 percent 0f household expenditure 64.41 percent of total expenditure. There is also inequality of household consumption expenditure among Bhote households.

5.10.4 Income and Consumption Expenditure Gap

The income and consumption expenditure pattern of study area is can be shown in following table 5.10.4.

Table 5.10.4

Income and Consumption Expenditure Pattern Sampled Household

(in Rs)

Source of income	Total Annual Average Income	Percent	Expenditure on various sector	Total Average Expenditure in Rs	Percent	Total Income Expenditure Gap
Agriculture	61508.75	25.90	Agriculture cost	20495	14.62	
Business	40407.5	17.02	Livestock	3786.5	2.70	
Service	34920	14.71	Food items	32965.313	23.51	
Foreign employ-ment	49500	20.85	Non food items	82947.68	59.17	
Trekking	21200	8.93				
Daily wages	5815.625	2.45				
Other	24075	10.14				
Total	**237426.88**	**100**		**140194.49**	**100**	**97232.39**

Source: - Field survey, 2013

It is found that total average consumption expenditure is 140194.49 as shown in table 5.10.4. Most of the consumption expenditure has been done to non food items i.e 59.17 percent. Likewise, total average income is 237426.88 where as agriculture sector is the main source of income i.e 25.90 percent is also shown in table 5.10.4. The gap between average income and average consumption expenditure is 97232.39. It means that sampled households of Bhote are more earn compare to consumption expenditure by Rs 97232.39. Likewise, per capita income is Rs 247332.36 and per capita expenditure is Rs 155115.32. Per capita is more than expenditure by Rs 92217.04. So, it has found that there is no problem in income and consumption expenditure pattern in the study area.

CHAPTER – VI

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Summary and conclusion are drawn from the previous chapters. This chapter presents major findings from the research with some recommendations for future orientation.

6.1   Summary

The present study entailed "Income and Consumption Pattern of Bhote Community: A case study of chepuwa VDC of sankhuwa sava district" is based on 80 households of Bhote out of 406 households. The specific objectives of the study are: to identify source and pattern of the income of Bhote people, to find out consumption expenditure of Bhote in the study area and to identify the gap between income and consumption expenditure pattern.

To carry out the study effectively, questionnaire related to their source of income, expenditure, educational status and other social status were used. By using simple random sampling method, observation, interview methods were also used. For secondary data, it is used data of CBS, VDC, DDC, NDC and other national and international publications. The study is conducted using both descriptive and analytical method. To analysis the data statistical tools like Gini coefficient, range, variance and coefficient of variance etc have been employed.

It has found that main source of income is agriculture. On the part of consumption, it was found that most of households do consumption expenditure on non food items that is 59.17 percent of total consumption. There is positive gap between income and consumption expenditure. Moreover, on the basis of total income and consumption expenditure of

sampled households, household earns more income than their expenditure.

The main summury of the major findings of the study are as follows.

- In the field survey, total sample population is 400 consisting 199, 201 male and female respectively.

- In the study area: 33% population remains below 14 years of age. 39%, 23.5%, 4.5% lies in 15-39, 40-59 and above 60 of age respectively.

- In the study area 32 percent of sample populations are illiterate where the number of male 60 and 68 are female. About 68 percent of sample populations are found to be literate where the number of male is 139 and female is 133.

- Most of the literate people study below SLC 31.75 followed by SLC 10.5, above SLC 14.25 and literate only is 11.5 percent.

- The average family size of the household is 5.

- Out of 80 sample households 35% of the sample population has 5-6 family members, followed by 30% having 3-4 members, 20% having 7-8 members, 10% having 1-2 members and 5% having above 9 members.

- Out of 80 sample households 40% are engaged in agriculture, in the same way 20% in service, 15% in business, 15% in foreign employment, 10% in trekking and 5% in other sectors.

- In the study area, 25.90% of total income is received from agriculture, followed by 20.85% from foreign employment,

17.16% from service, 17.02% from business, 8.93% trekking and 10.14% from other sectors.

- The highest per capita income of 64325 has been earned by household having family size 1-2 persons. Followed by 63141.02 by 3-4, 48229.54 by 5-6 persons, 40694.44 by 9 above and 30942.36 by 7-8 persons.

