A COMPARATIVE STUDY ON INCOME AND CONSUMPTION STRUCTURE OF PHULASI VDC OF RAMECHHAP DISTRICT

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Submitted By

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LETTER OF RECOMMENDATION

Date: 02- 06-2014

This thesis entitled A COMPARATIVE STUDY ON INCOME AND CONSUMPTION STRUCTURE OF PHULASI VDC OF RAMECHHAP DISTRICT has been prepared by Mr. Madhab Khadka under my guidance and supervision. I, hereby, recommended this thesis for examination by the Thesis Committee as a partial fulfillment of the requirements for the Degree of MASTER OF ARTS in ECONOMICS.

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Prof. Dr. Rudra Prasad Gautam

Thesis Supervisor

APPROVAL SHEET

Date**:** 10-06-2014

We certify that this thesis entitled A COMPARATIVE STUDY ON INCOME AND CONSUMPTION STRUCTURE OF PHULASI VDC OF RAMECHHAP DISTRICT submitted by Mr. Madhab Khadka to the Central Department of Economics, Faculty of Humanities and Social Sciences, Tribhuvan University, in partial fulfillment of 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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ABBREVIATIONS/ACRONYMES

APC	=	Average Propensity to Consume
CBS	=	Central Bureau of Statistics
DDC	=	District Development Committee
GC	=	Gini - Coefficient
GDP	=	Gross Domestic Product
HDI	=	Human Development Index
HH	=	Households
i.e.	=	That is
INSEC	=	Informal Sector service Center
ISD	=	International Subscriber Dialing
KREC	=	Khimti Rural Electric Cooperative
MPC	=	Marginal Propensity to Consume
NGO	=	Non-Government Organization
INGO	=	International Non-Government Organization
NLSS	=	Nepal Living Standard Survey
NNP	=	Net National Product
No	=	Number
NPC	=	National Planning Commission
NRB	=	Nepal Rastra Bank
PCC	=	Per Capita Consumption
PCI	=	Per Capita Income
RS	=	Rupees
SLC	=	School Leaving Certificate
STD	=	Subscriber Trunk Dialing
VDC	=	Village Development Committee

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Situated in the northern hemisphere, known as land of **Mt. Everest** and the birth place of **Lord Buddha, Nepal** is as tiny landlocked country. Though Nepal occupies only 0.03 percent and 0.3 percent of total land area of World and Asia respectively, the country has an extreme topography and climate. The altitude ranges from 70 meters to 8848 meters and the climate varies from tropical to arctic depending upon altitude. The country stretches from east to west with mean length of 885 kilometer and widens from north to south with mean breadth of 193 kilometer. (CBS, 2012)

Nepal is underdeveloped and agro based economy. This means, Nepalese economy is completely dominated by agriculture. However, the agricultural situation is not satisfactory, mainly due to the lack of irrigation facility, improved seeds, modern techniques, and equipments as well as technological knowledge. The farming system is dependent upon rainfall, which is almost uncertain due to monsoon. The provision of industrialization in Nepal is backward due to lack of capital, transportation, and human resources and other concerning materials. Some industries, which have been established in Nepal, are not foreign trade oriented. Due to the landlockedness Nepal is facing a lot of problem in foreign trade. At this time, remittance is the golden source for our economy but it is not permanent source.

Income is the economic phenomenon. The production or earning either in the form of goods or money is called 'income'. Income is generally expressed in monetary terms. However, form households and individual's income is the sum of all the wages, salaries, profits, interests, payments, rents and other forms of the earnings received in a given period of time.

In order to measure the economic status or development, income is derived in different forms such as in the case of nation, income is derived in the form of Gross Domestic Product (GDP), Net National Product (NNP), Net National Income (NNI), Annual Per Capita Income (PCI) etc and in the case of firms, organizations and

person, it is derived as Total Annual Income (TI), Per Capita Income per day (PCI) etc.

Income is also an important parameter of modern development. It is also an affecting factor to the component of development such as physical infrastructure, health, education and access of modern services. The higher level of income helps to increase these development components equally.

Income depends on resources, market, technology and investment. The proper combination of these factors determines the level of income. In urban or easily accessible areas, these factures of income generation are easily available and their appropriate combination is possible, but in remote areas, these factors are not available. Hence, rural areas possess limit income generation opportunities. Vegetable production, poultry farming, livestock and small cottage industry may be the sources of income generation in rural communities. The level of income highly affects the living standard of human. Due to unequal distribution of income, persons having higher income possess higher purchasing power and have better living standard in comparison with the less income holder.

The definition given by human development also touches the level of income as it is measure including income index, educational attainment index and life expectancy index. In modern development, it is use to measured development as well as economic status of the people of the country. HDI is the mean value of life expectancy index, educational attainment index and income index. Thus, it is highly influenced by the level of income. On the other hand, the level of income also influences life expectancy and education.

Consumption is the destruction of utility of final goods and services for satisfying current human wants. The development of country is impossible without adequate capital accumulation, appropriate technology and unveiling socio-economic structure. Consumption is the positive function of income or propensity to consume of the people. The lower propensity to consume leads to higher level of capital accumulation.

Consumption structure in a society has generally determined by the income level, expected income level, price level, wealth, interest rate, fashion, social tradition,

culture, available of goods and others. Consumption structure is the sum of all payments which were made one various items of consumption.

This study has focused on comparative on income and consumption structure of Phulasi VDC of upper caste (Brahmans and Chhetris) and lower castes (Bhujel and Tamang) of Ramechhap District.

1.2 Statement of the Problem

The common characteristics of developing countries like Nepal are rapid population growth, mass poverty and inequality, lack of capital for investment, increasing unemployment, high dependency on agriculture, lack of proper utilization of resources, difficulties to implementation of the policy and poor infrastructural investment on capital is the most important factor to accelerate the pace of economic development. Capital can be accumulated whether by internal or by external sources. However, reliable and permanent source of capital is the mobilization of domestic saving. Saving can be increased either by increasing income or by reducing consumption or by both.

The main cause of the backwardness of rural communities is low level of income and less income generation opportunities but there are so many difficulties to increase income for rural people. Limitation of skill, technology, transportation and market, rural people are unable to mobilize local resources properly. Our traditional culture and geographical situation also are the causes of poor economy for rural area. Existence of the limitation of proper technology and skill, their earning is less and insufficient just to live in spite of hard labour.

The majority of the population lives in the rural areas where average income is much lower than urban areas and the incidence of poverty are much higher. Insufficient land may the cause in security of income and shortfall in meeting minimum consumption need leading to a situation of absolute poverty. Inequality in the distribution of land and wealth plays a serious role as there is no other alternative employment provision for the farmer and the economy is still agrarian. Therefore, disguised unemployment is in existence.

Consumption function helps to estimate savings. Therefore, how much income is necessary for consumption purpose and should be found at first. The extent of

consumption is determined by the behavior of people available goods and services, price level, wealth, with their income, etc.

Due to unflavoured monsoon decrease in food production, continuous devaluation of Nepalese currency, weak supply situation, shortage of energy, increase in price of petroleum products, increase in trade deficit, money inflation of India, economy is heavily depends on remittance are Nepal is a developing country in the world with GDP per capita of US $ 721, economic growth rate 3.6 percent,(NPC, 2013) inflationary pressure 9.9 percent (NRB, 2013), Below the poverty line population 25.16 percent and Gini coefficient, which indicates inequality in income distribution, is 0.328 (NLSS, 2010/11).

In the context, people spend huge sum of money on ritual feast and festivals like Dashain, Tihar, Marriage, Ghewa, Bratabandha and Shradda. The low level of income is also caused by a low level of education among the people.

This study attempted to identify the level of income of Phulasi VDC Ramechhap district and tries to establish to relationship between income and other economic variables, employment, literacy and landholding. Different casts in the society have not much more different in the level of income but they spent different level of life standard with some level of savings. Therefore, research problem are as follows:

1. What is the relation of income and consumption of people living in Phulasi VDC?
2. What are the sources of income from agriculture and non-agriculture sector and consumption structure of food and non-food items of the study area?

1.3 Objectives of the Study

The purpose of study is to gain an entire knowledge regarding socio-economic characteristic, consumption and income of household living is study area. This is a small study limited within a VDC and it has just tries to present a general picture of income and consumption of the study area and represents the general situation of the hilly rural area of Nepal.

The specific objectives are as follows:

1. To identify the source and level of income of people living in Phulasi V.D.C, Ramechhap.
2. To find the consumption structure of people living in Phulasi V.D.C, Ramechhap.
3. To analyze the functional relationship between income and consumption of people living in Phulasi V.D.C, Ramechhap.
4. To find out the income inequality among the different castes.

1.4 Significance of the Study

In Nepal, there are various races and tribes are dwelling. Socio-economic life pattern of the indigenous people and upper caste is quite different. Economic conditions of households are determined by income level. Therefore, this study has attempted to analyze the income and consumption structure of indigenous peoples i.e. Bhujel and Tamang and upper classes i.e. Brahmans and Chhetris through micro level study of people living in Phulasi VDC.

This study gives us the value of average and marginal propensities to consumption as well as savings. The value of investment multiplier is determined by the marginal propensity to consume.

In the prevailing development practices in Nepal, almost plans and programs for rural areas are made on assumption have been failed. Even now, some NGOs involved in the rural community development do not have required fact information about the working area. The main cause of the failure is the plan out of facts. Appropriate development planning is impossible without the real situation about the respective areas. Improper plan may be a cause of misutilization of resources.

Study of the respective VDC is important for policy makers, researchers, planners, local government and development agencies involved for the development of this VDC.

1.5 Limitations of the Study

1. This research covers only one VDC, which is not sufficient for the representation of completely rural area of the country.
2. Time and cost factors also restrict the collection of more information.
3. This study has been limited to income and consumption structure of sample HH people living in Phulasi.
4. This study has been done in micro level concentrating on upper castes and indigenous of Phulasi.
5. Only the cross sectional data are incorporated in the study.
6. To analyze the data simple statistics are use.

CHAPTER TWO

REVIEW OF LITERATURE

2.1 Income and Consumption: Origin of the Concept

The concept of income and consumption was first involved from the economic theory. This theory is related to human behavior in nature. At first, Eastern Angle (1815) estimated the relationship between income and consumption expenditure of the kingdom of Sarony with the help of econometric tools (Acharya, 1998). Later, during and after the publication of The General of Employment, Interest and Money (1936) by Keynes various studies have been made in the field of income and consumption function. Until now, there are various treaties focusing on the estimation of consumption function fitted to time series data as well as cross-sectional data.

Keynes stated, "Men are disposed of as a rule and on the average, to increase their consumption as their income increases but not as much as the increase in their income" (Keynes, 1936).

2.2 Income

Income is the total receipts of an individual or a household from different sources within the certain period 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.

2.3 Consumption

Consumption is the final use of goods and services for satisfying current human 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.

2.4 Consumption Function

Consumption function means the function, which shows the relationship between consumption and the factors affecting consumption, such as income, interest, size of household, price level, wealth etc. Thus, in general consumption function shows a functional relationship between income and consumption.

Symbolically, $C = f(Y)$

Where, C = consumption

Y = income

f = function

It implies that other thing remaining the same, conclusion upon and is determined by income. Consumption function is a schedule showing various consumption expenditures corresponding to different level of income. Income is used on consumption and saving.

The consumption function has two technical properties:

1. Average propensity to consume:

It shows the ratio of aggregate consumption expenditure to aggregate income.

Symbolically, $APC = C/Y$

Where, APC = Average Propensity to Consume

C = Consumption

Y = Income

2. Marginal propensity to consume:

It shows the ratio of change in consumption expenditure to the change in income. As income increases consumption also increase but not by as much as increase in income, i.e. $0<MPC<1$, when the consumption function is linear.

Symbolically, $MPC = \Delta C/\Delta Y$

Where, MPC = Marginal Propensity to Consume

ΔC = Change in consumption

ΔY = Change in income

There are two types of consumption function:

1. Short run consumption function (SRCF):- As income increase consumption also increases but at decreasing rate. As income increases APC decrease but MPC remains constant. Therefore, there is non-proportional relationship between income and consumption. In short run when income is zero, individual consumes their past earnings (saving). Therefore, if Y = 0, C>0. This amount is known as autonomous consumption.

Symbolically it can be express as;

$$C = a+bY$$

Where, C = Consumption

a = autonomous consumption (a>0)

b = MPC

Y =Income

2. Long run consumption function (LRCF):- LRCF shows direct and proportion relationship between income and consumption. Consequently, both the long run APC and MPC are equal. Therefore, when Y = 0, C = 0

Symbolically, it can be expressed as:

$$C = bY$$

Where, C = Consumption

b = MPC

Y = Income

Consumption function shows the relation between income and consumption. To verify this relationship various theoretical and empirical studies on consumption function have been reviewed.

2.5 Theoretical Review

To verify this relationship, various theoretical as well as empirical studies on consumption function have been developed. Among the theoretical consumption function, absolute income hypothesis, relative income hypothesis, permanent income hypothesis and life cycle hypothesis are famous.

2.5.1 Absolute Income Hypothesis (AIH)

The Absolute Income Hypothesis is theory of consumption proposed by English economist J.M. Keynes (1883-1946) and has been refined extensively during 1960s and 1970s, notably by American economists James Tobin, (1918-2002). The theories examines the relationship between the income and consumption and asserts that the consumption level of households depends on its absolute level (current level) of income that is Ct = C (Yt). As income increases, the theory asserts consumption will also rise but not necessarily at the same rate, (this statement is based on Keynesian psychological law of consumption). Thus, here is non-proportional relationship between consumption and income. This implies that marginal proportional to consume decreases as income increase and vice versa.

Therefore Keynesian consumption function i.e. AIH can be written as:

$$C = a + bY$$

Where, a= autonomous consumption (independent to income)

b= induced consumption (MPC)

According to this hypothesis MPC lies between zero to one, i.e.$0 < MPC < 1$. As income increases APC and MPC both falls but at any level of income, MPC is smaller than APC.

A number of empirical studies based on cross sectional budget figures and time series in the late 1930s and mid 1940s verified Keynes consumption income relationship, which has come to be known as absolute income hypothesis.

James Tobin and Aurther Smithies tested this hypothesis in separate studies come to the conclusion that the short run relationship between consumption and income is non proportional but the time series data shows the long run relationship to be proportional.

2.5.2 Relative Income Hypothesis (RIH)

RIH of consumption was developed by James Duessenberry in his well-known book "Income Saving and Theory of consumer Behaviour". The RIP firstly states that individual's attitude to consumption and saving is dictated more by his income in relation to other than by abstract standard of living. Therefore, an individual is less concern with absolute level of consumption than by relative levels. The percentage of

income consumed by an individual depends on his percentile position within the income distribution. Secondly, it hypothesizes that the present consumption is not influenced merely by present level of absolute and relative income, but also by the level of consumption attained. The aggregate ratio of consumption to income is assumed to depend on the level of present income relative to past peak level of income. This theory assumes that the consumption decision of an individual is interdependent on the consumption decision of other individuals in the society. So utility function developed by Duessenberry can be written as:

U= c (C0/ R0….C1/R1…..Ct/Rt)

Where, U= utility

C= individual consumption

R= weight average of the rest of the population consumption

0=initial period

This shows that consumption increases only if the individual's consumption increases relatives to the average. Further, he assumes consumption decision is irreversible over time i.e. consumption is heavily influenced by previous peak income.

According to RIH due to imitative nature of the consumer, one always seeks to maintain the equal consumption standard with rich people and even wants to surpass him. This is the demonstration effect. Again, this hypothesis says that a particular level of consumption standard will be achieved at a time of peak income of consumer. Then according to the Duessenberry consumption, habit is irreversible over time. Therefore, people will not sharply cut down their consumption during the time of falling income. Rather consumer tries to maintain the previous peak level of consumption by reducing their current or past saving, this is called ratchet effect.

From this analysis, he concluded that is in short run MPC is less than APC and consumption function depicts a non-proportional relationship with income. Duessenberry also argued that some individual may find their relative income improving and some may find deteriorating. In an aggregate, this change will be cancelled out with each other. Therefore, aggregate consumption income ratio (C/Y) remains constant. Therefore APC=MPC in the long run.

From the assumption, is irreversible over time, he says that during recession the ratio of consumption to income increases and saving ratio falls, so in downswing phase of business cycle the short APC will be higher than the long run normal APC and short run MPC. However if the economy is passing over the period of expansion then the trend path over the passes of time APC will remain constant and equal to MPC. From the analysis of cross sectional data, it is proved that low income people have high propensity to consume than high income group people.

2.5.3 Permanent Income Hypothesis (PIH)

The Permanent Income Hypothesis is a theory of consumption that was developed by the American economist Milton Friedman in 1957. In its simplest form the hypothesis states that the choices made by consumer regarding their consumption pattern are determined not by current level of income but by their long run income expectations. The key conclusion of this theory is that transitory, short-term change in income has little effect on consumer spending behavior.

Measured income and measured consumption contain a permanent (anticipated and planned) element and transitory (windfall gain/unexpected) element.

i.e. $Y= Yp+Yt$

Where, Y= measured income

Yp= permanent income

Yt= transitory income

$C= Ct+ Ct$

Where, C= measured consumption

Cp= permanent consumption

Ct= transitory consumption

Friedman assumed, there is no correlation between permanent component of income (Yp) and transitory component of component of income (Yt), permanent component of income and transitory component of consumption and transitory component of income and transitory component of consumption. Further, he assumed that the mean transitory component of consumption and income is zero.

i.e. $\mu Yt=\mu Ct=0$

Where, μ= mean

Yt= transitory income

Ct= transitory consumption

Friedman concluded that the individual will consume a constant proportion of his/her permanent income and that low income earners have a higher propensity to consume and high income earners have higher transitory element to their income and lower than average propensity to consume.

In Friedman's Permanent Income Hypothesis model, the key determinant of the consumption is an individual's real wealth, not his current disposable income. A consumer's assets, both physical (shares, bonds, property) and human (education and experiences) determine permanent income. These influence the consumer's ability to earn income. The consumers can then make estimation of anticipated lifetime income. Transitory income is the difference between the measured income and permanent income. It can be concluded simply by subtracting measured income and permanent income.

His analysis shows that over the long period of time when the income grows along the trend path, Yp and Y will be normally equal.

i.e. when Yt = o, then APC=k and MPC= k.

Therefore, in the long run when income grows normally, then

APC = MPC = k which is invariant over time.

Where, k = constant

Similarly, in the short run income consumption relationship will be non-proportional one as Keynes described. However, over a long period, there is proportional relationship between them.

2.5.4 Life Cycle Hypothesis (LCH)

The LCH of consumption is an economic concept analyzing individual consumption pattern. It was developed by the Albert Ando, Franco Modigliani and Richard Brumberg in their famous books "The Life Cycle Hypothesis of saving; Aggregate implication and Test". According to this theory, consumption is a function of lifetime expected income of consumer. The consumption of the individual consumer depends on the resource available to him, the rate of return on capital, the spending plan and the age at which the plan is made. The present value of his income or resources includes income from assets or property and from current and expected labour's income.

This theory assumes that the aim of the consumer is to maximize the utility. The household has given lifespan. The consumer does not expect to get any legacy and does not intend to leave any legacies. The motive of saving is to rearrange lifetime consumption in relation to the expected lifetime income, in order to maximize utility. Income saved in high period would be spent in the retired or used to repay the loan taken in earlier period.

According to hypothesis, the typical individual has an income stream, which is relatively low at the beginning and end of his life when his productivity is low and high during the middle age of his life (Branson, 1972).

This theory suggest that in the early years of person's life he does not earns, however in the middle years he saves to repay debt and provide for detainment in late years he dissevers.

Consumption function of an individual consumer is proportion to its lifetime or total resources.

$C^i t = k^i (PV^i t)$, $0<k<1$

Where, i = individual consumer

K = fraction of proportionality

C = consumption

PV = present value of total resources

If population distribution by age and income is constant, rate of return on assets is relatively constant and test between future consumption and present consumption is stable through time.

2.6 Empirical Studies: International Context

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

Keynes (1936) wrote in contemporary conditions, that the growth of wealth for human beings depends on the abstinence of the rich as is commonly supposed. According to Keynes, a society, which saves more due to inequalities of income and wealth, bring secular stagnation because inequalities would lead to fall in production

and slowing down the economic activity. Keynes therefore favored income inequalities that might lead to sustain economic growth via the multiplier effect. Friedman accepts that basic relationship between consumption and income is proportional, but the relationship is between permanent consumption and income. According to him, consumption is neither determined by the present income nor by past income, but the determined by the present value of human and non-human wealth.

Duessenberry (1952) 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 neighboring families but not on the absolute level or current level of income. This theory has focused on the relative expect of income rather than other component and emphasized the initiative and emulative nature of consumption. He calls it the "Demonstration effect."