- In the study area 2.5% are landless and the remaining about 97% holds a significant amount of land consisting 6-9 ropani by 56.25%, 10-14 ropani by 16.25%, below 5 ropani by 15% and above 15 ropani by 10%.

- Gini coefficient between deciles household group is 0.28, range, variance and coeffiecient of variance are 747900, 27.49 and 16.58 percent respectively which shows the inequality in the distribution of income.

- The total consumption expenditure made of the food items is 23.51%, non food items is 59.17%, agriculture cost is 14.62% and livestok expenditure is 2.70%.

- Expenditure on education and entertainment is found to be the highest.

- There is positive income and consumption expenditure gap total sampled household income is 18757850 and consumption expenditure is 11225559.

6.2 Conclusion

The main conclusions of the study area are as follows,

- In the study area, total sample population of female is greater than male.

- It is found that the high proportion of sample population lies in the age group 15 to 39.

- In the study area, high proportion of sample population is literate.

- Most of the literate people are studying under SLC.

- The family size of sample household is found to be average.

- Most of the sample households are involved in agriculture sector.

- The higher income yielding source of chepuwa VDC is agriculture.

- Most of the Bhote are engaged in trekking, mountaineering profession, trade and agriculture.

- The distribution of land is unequal in chepuwa VDC.

- The distribution of income is unequal in chepuwa VDC.

- The share of expenditure on non food items is higher than that of the food items.

6.3   Recommendation

In the chepuwa VDC, there is unequal distribution of income as found in this research. The study also found that only few Bhote are involved in administration and politics. Thus, to improve the unequal distribution of income and increase the involvement of bhotes in administration and policy level following recommendations are presented.

- There is a difference between earners from agriculture and earners from other sectors household income; poverty level is also slightly high of the earners from agriculture. So, it should be given priority to implement measures to reduce poverty of earners from agriculture.

- The government should lunch an effective income generating program, infrastructure development and vocational guidance so that they can easily fulfill at least their basic needs.

- Among the Bhotes unequal distribution of land is found to be the major causes of income inequality. Thus the government should pay key attention for the effective implementation of land reform programs.

- Major remedies to poverty alleviation in Nepal are generation of employment opportunities on different sectors of economy. Skill upgrading training programs would help a lot for enhancing capacity of people which results in better growth of the income and factory also.

- Labour force should be utilized in productive sector.

- Most of households invest their saving on unproductive sector like house and ornaments etc. so, the productive investment should be created to discourage unproductive investment.

- Expenditure on smoking, entertainment and unnecessary expenditure on tradition festivals should be minimize.

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APPENDIX - A

QUESTIONNAIRE

Questionnaire is designed for research study on "Income and Consumption Pattern of Bhote Community" (A case study of chepuwa V.D.C)

Date of interview: Serial no:

(1) General Information

Name of household head ………………………….. Age: - 15-39 (   ), 40-59(   ), 60 above (   )

Ward No…………Sex: - Male (   ), Female (   )

Religion: - Buddhish(   ), Hindu (   ), Christan (   ), Others (   )

Name of Respondent………………………….Age:- 15-39 (   ), 40-59 (   ), 60 above (   )

Sex: - Male   (   ), Female (   )

Relation with household head…………………

(2) Structure of population

Age group	Male	Female	Total
0-4 years			
5-14			
15-44			
45-60			
60 above			

(3) Education status:

Education	Male	Female	Total
Illiterate			
Literate			
Under SLC			
SLC			
Above SLC			

(4) Occupational Status of Economically active population:

Occupation	Male	Female	Total
Agriculture			
a) self			
b) hired/rented			
Business/Trade			
Service			
a) Government			
b) Non Govt			
Foreign job			
Unemployment			
Others			

(5) Type of house

(a) jastako (   )   (b) chhanako (   )   (c) falyakko (   )

(6) Ownership of House

(a) Own house (   )   (b) Rented from other   (   )

(7) Type of Toilete

(a) General   (   )   (b) Deep Hole (   )   (c) Open   (   )

(8) Electricity Facility

(a) Yes (   )   (b) No (   )

If yes source

(a) From Govt (   )   (b) Solars (   )   (c) Others (   )

(9) What is the source of drinking water?