Radhakrishna and Mishra (1970) jointly analyzed a regional approach to consumption pattern in India. The main objective of this paper was to show regional variation in consumption pattern and the Engle elasticity's of major consumption items. They have used linear semi-log and double log form to show the Engle functions and their elasticity. Mainly their analysis was concern with Bihar of India. They found that large part of household income was related with food grain. Further, this study has also conducted that the expenditure elasticity is for food items in rural area were higher in Bihar. In the case of urban of Bihar as household income increases from their subsistence level than the non-food items also increases but demand of food items decreases.

Branson (1972) suggested, "Assets as well as level of income have something to do with consumption for a given level of income consumption may also be a function of assets or wealth."

Kuznet (1995) conducted a study on economic growth and income inequality for developed and underdeveloped countries. He has analyzed the relationship between income inequality and economic growth as compared the experience of developed countries such as USA, UK and Germany with underdeveloped countries namely India, Srilanka and Puerto Reco. He discussed that there is a greater inequality in the distribution of income in developing countries than in developed countries. He

discussed in the initial phase, the income inequality becomes wider but after a certain period of establishment, it begins to decrease with the level of development. Kuznets typical conclusions are: inequalities are less in agricultural sectors and the existence of greater inequality of income distribution in developing countries is cause by greater concentration in the ownership of income yielding assets.

Shapiro (2001) empirical data covering a century reveals that the long run relationship between consumption and income is approximately proportional. The data also shows that the short run or cyclical relationship is typically non-relationship. The implications of such a relationship in terms of the simple Keynesian model of income determination are apparent. If the consumption function is non-proportional in the long run, then higher the level of income grows over the years the greater will be the percentage of that income devoted to saving.

2.7 Empirical Studies: Nepalese Context

Hiranya (1994) in his dissertation paper nicely studied a case study of Urlabari Village Development Committee of Morang district. He studied to 120 households. 5 percentage of total household's number 2382. He took random sample with the help of complete random table for primary data. To determined the extent of income inequality and concentration, he used mathematical tools likewise- Range, Lorenz curve, Gini coefficient, Relative Mean Deviation, Variance, Coefficient of Variation, Standard Deviation of logarithms.

He found Gini coefficient 0.442, log normal Variance 0.665, Standard Deviation of logarithms 0.79, Range 3.789, Relative Mean Deviation 0.37, Variance 88.95 and Coefficient of Variation 1.14.

Timsina (2002) has specified the nature of income and expenditure patterns in Byarbana VDC, Morang District. The main objective of her thesis is to investigate the income and expenditure pattern of villagers. She has used collected information from 120 households using random sampling technique. Both primary and secondary data were used to fulfill the specified objectives of the study.

She has estimated average annual household income, per capita income, per capita expenditure, household expenditure equal to Rs. 94777.35, RS.10762.143,

Rs.14363.32 and Rs.10341593.00 respectively. The Gini coefficient estimated by this study was based on household income and per capita income level is 0.2077 and 0.144 respectively. She has found to be 68 percent household engaged in agriculture sector and remaining engaged in non-agriculture sector. 56.67 percent households earn their income mainly from agriculture. Therefore, the main source of income in Bayarbana VDC is agriculture.

Tripathi (2002) has used primary as well as secondary data to meet the specified objectives of the study. This study is qualitative, explanatory, and descriptive in nature. In his study area, there were 484 households and he has selected 70 households randomly.

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

Limbu (2002) has conduct in his research, the range for household income is found to be 2.65 while for household per-capita income is found to be 2.08 the Gini coefficient ratio for household income is 0.28 while for household per capita income is found 0.16. The degree of income inequality is higher in lower income class than other two classes. He found that average annual household expenditure is found Rs. 1, 93004.30 and average annual household per capita expenditure is found Rs. 30424.32. The relationship between household income and family size is found to be proportional up to family size 10 although the family size above 10, it is found to be non-proportional because when the family size increases, the dependency ratio also increases and the relationship between household size and expenditure level is proportional but non-proportional in relation of household size and per-capita expenditure. The Gini coefficient ratio for household income and per-capita income is 0.28 and 0.16 respectively.

Rijal (2002) has taken sample 110 households out of 1110. Agriculture is the main sources of income while 55.45 percent people are engaged in this sector. He has found to be MPC and Gini coefficient are 0.57 and 33.58 respectively.

He has estimated average annual household income, expenditure, per capita income, and per capita expenditure equal to Rs 52725.04, Rs.46378.10, Rs.7702.2 and Rs.6775.02 respectively. He has found that 68.57 percent of the total expenditure is on food items and remaining 31.43 percent is the problem of low productivity in his field area. He has recommended farming system should be modernized for high productivity, government should provide fertilizer to farmer and to improve irrigation facilities.

Thapa (2004) analyzed an income and consumption situation of households in Pokhara sub-metropolitan city. Information is collected from secondary data since 1990 to 2003 and all households have been classified into small, middle and large income group. Fifty two household income are below Rs.100000 which are small income group, 35 are Rs. 1,00,000 to 2,00,000 and 42 household are above Rs. 2,00,000 which are middle and large income group respectively. For analyze the data, simple statistical tools have been used. In the research, average MPC is 0.888 and per capita MPC is 0.85. The MPC has obtained as 0.656, 0.47 and 0.872 for large medium and small group respectively.

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.

Ale (2009) conducted a case study of Boughapokharathok VDC Palpa District has found that the average annual household income of the respondent is Rs.91569.88. The expenditure on the sample indicates that expenditure on livestock is 13.17 percent, and non-food items are 18.50 percent. Gini-coefficient with respect to household income is 0.20 while Gini-coefficient is based on per-capita income level.

Fayal (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.

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Ghimire (2010) in his study 38.58 percent of total income is received from business, followed by 27.65percent, 25.93 percent,6.06 percent,0.92 percent and 0.82 from service, foreign employment, agriculture, labour and other respectively. The total expenditure elasticity is 1.067 for all non-food items, which shows that with an increase in expenditure on this broad expenditure. Similarly, the elasticity is 0.455 for all food items indicating that with an increase in total expenditure, there would be proportionately less increase in total expenditure in this broad category.

Most of the other research was concerning income and consumption are in any specific pattern and single field such as caste, group of people, sector, community and result, analysis are related to same. This research tries to compare of level, sources and influence factors of income of different caste of Phulasi and consumption structure and socio-economic status and influence factors of them.

CHAPTER THREE

RESEARCH METHODOLOGY

This study is in micro level covering just only one VDC is mainly based on primary data as well as secondary also. Primary data have been collected from household head by interviewing using structured questionnaire from the study area. The simple random sampling procedure without replacement, judgment-sampling method is used to select the household. Secondary data from VDC and other concern offices were also used in this study.

3.1 Research Design

This is the case study of Phulasi VDC of Ramechhap district is focused on Comparative Study on Income and Consumption Structure with Upper castes (Brahmans and Chhetris) and Indigenous castes (Bhujel and Tamang). This study is descriptive in nature as well as qualitative and explanatory in some aspect. Different statistical tools and formulae are used to quantify the result.

3.2 Selection of Study Area

This study has focused only on Phulasi VDC Ramechhap district in Janakpur zone of eastern Nepal. It is old VDC of Ramechhap explore in large area with different geographical structure. This study area is selected on the basic of the researcher's interest and familiarity to the area.

3.3 Sources of Data

Both the primary and secondary data are used for this study. Primary data would be collected from the study area. Sector of focus group discussion with concern subject matter, discussion and interaction with different socio-economic characteristics of selected households are the sources of primary data. The secondary data was collected from the CBS, MOF, NRB, DDC, VDC, Schools and concern offices, which was published and some of them were unpublished.

3.4 Population and Sample

All the households of upper caste and indigenous caste people's residing at Phulasi VDC are taken as population for this study. At the time of population census 2011 it has population of 7294 people residing in 1208 household with 6.04 average household's size. Among them male and female population is 3442 (47.19 percent) and 3852(52.81 percent) respectively. (VDC, 2013).

Table 3.1: Population and Sample

Wards	Total Households	Sample Households		
		Upper castes	Tamang	Bhujel
1	161	9	6	-
2	94	7	-	-
3	137	11	-	5
4	99	4	2	5
5	83	3	4	2
6	156	7	3	3
7	131	6	5	-
8	231	2	10	-
9	121	6	-	-
Total	1208	55	30	15

Source: VDC, 2013.

Table 3.1 was confined in the ward 1, 2, 4, 5, 6, 7 and 8 for indigenous among nine wards. 15 households of Bhujel out of 101 household and 30 household of Tamang out of 212 households are selected by simple random and stratified sampling because majority of the Bhujel and Tamang are living these wards. In entire ward taken for upper castes and 55 household out of 378 household is selected because upper caste expanding all around the VDC. Among the population, nearly around 15 percent (100) households are taken as sample size. Household is the unit for this study.

3.5 Methods of Data Collection

As this study is the field research based both primary and secondary data is used. It would be difficult to include all households with different socioeconomic characteristics in this sample. It is not more modernized and monetized economy, so not easier to get information on income, assets, consumption expenditure. Primary data was collected using a structure questionnaire prepared before going to field survey. Selected household were personal interviewed to fill up the structured

questionnaire. Primary data was obtained from discussion and interactions with sample households, focus group and concern offices and person like Schools, Financial institution, Healthcare center, NGO, VDC office, Businessman, Politician etc. A field diary was maintained and observed to record additional information, which was not including in questionnaire. To support the primary data and make comparison of the study as secondary data was used. Secondary data was collected from different places and sectors, which was the sources of secondary data.

In the questionnaire various sources of income such as income from agricultural product, services, pensions, foreign employment business profits, labour wages, etc are consider on the income side consumption of foods, festivals, clothing, education, medical care etc are considered on consumption side.

3.6 Data Processing and Analysis

After the completion of fieldwork, all the information obtained has presented in the different socioeconomic characteristics such as income, source of income, land holding, population, family size, and level of education, housing expenditure, and consumption. In order to analyze the data different tables, figures, charts have been presented based on collection of the data. Therefore, to avoid the chance to shortcomings various statistical tools have been used to reach analysis and reach the proper and reasonable decision. The following statistical tools have been used to analyze the data:

3.6.1 Total Income

The sum of all income earned from all available sources in a year is total income. This study has collected all income of one year from different sources separately and added to get total annual income of non-poor, total annual income; total daily income etc is arithmetically calculated as per need to analyze the data.

3.6.2 National Income

The total income of a nation in a particular period is called the national income. In this study, the average income and marginal propensity to consume of the people during a year is compared with the national income.

3.6.3 Per Capita Consumption (PCC)

The total expenditure by individual in a day is called per capita consumption (PCC). This study has calculated PCC by dividing the total consumption by family size and 365 days as it is taken total annual consumption.

i.e. PCC = Total Consumption/family size/365

3.6.4 Gini Coefficient

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

Mathematically,

$$\mathrm{GC} = \frac{a}{A}$$

Where, a is the area between the Lorenz curve and 45^0 line

A is total area below the 45^0 line

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

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

(i) For grouped data

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

Where,

GC = Gini coefficient

Xi = Cumulative of variable on X

Yi = Cumulative of variable on Y

3.6.5 Lorenz Curve

Lorenz curve is a graphical method for measuring the dispersion or inequality. It shows the relation between the cumulative percentage of some group of item and the cumulative percentage of the total amount of variable, which they hold. Hence, Lorenz curve depicts the degree of inequality in the relevant distribution from which it is taken.

In our case, Lorenz curve has been used to depict the inequality in the distribution of total income of sample households. Total household have been divided into five different income groups and their cumulative frequency and the cumulative frequency of income has been derived for inequality curve.

3.6.6 Regression Analysis

Regression is the technique of study how the variations in one series are related to variations in another series. The regression analysis is a statistical method for determining the nature of relationship that exist among two or more variables and making estimate or predictions from that relationship. The unknown variables that we are going to predict (estimate) is called dependent variable or explains variable or regressed. The known variable whose values used to predict, the values or unknown variable is called independent variable or explanatory variable or repressor.

The relationship between the dependent and independent variables may be appear in various forms such as linear, non linear, parabolic etc. The linear relationship is given by the linear equations.

$$Y = a + b_1 x_1 + b_2 x_2 + \ldots\ldots\ldots\ldots + b_n x_n$$

The linear method is used to perform the regression analysis of (i) simple regressions model (ii) multiple regression model involving three variables.

In simple regression model, the regression equation of Y on X is expressed as:

$$Y = a + bX$$

Where,

Y = dependent variable

X = independent variable

a = Y intercepts

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

Description of the Variable

In this study, consumption of the household in the different items such as food grains, nonfoods, ceremonial consumption, and household size are taken as independent variable. On the other total expenditure of household are taken as dependent variable. In this study all food items includes varieties of food grains, pulses, meat, milks etc. All non-food items include alcohol and tobacco, clothing, education, health, fuel etc. Ceremonial consumption includes expenses of household for marriage different social activities, expenses in festivals etc. This study has tried to analyze the comparison of income and consumption expenditure of Phulasi VDC.

Some variable have selected for this study, which are given below:

Household: It is defined as a group of people related by bloods, marriage or adoption who live together with under the same roof and take meal in the same kitchen.

Agriculture: It is the production of food and goods through farming. Agriculture is the key development that led to the rise of human civilization, with the husbandry of domesticated animals and plants creating food surpluses.

Service: It is the work done by one person or group in the government and non-government organization.

Labour: Especially physical work done for wages in productive sector is taken as labour in this study.

Castes: Castes classified according to Hindu religion are Brahman, Chhetri, Tamang, Bhujel, Magar, Shrestha, Giri, Puri, Pahari, Kami, Damai, Sarki etc.

Hoseholds Catagories (ethnic groups): In this study, the total sample household is categories in three ethnic groups such as Upper castes (Brahmans & Chhetries), Tamang and Bhujel.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.1 Socio-Economic Profile of Phulasi VDC

The main occupation of the Phulasi Village Development Committee is agriculture. Out of the selected, 100 households to be sample. The main occupation of 62 households was reported to be agriculture. However, the rest of the households who are engaged in other occupation are also engaged in agriculture partially. It was found that households also have different sources of income other than agriculture due to availability of opportunities out of agriculture, like availability of jobs in commerce, business and other non-specified fields. Different family members were found to be involved in different occupation. Therefore, it was rather difficult to label the main occupation in many cases. Based on the highest income yielding occupation, the main occupation in Phulasi VDC is agriculture.

4.2 Ethnic Composition

The caste or ethnic groups also determine the nature of income and expenditure. To determine the nature of poverty, relationship between ethnic group and poverty should be studied in the study area. In the case of most of the rural part of Nepal, the composition of ethnic group pays an essential role in the determination of standard of living. In the study area, it is found that the lower caste group posses a very small land area and they are most deprived section of the society. It is very essential to see the socio-economic structure based on ethnic groups. Table shows the distribution of different ethnic groups of the study area.

Table 4.1: Ethnic Structure of Households

Ethnic Groups	No of Households	Percent	No of Sample Households
Brahman/Chhetri	378	31.29	55(14.55%)
Magar	264	21.85	-
Tamang	212	17.55	30(14.15%)
Bhujel	101	8.36	15(14.85%)
Damai	81	6.71	-
Kami	67	5.55	-
Sarki	47	3.89	-
Shrestha	33	2.73	-
Other*	25	2.07	-
Total	1208	100	100

Source: Field Survey, 2013.

* - Other includes Giri, Puri, Pahari etc

In above table no 4.1 shows that Brahman and Chhetri constitute the main ethnic group in Phulasi VDC. In the Sample Survey, they constitute 31.29 percent of the households are upper castes, 21.85 percent households are Magar. Similarly, 17.75 and 8.36 percent are Tamang and Bhujel respectively. Damai, Kami, Sarki, Shrestha and other caste are the small portion of this VDC.

4.3 Family Size

To categories the sample households by number of family member the range are taken as (1-4), (5-8) and 9 and above.

Table 4.2: Family Size

Households Size	No. of Households	Percentage of Households
1-4	20	20
5-8	60	60
9 and above	20	20
Total	100	100

Source: Field Survey, 2013.

If categories the household by number as the small (1-4), medium (5-8) and large (9 and above) family size, the data shows that majority of household falls under medium family size. The data depicts that lack of permanent and long term income sources, most of people live in joint family structure.

4.4 Occupational Status

The main occupation of the Phulasi VDC is agriculture. Among total households 100 households to be selected for sample. The main occupation of 62 households was reported to be agriculture. However, rests of the households who are engaged in other occupations are also engaged in agriculture partially. It was found that households also have different sources of income other than agriculture due to availability of opportunities outside agriculture, like availability of jobs in commerce, business and other non-specified fields. Occupation is one of the major factors evaluating economic status of the people. In the study area, the household are involved in various sectors like agriculture, service, labour foreign employment, small business etc. So that these are the main professional sectors of study area.

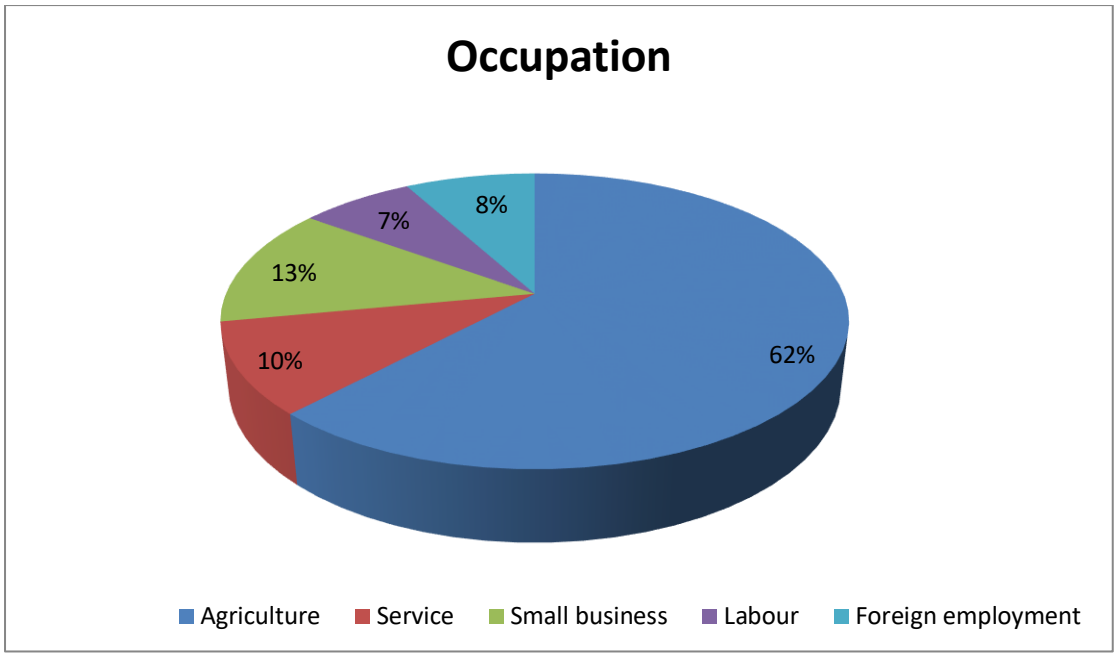
Table 4.3: Occupational Status

Occupation	No. of Households	Percent
Agriculture	62	62
Service	10	10
Small business	13	13
Labour	7	7
Foreign employment	8	8
Total	100	100

Source: Field Survey, 2013.

The table 4.3 shows that the most of the households are dependent on agriculture, which is 62 percent of total respondents. The bulk of people who are listed here in other occupation also have some agricultural backgrounds. They also get income from their own farms. In this case, the main occupation is taken into consideration while classifying them accordingly, similarly 13 percent on small business, 7 percent on labour, 10 percent on service and 8 percent of foreign employment. It shows that agriculture is one of important indicators of economic development. Instead of agriculture is the regular occupation if other occupation also play an important role in the generating role of income and employment in e VDC were attained in above data. Alternatively, the occupational status of Phulasi VDC is presented by the following pie chart:

Figure 4.1: Occupational Status of the Study Area



Source: Field Survey, 2013.

The figure 4.1 shows that the vital occupation of the study area is agriculture, which is 62 percent of total respondents. The bulk of people who are listed above in other occupation also have some agricultural backgrounds.

4.5 Economic Activities of the Study Area

Agriculture is the foundation of livelihood of villagers. Major crops grown here are paddy, maize, millet, wheat, barley. Different fruits and vegetables are also grown here. Only 10-15 percent of farmers use new developed agricultural equipment and technology similarly 20-25 percent farmers use modern variety of seeds and chemical fertilizer except them are use fully traditional equipment and method to farming. People have keep cattle, buffalo, goat, pig, pigeon, hen, and some of them have modern poultry farm and mill. A part from agriculture, other occupations include armed force, foreign employment, business, teaching etc are also the livelihood occupation.

4.6 Distribution of Landholding

As the data shows agriculture is one of the major occupation of people in the study area, nature if landholding highly affects the income of the people. In the present situation land is the most important assets and a source of income and employment of every household. In general, there is positive relationship between size of landholding

and level f income and negative relationship between size of landholding and poverty. Table shows the distribution of land among sample household:

Table 4.4: Distribution of Landholding

Size of Landholding	No. of Households	Percent
Landless	3	3
below 5 ropani	19	19
below 10 ropani	27	27
below 15 ropani	13	13
below 20 ropani	18	18
above 20 ropani	20	20
Total	100	100

Source: Field Survey, 2013.