(a) kholako (   )   (b) dharako (   )   (c) kuwako (   )

(10) Have any member of your family become sick in the last year?

(a) Yes (   )   (b) No (   )

If yes give the following information.

S. N		Name of disease	Died	Type of Treatment			Treatment Exp
				Doctor	Ayurvedic	Dhami/Jhakri	
1	Male						
2	Female						
3	Boy						
4	Girl						

(11) Annual source of income

(a) Income from agriculture

S.N	Crops	Quantity (kg)	Value (in Rs.)
1	Paddy		
2	Wheat		
3	Potato		
4	Maize		
5	Vegetable		
6	Fruits		
7	Millet		
8	Other		
9	Total		

(b)   Income from Non-Agriculture Sectors

(i)   Income from service…………………………………………..

(ii)   Income from pension…..…………………………………………

(iii) Income from foreign job……………………………………………

(iv) Income from laboring.………………………………………………

(v) Income from Trade/Business…………………………………..…

(vi) Income from other source……………………………………..

(12) Income from livestock and animal

S.N	Items	Sales quantity(kg)	Value (in Rs)
1	Milk		
2	Ghee		
3	Meat		
4	Eggs		
5	Cow		
6	Buffalo		
7	Goats		
8	Pig		
9	Hen		
10	Others		

(13) Sector of Expenditure (last year)

(a) Expenditure on food items.

S.N	Items	Expenditure (Rs.)
1	Paddy/ rice	
2	Wheat	
3	Dal	
4	Salt	
5	Vegetable	
6	Milk	
7	Meat	
8	Eggs	
9	Tea/suger	
10	Oil	
11	Fruits	
12	Cigarate/wine	
13	Total	

(b) Expenditure on Non Food Items.

S.N	Items	Expenditure (in Rs.)
1	Education	
2	Clothes	
3	Footware	
4	Health/medicine	
5	Festival	
6	Transportation	
7	Firing/Kerosene	
8	Government tax	
9	Electricity	
10	Others/entertainment	
11	Total	

(c) Expenditure on agriculture production

S.N	Items	Expenditure (in Rs.)
1	Seeds	
2	Fertilizer	
3	Harvesting	
4	Insecticides	
5	Irrigation	
6	Others	
7	Total	

(d) Expenditure on livestock production.

S.N	Livestock	Feeding	Medicine	Other Exp	Total
1	Cow				
2	Buffalo				
3	Goats				
4	Pigs				
5	Hen/cocks				
6	Oxen				
7	Others				

APPENDIX – B

Group	Percentage share of income range
10	3.23
30	17.13
50	5.48
65	12.94
75	10.27
80	18.62
85	10.94
90	4.27
95	4.26
100	12.86

Let, Xi = cumulative percentage of households in its class interval

Yi = cumulative percentage of share of income and its class interval

1. This is the class of group data therefore, formula for grouped data is,

$$GC = \frac{1}{100^2} \left[\sum XiYi + 1 - \sum Xi + 1Yi \right]$$

HHs	Income	Xi	Yi	Xi+1	Yi+1	XiYi+1	Xi+1Yi
10	3.23	10	3.23	-	-	-	96.9
20	17.13	30	20.37	30	20.37	203.6	1018
20	5.48	50	25.84	50	25.84	775.2	1679.6
15	12.94	65	38.78	65	38.78	1939	2908.5
10	10.27	75	49.05	75	49.05	3188.24	3924
5	18.62	80	67.66	80	67.66	574.5	5751.1
5	10.94	85	78.6	85	78.6	6288	7074
5	4.27	90	32.87	90	82.87	7043.95	7872.65
5	4.26	95	87.14	95	87.14	7842.6	8714
5	12.86	100	100	100	100	9500	-
100						41855.1	39038.75