Table 4.4 shows that the less household are landless. There are 19 percent households having below 5 ropani land. Similarly 20 percent households having a more than 20 ropani land. This shows the unequal distribution of land among sample household.

Field survey show that, if there is sufficient irrigation facilities with qualities and hybrid seeds and modern techniques of farming, then 10 to 15 ropani land can produce food need up to 4/5 people's family. However, the fact is not such advance techniques of farming and irrigation facility is poor. It is found that in spite of proper monsoon and structure of land cannot produce the cash crops like tea, ginger, coffee, cardamom, potato, bot broom grass, bamboo and fruits like orange, mandarin, lemon etc a lot with business purpose. Larger portion of household of are unable to fulfill their food need from farming and they are compelled to buy food items. Most of the young people does not want to involve and built modernize to their traditional farming system.

4.7 Educational Status

There are limited educated people in this VDC due to poverty, traditional value and terms, scarcity of job opportunity and higher education but most of the children are getting only school level education.

Table 4.5: School Enrollment in Phulasi

Sex\Level	Primary	Secondary	SLC and above	Percent of SLC and above	Total
Male	725	478	113	42.64	1316
Female	719	479	152	57.36	1350
Total	1444	957	265	100	2666

Source: VDC Profile, 2009.

Above table, 4.5 shows that no of male is high in low level of education and large no of female have completed a school level education. There are four primaries, two lower secondary three secondary and one higher secondary school running from the government sector. These schools have much contributing to provide education for children of this VDC. Few people have getting higher level of education from headquarter and capital city of nation. There is no more discrimination between son and daughter to send to school to attain education. Children from marginalized community such as Kami Damai, Sarki also go to school at primary level but the ratio of Brahman, Chhetris is high comparatively with indigenous castes also.

Field survey and grouped discussed shows that, most of literate and getting higher education people are upper castes. Most of the indigenous children are getting only school level education. The one cause of higher level of literate in study area is program launched by INSEC such as young education, women education and skilled development.

There are 74.09 percent people are literate among them 80.67 percent male and 67.94 percent female. Most of them are upper caste's people and the general living standard is better in spite of medium level of income.

Table 4.6: Educational Status of Sample Households

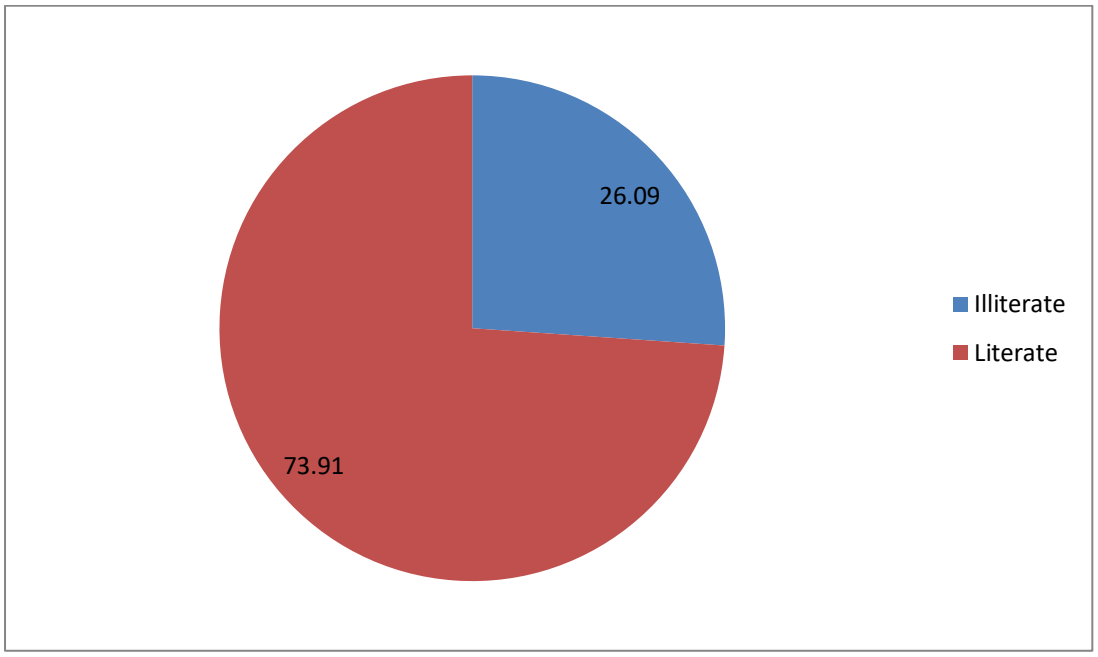
Education Level	Male	Female	Total	Percent
Illiterate	58	109	167	26.09
Primary	135	130	265	41.41
Secondary	69	77	146	22.81
SLC and above	38	24	62	9.69
Total	300	340	640	100.00

Source: Field survey, 2013.

Based on the table no 4.6 shows that people of the sample population who have above SLC are 9.69 percent in total sample size. Majority of the sample population, here, is up to primary level. The percentage of this population is 41.41 percent. The caused behind this is because of the availability of only primary school, lack of higher-level classes. Many of the sample population who has only primary level education are youth. People who have secondary level education are 22.81 percent because of the unavailability of secondary level school. There are 9.69 percent sample who are SLC and above. The table shows that majority of the people are uneducated. The study shows that only upper castes have the approach for higher studies.

The percent of illiterate and literate of sample population is presented in pie chart as below:

Figure 4.2: Percentage of Illiterate and Literate Population in Phulasi



Source: Field Survey, 2013.

Above pie chart clearly shows that 73.91 percent are literate and 26.09 percent are illiterate in the study area.

4.8 Climate

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

there is hot in the bank of the Tamakoshi River, which is northern part of the VDC. In the middle part of the VDC there is pleasant weather the year. Generally, Phulasi has subtropical monsoon and temperate climate, which is betterment for agriculture and some of the cash crops like tea, cardamom, bot broom grass, bamboo, ginger etc. Some of the lands have regular irrigation facility by Milti River.

4.9 Transportation, Communication and Finance

In transportation sector, there is only one road named Puspalal Marga is directly connected to headquarter and capital city of nation. With link of this road Phulasi was connected Milti, Pokhari to Deurali around 25 km. This transportation system helps to enlarge the business and socioeconomic activities of the Phulasi VDC.

In communication sector, there is no any distributed telephone line and post office but the VDC can use different mobile and wireless internet. There are two tower of Ncell and Smart phone also, which provide communication service of STD and ISD.

To provide financial support to the grass hood level people of Phulasi there are four co- operative institutions are operating which they create.

4.10 General Situation of Income

Nepal is known as a poor developing country in the world facing with a huge poverty problem. The root cause of the national poverty is the extended poverty in the rural area of Nepal. Nepal has to face with huge hunger problem every year due to the lack of sufficient food materials in the rural area. The hunger problem exists in the rural area especially in the remote and low productive hill and mountainous area. Lack of transportation facilities, traditional and fatalism concept, less knowledge of consumption of rural people etc are pushing backward the rural communities of Nepal. More than 95 percent of rural people are farmer. They are busy in their farm work throughout the year but their production is not sufficient to eat for the whole year. They have little income to invest for education and better health and nothing for further development excepting their labour. If they get other income earning opportunities outside of their village, their living standard can be improved.

Phulasi is a rural VDC is not properly developed for transportation, market, education, modern technology, new skill and knowledge. Hence, there are less economic activities and limited income generating opportunities. The total annual

income of many households is not sufficient to consume for the whole year. Poor people have to minimize their consumption to balance income and expenditure. They have to borrow loan to feed their children, which forces them to sell property such as agriculture land to get rid from the loan. Income from different sources of Bhujel community from sample households is given below in the table:

Table 4.7: Sources of Income of Bhujel

Source of Income	Total Income	Percent
Agriculture	1248750	45
Labour	860250	31
Foreign employment	222000	8
Business	194250	7
Service/Pension	111000	4
Other	138750	5
Total	2775000	100

Source: Field Survey, 2013.

Table 4.7 shows that the major sources of income of Bhujel community of sample households are agriculture. This covers 45 percent of the total income. Most of them are involve in agriculture sector because of lack of education and skill, cannot get opportunity in another sector. Most of the young and unskilled people are involve in labour work and foreign employment in the study area. Similarly, 31 percent households are engaged in the field of labour to generating income activities and fewer households are engaged in business and services comparatively.

Table 4.8*:* Household Size and Income Level of Bhujel (in 000)

Household s size	No. of Households	Annual Households income (Rs.)		Total	Average income per HH	Total population	Annual per capita income
		Agriculture	Non-agriculture				
1-4	3	120	300	420	140	11	38.182
5-8	9	804	912	1716	190.666	55	31.2
9 and above	3	324	315	639	213	30	21.3
Total	15	1248	1527	2775	543.666	96	90.681

Source: Field Survey, 2013.

Data presented in table 4.8 indicate a negative relationship between total households size and per capita income of Bhujel. The 15 household's total income is Rs 2775000. According to sample survey, the household size of 1-4 is engaged in non-agriculture

sector and the household size of 5-8 as it. Most of the household's share of agriculture as a source of income is less. It is because Bhujel have no adequate and productive farming land with lack of modernization in agriculture sector. Bhujel have low types of land called pakhe bari in terms of not having irrigation facilities. In above data share of non-agriculture as a source of income is high. Mostly labour, foreign employment and service contributes more for non-agriculture source of income for Bhujel and per capita income is low.

Income from different sources of Tamang community from sample households is given below in the table:

Table 4.9: Sources of Income of Tamang

Sources of Income	Total Income	Percent
Agriculture	4305000	35
Business	2460000	20
Foreign employment	22140000	18
Contract	1968000	16
Service/Pension	861000	7
Labour	492000	4
Total	12300000	100

Source: Field survey, 2013.

Table 4.9 shows that agriculture is the major source of income covering the 35 percent of Tamang households. Most of the active people of study area out of home for different purpose and gaining the better income from business, foreign employment and contract are 20, 18, and 16 percent respectively. This level of income plays the vital role to maintain their better living standard. Fewer households are engaged in service and labour comparison with above and gaining same level of income.

Table 4.10: Households Size and Income Level of Tamang (in 000)

Households size	No. of Households	Annual Households income (Rs.)		Total	Average income per HH	Total population	Annual per capita income
		Agriculture	Non-agriculture				
1-4	6	999	1661	2640	440	14	188.571
5-8	21	2826	5470	8316	396	127	65.48
9 and above	3	480	864	1344	448	29	46.344
Total	30	4305	7995	12300	1284	170	300.395

Source: Field Survey, 2013.

Data presented in above table 4.10 indicate a negative relationship between household's size and per capita income of Tamang. According to sample survey, most of the households are engaged in non-agriculture sector. Most of the household's share of agriculture as a source of income is very low. It is because Tamang have no adequate and productive farming land with lack of modernization in agriculture sector with low irrigation facilities. In above data share of non-agriculture as a source of income is very high. Mostly business, foreign employment contract and service contribute more for non-agriculture source of income for Tamang and per capita income is high. Therefore, their level of income helps to maintain better living standard with some level of saving.

Income always depends on its sources. Sufficient resources and their utilization technique determine the volume of income. Human beings have been using different types of natural resource, skilled and physical labour as the source of income. Proper utilization of resource determines the level of income. It needs resources, skill as well as work force to convert the available resource into income. The appropriate combination of resource, technology and distribution system is required to generate more income. In the remote and rural area, it is difficult to meet the appropriate combination of such income factors. Men have followed different occupation as per their skill, interest, capacity, available resources, capital and technology for income.

Being an agriculture country, the main occupation for income is agriculture and Phulasi is one of the rural VDC where the whole economy is based on agriculture. The most profitable and attractive income sources are business and service, but it has low opportunity so the villager's incomes are mainly these items below.

Income of Brahman and Chhetris of sample households of the study area is below table:

Table 4.11: Sources of Income of Upper Castes

Source of Income	Total income	Percentage
Agriculture	9677250	51
Service/Pension	3795000	20
Foreign employment	2466750	13
Business	1518000	8
Labour	948750	5
Other	569250	3
Total	18975000	100

Source: Field Survey, 2013.

The table 4.11 shows that various sources and their level of income of upper caste in the study area. Nearly 65 percent households are directly involved in agriculture sector but their income is not satisfactory, which coverage 51 percent of total income. This portion of income is higher than indigenous caused by upper caste have much productive and plain land by their ancestor and their hard labourer on farming. Service includes the work of government and non-government organization. Which coverage 20 percent, many of them are involved on army and police. Most of the unskilled and unemployment youth in local area are able to gain from foreign employment cover 13 percent of total income. Fewer households are engaged in business and labour comparison with Tamang and gaining same level of income.

Table 4.12: Households Size and Income Level of Upper Castes (in 000)

Household olds size	No. of House holds	Annual households income (Rs.)		Total	Average income per HH	Total population	Annual per capita income
		Agriculture	Non-agriculture				
1-4	11	1517.28	2580.72	4098	372.545	38	107.842
5-8	30	5292	4650	9942	331.4	188	52.882
9 and above	14	2688	2247	4935	352.5	148	33.344
Total	55	9497.28	9477.72	18975	1056.445	374	194.068

Source: Field Survey, 2013.

Data presented in table 4.12 indicate a negative relationship between total household size and per capita income of upper caste. According to sample survey, the household

sizes of 1-4 is engaged in non-agriculture sector and the household size of 5-8 and 9 and above are engaged in agriculture sector. Small the household's size share of agriculture as a source of income is less and other are high. It is because upper castes have much productive and plain land by their ancestor and their hard labourer on farming adequate and productive farming land with some of modernization in agriculture sector having irrigation facilities. In above data share of agriculture and non-agriculture as a source of income is nearly equal. Mostly service/pension, foreign employment and business contributes more for non-agriculture source of income for upper caste and per capita income is medium.

4.11 Consumption Expenditure

Income and consumption correlate each other. This study in Phulasi VDC has analyzed the consumption pattern of the area under study. As the largest portion of total income is spent on consumption on food found in study area, other expenditure items are festival, education, clothes etc. Expenditure items and percent of sample households are given in the below table of Bhujel of the study area.

Table 4.13: Consumption Structure of Bhujel

Expenditure Items	Total Exp.	Percent
Food	1918350	63
Entertainment & Festival	395850	13
Clothes	334950	11
Education	243600	8
Transportation & Communication	60900	2
Other	91350	3
Total	3045000	100

Source: Field Survey, 2013.

Above table 4.13 shows, large portion of their income is expenditure on food, this cover 63 percent, it means most of the Bhujel's are not sufficient for their production to survive with in the year and other portion of expenditure on different items shows their general status of living. Field survey shows that entertainment & festival cover 13 percent and clothes cover 11 percent is little fashionable. Some of them were drinking alcohol and involve in gambling, smoking so this shows highly expenditure on unproductive sector. In Bhujel community, expenditure on education does not get priority this cover only 8 percent and other heading cover less percent.

Table 4.14: Level of Consumption expenditure of Bhujel (in 000)

HH Size	No. of HH	Total HH Size	Annual HH Expenditure (Rs)		Total	Annual per capita Exp.	Expenditure in percent
			Food	Non-food			
1-4	3	11	321.6 (62.61)	140.4 (30.39)	462	42	15.17
5-8	9	55	1206 (62.33)	729 (37.67)	1935	35.182	63.55
9 and above	3	30	390.744 (60.3)	257.256 (39.7)	648	21.6	21.28
Total	15	96	1918.3444 (63)	1126.656 (37)	3045	98.782	100.00

Source: Field Survey, 2013.

As shown in table 4.14 the annual per capita consumption of the respondents was found to be Rs. 98782. The total consumption for the households with household's size of 1-4 members is Rs 46200. The maximum expenditure (63.55 percent) of income by the HH size 5-8 and the minimum (15.17 percent) by the HH size 1-4. There is inverse relationship between HH size and per capita expenditure. The share of expenditure of food is greater than non-food at all size of households.

Similarly, consumption expenditure on different items of sample households of Tamang in study area given below table:

Table 4.15: Consumption Structure of Tamang

Expenditure items	Total Exp.	Percent
Food	7191690	37
Festival & Entertainment	5442360	28
Clothes	3304290	17
Education	1943700	10
Transportation & Communication	971850	5
Other	1360590	7
Total	9437000	100

Source: Field Survey, 2013.

The above table 4.15 shows that the informants have highly spent their money for food items. It covers the 37 percent of total expenditure. Secondly, field survey shows that Tamang's festival and entertainment is very high costly comparatively with other of study area i.e. birth and death culture like pasni and ghewa is so costly, similarly, all are drinking alcohol and some of them were involve in gambling, smoking and 17

percent on clothes is high fashionable than other, these are the unproductive expenditure. Tamang household are less aware of education, they spent 10 percent of total expenditure, which is lower than upper caste. Similarly, less expenditure on other heading.

Table 4.16: Level of Consumption expenditure of Tamang (in 000)

HH Size	No. of HH	Total HH Size	Annual HH Expenditure		Total	Annual per capita Exp.	Expenditure in percent
			Food	Non-food			
1-4	6	14	1352 (50.55)	1326 (49.89)	2678	191.286	32.52
5-8	21	127	1633.688 (28.89)	4079.304 (71.40)	5712.992	44.984	7.65
9 and above	3	29	516 (48.86)	540 (51.14)	1056	352	59.83
Total	30	170	3491.688 (37)	5945.304 (63)	9446.992	588.27	100

Source: Field Survey, 2013.

As shown in above table 4.16 the annual per capita consumption of the respondents was found to be Rs 588270. The total consumption for the households with household's size of 1-4 members is Rs 191286. The maximum expenditure (59.83 percent) is income by the household's size 9 and above and the minimum (7.65 percent) by the household size 5-8. The share of expenditure of food is greater only household size 1-4 and opposite in other groups. Per capita consumption of large family size is very high in both items.

In the study area, income is spent on different items. Structure of consumption goods in mainly categorized into food and non-food items. Here a food item includes food and festival's meal and other heading includes non-food items. A large portion of the household's income is spent on food items in Nepalese context and same as this study area also.

Consumption expenditure of Brahman and Chhetris of sample households of the study area is below table:

Table 4.17: Consumption Structure of Upper Castes

Expenditure Items	Total Exp.	Percent
Food	8476875	50
Education	2712600	16
Festival & Entertainment	2034450	12
Clothes	1512837.5	9
Transportation & Communication	1017225	6
Health	508612.5	3
Other	678150	4
Total	16953750	100

Source: Field Survey, 2013.

The above table 4.17 shows that the informants have highly spent their money for food items. It covers the 50 percent of total expenditure. Secondly, field survey shows that Brahman and Chhetris household are aware of education, they spent 16 percent of total expenditure, which is higher than indigenous castes, similarly, 12 percent on festival and entertainment, which is less than indigenous on unproductive sector expenditure, 9 percent on clothes, 6 percent on transportation and communication and 3 percent on health of total income. This helps to maintain their standard of living.

Table 4.18: Level of Consumption expenditure of Upper Castes (in 000)

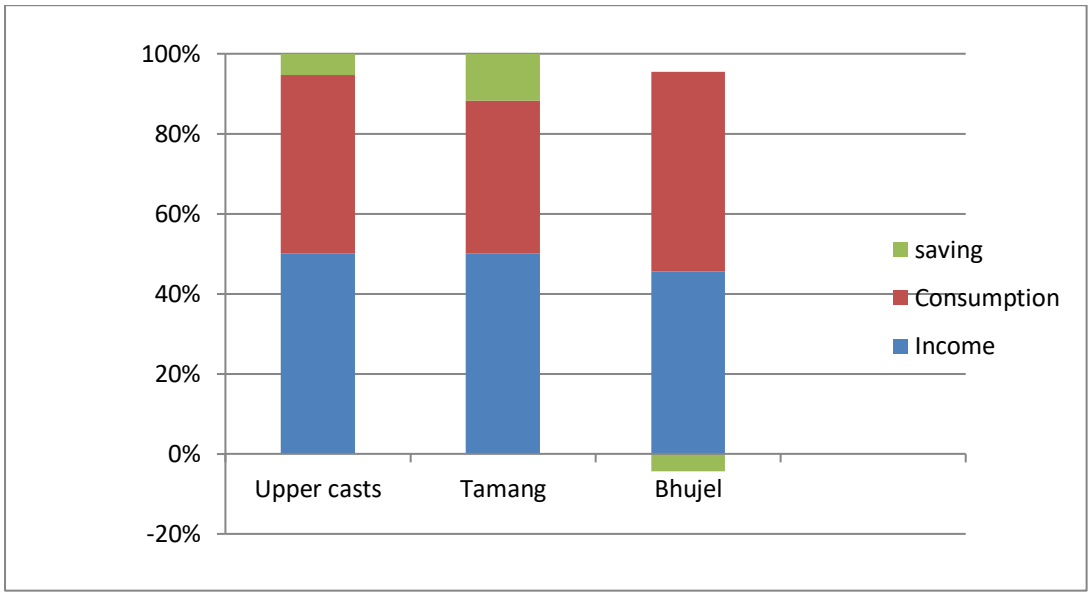
HH Size	No. of HH	Total HH Size	Annual HH Expenditure (Rs)		Total	Annual per capita Exp.	Expenditure in percent
			Food	Non-food			
1-4	11	38	1704 (52.38	1549.35 (47.62)	3253.35	85.614	19.19
5-8	30	188	4212 (46.84)	4780 (53.16)	8992	47.829	53.04
9 and above	14	148	2428.8 (51.58)	2279.6 (48.42)	4708.4	31.813	27.77
Total	55	374	8344.8	8608.95	16953.75	165.256	100

Source: Field Survey, 2013.