Here,

$$\sum XiYi + 1 = 41855.1, \sum Xi + 1Yi = 39038.75$$

Putting the corresponding values in to the above formula we get,

$$GC = \frac{1}{100^2}[\sum XiYi + 1 - \sum Xi + 1Yi]$$

$$= \frac{1}{100^2}[41855.1 - 39038.75]$$

$$= \frac{2816.35}{10000}$$

$$= 0.28$$

2. Calculation of range of household annual income

Max Y = 790950

Min Y = 43050

Range = Max Y − Min Y

$\qquad$ = 790950-43050

$\qquad$ = 747900

3. Different result of income inequality size distribution of income is taken

Yi	$(Y - \bar{y})$	$(Y - \bar{y})^2$
3.23	-6.77	45.83
17.13	7.13	50.84
5.48	-4.52	20.43
12.94	2.94	8.64
10.27	0.27	0.07
18.62	8.62	74.30
10.94	0.94	0.88
4.27	-5.73	32.83
4.26	-5.74	32.95
12.86	2.86	8.18
100		274.95

Here, $\quad \sum Yi = 100, n = 10$

$$\therefore \bar{y} = \frac{\sum Yi}{n}$$

$$= \frac{100}{10}$$

$$= 10$$

(a) Variance (V)

We have the formula

$$V = \frac{\sum(Y - \bar{y})^2}{n}$$

Here, n = 10, $\sum(Y - \bar{y})^2 = 274.95$

Now, $V = \frac{274}{10}$

$= 27.49$

$\therefore V = 27.49$

(b) Coefficient of variation (cv)

We have the formula

$$C.V = \sqrt{\frac{V \times 100}{\bar{y}}}$$

$$\therefore C.V = \sqrt{\frac{27.49 \times 100}{10}}$$

$= 16.58\%$

APPENDIX- C

S.N	Food items	Non food items	total	Annual income
1	38820	94950	133770	255000
2	49700	22985	72685	209700
3	47900	37900	85800	108600
4	42830	35940	78770	188100
5	7740	68900	90640	93600
6	47960	8455	56415	43050
7	42780	30475	73255	52700
8	48570	98190	146760	68450
9	56350	35255	91605	133000
10	63280	27495	90775	199650
11	69010	39115	108125	129600
12	59550	96640	156190	228300
13	66490	37965	104455	415950
14	32470	43875	76345	348450
15	489900	31325	80225	146000
16	74560	123200	197760	474800
17	45520	144135	189655	276500
18	58320	172960	231280	297200
19	56660	101670	158330	122150
20	42830	107220	150050	159500
21	65400	106230	171630	151550

22	52300	28150	80450	127200
23	51440	30510	81950	141500
24	40420	48235	88655	380000
25	61010	33695	94705	111100
26	53220	32495	85715	121800
27	55760	35530	91290	114100
28	58560	39155	97715	341160
29	60120	30300	90420	209450
30	51810	29445	81255	223350
31	59780	65125	124905	209900
32	62920	13425	82345	352100
33	60770	53400	114170	210300
34	62660	42460	105120	113500
35	52260	55185	107445	121850
36	54210	58355	112565	124050
37	68350	94255	162605	231300
38	50530	96770	147300	130500
39	63560	38900	102460	296150
40	78000	55940	133940	82650
41	45494	72914	118408	820000
42	75110	21630	96740	148200
43	77190	117385	194575	359600
44	61550	109765	171315	204400
45	55780	38680	94460	119800

46	46380	139690	186070	254150
47	73400	111780	185180	532750
48	64840	117440	182280	409750
49	67750	101040	168790	415750
50	63250	119795	183145	258150
51	39170	271690	310860	344600
52	46030	212210	258240	373550
53	60730	58835	119565	109100
54	72270	59530	131800	224600
55	59010	54345	113355	339600
56	71240	73460	144700	790950
57	59590	33750	93340	106950
58	65610	51650	117260	86500
59	63300	51240	114540	88800
60	62510	57360	119870	102300
61	59790	54025	113815	237850
62	44540	150590	195130	350400
63	65240	130290	195530	173840
64	46246	202105	248351	406100
65	67760	100515	168275	123150
66	57470	109730	167200	290750
67	54680	92320	147000	301350
68	45990	325445	371435	486000
69	55210	57515	112725	138700

70	62840	65150	127990	215700
71	58090	53585	111675	112700
72	75430	104065	179495	224800
73	61560	59090	120650	133000
74	56330	83995	140325	78750
75	56530	112425	168955	155600
76	63740	58045	121785	129150
77	62805	371060	433865	781100
78	63230	51475	114705	120000
79	71140	114075	185215	439500
80	53500	113915	167415	124400