As shown in above table 4.18 the annual per capita consumption of the respondents was found to be Rs.165256. The total consumption for the households with household's size of 1-4 members is Rs 85614. The maximum expenditure (53.04 percent) is income by the household's size 5-8 and the minimum (19.19 percent) by the household size 1-4. The share of expenditure of food is less only household size 5-

8 and opposite in other groups. Per capita consumption of small family size is very high in both items.

Figure4.3: General Status of Income and Consumption of the Study Area



Source: Field Survey, 2013.

In above figure 4.3, Tamang and Upper castes have annual surplus while Bhujel have deficit. The surplus holder is used their surplus to purchase real estate, business, depositing on financial institutions, provide on interest etc. Bhujel is used to loan and credit transaction to maintain their deficit.

4.12 Lorenz Curve

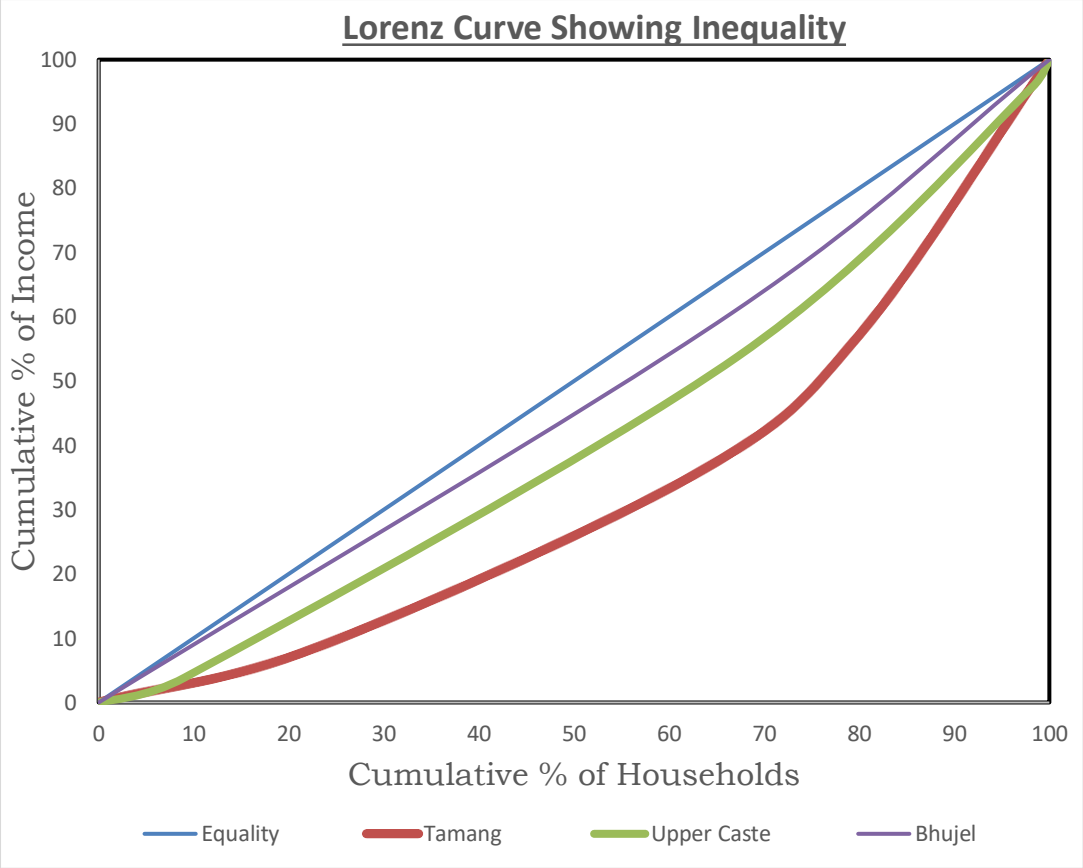
Lorenz curve is one of the important methods of measuring inequality of income. First, this method was used by Dr Max O. Lorenz to measure inequality. After him, it is known as Lorenz Curve.

GC = 0.0602 (Bhujel)

GC = 0.330 (Tamang)

GC = 0.1623 (Upper caste)

Figure 4.4: Lorenz Curve Showing Inequality



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

4.13 Gini Coefficient

Gini coefficient is an important way of measuring inequality. The Gini coefficient is defined as the areas between the Lorenz curve and the line of perfect equality.

$$GC = \frac{A}{A+B}$$

Where, A = Area between Lorenz curve and diagonal line

B = the area between diagonal line

In discrete series with ascending order data, to calculate Gini-coefficient, we use the following formula

$$Gc = [1 + \frac{1}{n}] - \frac{2}{n^2 - \bar{y}} (ny1 + (n-1)\ y2 + ... + yn)$$

Where, n = number of observation

y = mean value

The Gini coefficient calculated for the income distribution of the Bhujel was very less 0.0602, Tamang was 0.3308 and upper castes household was less 0.1623, which is less than national figure 0.463. This shows that although living condition prevailing in Bhujel was much bad and upper castes was less bad and Tamang was better in condition. This shows that the comparative income distribution situation is not very worse of Tamang and upper castes but Bhujel was not good. This implies that there is no much difference between the 'haves' and 'haves not' in the community but the upper castes have less different and Bhujel have much under this study.

4.14 Regression Equation

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

Mathematically,

$$C = a + bY + U$$

Where,

C = consumption

a = autonomous consumption

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

Y = Income

U = error term

As the result of the study from the income expenditure relationship of different ethnic group. The simple regression line fitted is as follows:

- **Total Households**

  The consumption income relationship result estimated for the total 100 households is:

C = 212451.29 + 0.8458Y

R^2 = 0.9783

Adjusted R^2 = 0.9566

The results show that the individual parameter estimates of autonomous consumption and mpc are highly significance even at 5 % level of significance. The estimated value of marginal propensity to consume is 0.8458 ≅ 0.85, which implies that increase in income by Rs 1 leads to increase in consumption by 85 paisa. Not whole of their income is consumed, it is either used for saving or used for further productive sector. A high R^2 shows the very good fit of the model to the data.

CHAPTER FIVE

CONCLUSION, SUMMARY AND RECOMENDATTION

5.1 Conclusion and Summary of Major Findings

Income and expenditure are two faces of coin. In the absence of one part, there is no existence of another of part. Income is a prime determinant of expenditure level. Income level determines of purchasing power of the consumer and expenditure depends on the consumer purchasing power.

Tamang and upper castes have annual surplus while Bhujel have deficit. The surplus holder is used their surplus to purchase real estate, business, depositing on financial institutions, provide on interest etc.

At study area, upper castes have most of the productive and planed land comparison with indigenous castes from their ancestor and they are hard worker in the farming. Due to this, caused explained in above that 51 percent gain, their income from agriculture, Bhujel gain 45 percent and Tamang gain 35 percent.

Tamang speaks their own mother tongue in each community and have their own way of performing birth, marriage and deities of the Buddhist religion. Tamang hold some productive land and most of them are engaged on business, foreign employment, contract, labour wages, politics and other vocational activities, which support to maintain the proper economic status on community. However, the expenditure on festivals is high.

Bhujel holds small size and less productive land and used ancient and traditional technique of agriculture. They spend their major sources of earning on the different feast and unproductive activities. There is no any trade and industry to improve their economic condition so, these supports to protect poverty on this caste. Besides farming, some people are engaged in labour wages and foreign employment but cannot play significance role to bring change in their economic status.

Nearly about one percent sample household have pakki house made by cemented and all other house made by stone and mud and roof was tin, tyle, stone and khar (grass).

All the sample households are using electricity facility provided by KREC in fewer prices (per unit Rs 5:00) without load shedding.

There was 80 percent households have tap among them 40 percent households gets drinking water facility at regularly. Most of the households have general toilet, rest of other use open toilet.

The level of expenditure of any person may also be influenced by the life style prevailing at the society where he is living so that the level of expenditure of an individual in urban area is higher than rural area when s/he adjusts with modern society and better living standard.

This study has attempted to analyze the sources of income and consumption structure inequality in the distribution of income and income sources etc. Those all these were mentioned above. The statistical analysis of the study area has based on the data collection through direct personal interview using questionnaire. Some important facts are also presented have in summary.

- The average annual households income of the respondents is Rs 138750, Rs 410000 and Rs 345000 of Bhujel, Tamang and upper caste respectively, such as consumption is Rs 203000, Rs 314567, Rs 308250 and saving (-18000 loan), 95433 and 36750 of Bhujel, Tamang, and upper caste respectively.
- There is more than 80 percent of the farmers used traditional methods, lack of irrigation facility and lack of proper business farming are the main cause of low level of income and saving.
- In the study area majority of the population are literate (74.04 percent) among them 80.87 percent male and 67.94 percent female. This is greater than district (62.24 percent) and national level (65.9 percent). Most of the indigenous have only school level education and large portion of above SLC is upper cast's people. Expenditure on education is better portion of upper cast's people to their child.
- Distribution of land among the households is found be unequal. Few households have large and productive land and indigenous people are less interested to farming.

- Most of the upper castes people better allocations of their income in productive sector but Tamang festival expenditure are most costly and Bhujel & Tamang expenditure on unproductive sector is high.
- Most of the respondents of indigenous are lack of grains of their own product and some of the upper castes sale their granary product rest of the consumed.
- The total population has found to be 7294 consisting 3442 male and 3852 female. i.e. 47.19 percent male and 52.81 percent female.
- Major sources of income is agriculture of all households but the share is more in upper castes than indigenous .Agriculture contributes 45 percent, 35 percent and 51 percent of Bhujel, Tamang and upper castes respectively of total income.
- Other portion of total income is covered business, labour, service, foreign employment and other sources respectively of the study area.
- Major sectors of expenditure on food for all i.e. 63 percent, 37 percent and 50 percent of Bhujel, Tamang and upper castes respectively of the total expenditure and entertainment/festival in indigenous and education in upper castes.
- The annual average households consumption is found to be Rs 308250, 314567 and203000 of upper castes, Tamang and Bhujel among them share of food item has 50 percent, 37 percent and 63 percent of upper castes, Tamang and Bhujel respectively. The MPC of Tamang has 0.7672, Upper caste has 0.8935 and Bhujel is (-1.0973). This indicates the Tamang has better saving and spending better living standard, normal in upper caste and worse in Bhujel comparatively with others.
- In the study area, the Gini concentrations ratio of Tamang is 0.3308, Bhujel is 0.0602 and upper caste is 0.1613 on household's income basis. As national concerned, it is 0.46, which is higher than in study area. This proves that there is much difference in condition of Bhujel some different in condition of upper caste and is satisfactory of Tamang.
- The average marginal propensity to consume for the study area was found to be 0.85.
- In general, most of the household's income is nearly about equal out of top 10 households at study area.

5.2 Recommendations

Based on the present study the following recommendations are made:

The productivity of the agriculture sector should be increased by providing improved seeds necessary pesticides, fertilizer and provide irrigation facility to the farmer by allocating the VDC budget, direct participation of residence with labour grant. Government should provide technical education and vocational training to the people to discourage on the unnecessary expenditure and time on unproductive sector by replacing employment opportunities people living in this sector especially on Bhujel. Population growth rate and child mortal rate should be minimized various awareness programmed on family planning, late marriage and establishment of healthcare by the concern institutions. At the initial phase government should make policy and promote to provide loan and grant to the financial institution and different NGO and INGO support to establishment and development of small and cottage industries.

Most of the farmers were traditional and subsistence to produce grains in separately. Farmer should work in group by replacing cash crops like orange lemon, cardamom, bamboo, cane, ginger, bot broom grass as a business purpose in the study area to increase in productivity of agriculture sector. Government should lunch of women and adult education and skillful training for able to do income generating opportunities. Local leader, educated persons, institution persons and other concern agencies provide awareness to discourage the expenditure on the unproductive sector like festivals, wedding, feast and bad traditional values and terms of society.

Drinking alcohol, playing cards gambling should strictly be prohibited through legal provision in the study area. Government should lunch various kinds of infrastructure of development in the study area with active participation of local residents that support the increase in employment opportunities. This helps to maintain standard of living of a people.

QUESTIONNAIRE

2070 (2013)

VDC: Phulasi

Ward No.:-

Sex: - Male/Female

1. Name of the Respondent:

2. Age:

3. Type of family: joint/nuclear

4. Family Structure by Age and Sex:

	Below 14 year	15 to 59 year	60 and above	Total
Male -	_____	_____	_____	_____
Female -	_____	_____	_____	_____
Total -	_____	_____	_____	_____

5. Main occupation of the family member (Also Side Occupation)

Occupations	Male	Female	Total
Agriculture -	_____	_____	_____
Labour -	_____	_____	_____
Services -	_____	_____	_____
Business -	_____	_____	_____
Foreign employment -	_____	_____	_____
Others-	_____	_____	_____
Total-	_____	_____	_____

6. Education of Family:

	Illiterate	Primary	L. Sec.	Sec.	SLC & above	Total
Male -						
Female-						
Total –						

7. Family size structure of households

Household size	Male	Female	Total	No of HH
1-4				
5-8				
9 and above				
Total				

8. Income from Agriculture

Name of the product	Qty		Selling Prices in Rs.	Income (Rs.)
Grains				
Oil seeds-				
Vegetables-				
Fruits				
Other				
Total-				

9. Income from livestock

Livestock	Number	per head price	Meat	Total
Cows-				
Buffaloes-				
Goats-				

Pigs- _____ _____ _____ _____

Poultry _____ _____ _____ _____

Fish- _____ _____ _____ _____

Other- _____ _____ _____ _____

10. Income from business (Profits Rs - ……

11. Income from Interest-

12. Income from wage-

13. Income from services-

14 Other income sources-

15. Income from Pension

16. Foreign employment-

17. Others

18. Exp. /Consumption

(a) On Food Items (Annual)

Name of Items	Quantity	Local Market Prices/Rs.
Grains and cereals	_____	_____
Eggs & Milk products	_____	_____
Meat & Fish	_____	_____
Fruits & Nuts	_____	_____
Spices &Condiments	_____	_____
Vegetables	_____	_____

Beverages _____ _____

Tobacco & Wine _____ _____

Miscellaneous _____ _____

Total

(b) On Non Food Items (Annual)

Name of Items

Clothes -

Education -

Medicine/Healthcare -

Festivals and Entertainment -

Personal care -

Transportation & Communication -

Housing (Furniture & Other) -

Miscellaneous -

Total -

- Do you have any debt? (Yes / no)
- If yes, (how much and which purpose?)
- Do you have credit? (Yes/no)
- If yes, (how much?)
- Do you have saving? (Yes/no)
- If yes (how much?)

19. Unearned income

- Money contributed by children/ relatives (amount)
- Bonus, allowances
- Income from interest/ other properties (amount)

20. Net value of real estate. (House / Land)

21. Do you have precious jeweler and cash balances?

22. Where is your balance/investment on which sector?

APPENDIX - I

General status of income and consumption of study area

	Upper castes	Tamang	Bhujel
Income	345000	410000	185000
Consumption	308250	314567	203000
Saving	36750	95433	-18000
MPC	89.35	76.72	-109.73

APPENDIX - II

Calculation of Gini-coefficient (In 000 Rs) per annum of Bhujel

Income	No of HH	% of HH	Cumulative % of HH	Total income	% of income	Cumulative % of income
0-200	10	66.67	66.67	1683	60.65	60.65
200 and above	5	33.33	100	1092	39.35	100
Total	15	100		2775	100	

Source: Field survey, 2013.

Let, Xi be the cumulative % of HH and Yi be the cumulative % of income of Bhujel

Cum % of HH (Xi)	Cum % of income	XiYi+1	Xi+1Yi
66.67	60.65	-	6065
100	100	6667	-
Total		$\sum$XiYi+1=6667	$\sum$Xi+1Yi=6065

GC = 0.0602

APPENDIX - III

Calculation of Gini-coeffieient (In 000 Rupees) per annum of Tamang

Income	No of HH	% of HH	Cumulative % of HH	Total income	% of income	Cumulative % of income
0-200	7	23.33	23.33	1080	8.78	8.78
200-400	12	40	63.33	3348	27.22	36
400-600	5	16.67	80	2604	21.17	57.17
600 and above	6	20	100	5268	42.83	100
Total	30	100		12300	100	

Source: Field survey, 2013.

Let, Xi be the cumulative % of HH and Yi be the cumulative % of income of Tamang

Cum % of HH (Xi)	Cum % of income	XiYi+1	Xi+1Yi
23.33	8.78	-	556.04
63.33	35.99	839.65	2879.2
80	57.16	3619.94	5717
100	100	8000	-
		∑XiYi+1=12459.59	∑Xi+1Yi=9151.24

GC = 0.330

APPENDIX - IV

Calculation of Gini-coeffieient (In 000 Rupees) per annum of Upper castes

Income	No of HH	% of HH	Cumulative % of HH	Total income	% of income	Cumulative % of income
0-200	5	9.10	9.10	744	3.92	3.92
200-400	32	58.18	67.28	9480	49.96	53.88
400-600	17	30.90	98.18	7935	41.82	95.7
600 and above	1	1.82	100	816	4.30	100
Total	55	100		18975	100	

Source: Field survey, 2013

Let, Xi be the cumulative % of HH and Yi be the cumulative % of income of Upper castes

Cum % of HH (Xi)	Cum % of income	XiYi+1	Xi+1Yi
9.10	3.92	-	263.74
67.28	53.88	490.31	5289.94
98.18	95.7	6438.7	9570
100	100	9818	-
		∑XiYi+1=16747	∑Xi+1Yi=15123.68

GC = 0.1623

APPENDIX-V

(Questionnaire)

2070 (2013)

VDC: Phulasi

Ward No.:-

Sex: - Male/Female

1. Name of the Respondent:

2. Age:

3. Type of family: joint/nuclear

4. Family Structure by Age and Sex:

	Below 14 year	15 to 59 year	60 and above	Total
Male -	_____	_____	_____	_____
Female -	_____	_____	_____	_____
Total -	_____	_____	_____	_____

5. Main occupation of the family member (Also Side Occupation)

Occupations	Male	Female	Total
Agriculture -	_____	_____	_____
Labour -	_____	_____	_____
Services -	_____	_____	_____
Business -	_____	_____	_____
Foreign employment -	_____	_____	_____
Others-	_____	_____	_____
Total-	_____	_____	_____

6. Education of Family:

	Illiterate	Primary	L. Sec.	Sec.	SLC & above	Total
Male -						
Female-						
Total –						

7. Family size structure of households

Household size	Male	Female	Total	No of HH
1-4				
5-8				
9 and above				
Total				

8. Income from Agriculture

Name of the product	Qty	Selling Prices in Rs.	Income (Rs.)
Grains			
Oil seeds-			
Vegetables-			
Fruits			
Other			
Total-			

9. Income from livestock

Livestock	Number	per head price	Meat	Total
Cows-				
Buffaloes-				

Goats- _____ _____ _____ _____

Pigs- _____ _____ _____ _____

Poultry _____ _____ _____ _____

Fish- _____ _____ _____ _____

Other- _____ _____ _____ _____

10. Income from business (Profits Rs - ……

11. Income from Interest-

12. Income from wage-

13. Income from services-

14 Other income sources-

15. Income from Pension

16. Foreign employment-

17. Others

18. Exp. /Consumption

(a) On Food Items (Annual)

Name of Items	Quantity	Local Market Prices/Rs.
Grains and cereals	_____	_____
Eggs & Milk products	_____	_____
Meat & Fish	_____	_____

Fruits & Nuts _____ _____

Spices &Condiments _____ _____

Vegetables _____ _____

Beverages _____ _____

Tobacco & Wine _____ _____

Miscellaneous _____ _____

Total

(b) On Non Food Items (Annual)

Name of Items

Clothes -

Education -

Medicine/Healthcare -

Festivals and Entertainment -

Personal care -

Transportation & Communication -

Housing (Furniture & Other) -

Miscellaneous -

Total -

- Do you have any debt? (Yes / no)
- If yes, (how much and which purpose?)
- Do you have credit? (Yes/no)
- If yes, (how much?)
- Do you have saving? (Yes/no)
- If yes (how much?)

19. Unearned income

- Money contributed by children/ relatives (amount)
- Bonus, allowances
- Income from interest/ other properties (amount)

20. Net value of real estate. (House / Land)

21. Do you have precious jeweler and cash balances?

22. Where is your balance/investment on which sector?