The ExtenT and Nature of Poverty Problem In Rural Nepal

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INTRODUCTION

Poverty is not a new phenomenon in Nepalese rural society. However, its rapid expansion over the years has been a matter of growing concern to the domestic planners and the donor communities. For the last four decades, the country has implemented a range of policies related some ways or another to alleviate poverty. However, many of the policies indicated during 1950s to 1970s has ended up with no significant impact.

Many of the economists and institutions have defined poverty differently. Some of them have defined that problem of mass poverty in the third world is primarily one of the rural poverty. The majority of the population lives in the rural areas where average income are much lower than urban areas and the incidence of poverty is much higher. Poverty in undeveloped countries is conceived as an absolute phenomenon present in the rural society. Shortage of access to land may cause insecurity of income and shortfall in meeting minimum consumption need leading to a situation of absolute impoverishment.

Others expressed that poverty and riches are relative terms. One may be richer than a beggar in the street but poorer then a millionaire. Thus they, defining poverty, pointed towards persistence of hunger, malnutrition and question of survival of the rural poor in the third world because of their insufficient income to meet the subsistence need.

The World Bank (1991) expressed that Nepal has an underdeveloped rural economy with per-capita annual income of US $ 170 and above 90 percent (19 million) of the total population lives in the rural areas. National Planning Commission (NPC/N 1989) has presented that population below poverty line comprises mostly of landless as well as small and very small farmers in the hills and terai.

Nepal Rastra Bank (1994) wrote that the rural poor are highly visible because they are hungry, if not starving, they are most often malnourished and frequently diseased. They are usually illiterate or insufficiently educated. They are badly clothed and live in ramshackle housing under unsanitary condition.

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The various definitions of poverty conclude that poverty is the presentation of hunger, malnourishment, illiteracy or insufficient education, starvation, frequently diseased, ramshackle housing, badly clothing, landlessness or insufficient land of the marginal farmers and the under nutrition. It is deeply rooted in the rural areas.

Poverty exists on both developed and less developed countries, though there is significant difference in their living standard. Basically the rural poverty is the feature of the poverty of developing countries whereas the failure to come up with desired situation is that of developed countries. The nature of poverty depends upon the geo-political structure of a country. If the country is land locked and most of its areas are hilly and slopy, the extent of poverty is high and vice versa. Nepal falls in the first category.

On the other hand poverty depends upon the socio-cultural condition of a country. In Nepalese context, people spend huge sum of money on ritual feasts and festivals *Dashain, Tihar, Marriage* and *Bratabandha.* If they do not have current money on these occasions, either they put their land and gold on mortgage or sell for these occasions without hesitation.

The extent and nature of poverty is different according to the ethnicity of the people. There are still different types of ethnic groups strongly prevalence in rural Nepal. The dimension of poverty is widely apparent cast wise. Lower caste *Damai, Kami, Pode, Chyame* are seriously stricken by poverty in the comparison of higher castes *Brahmans, Kshertries, Newars.* On the other hand poverty depends upon the nature of job they occupied. Goldsmith's living standard is better than that of blacksmiths. Tailor's condition is better than cobbler's. *Chyame, Pode, Sweeper's* living standard is pitiable and officer's living standard is remarkably high but wage earners' is miserable.

Poverty depends upon the literacy of the people. If they are literate poverty is driven away, on the other hand if they are ignorant, it is deeply rooted. Not only the rural sector but also the urban sector of a country is affected by the rural poverty. But the difference is, in rural areas, majority of the people are absolutely poor and minority are relatively poor. On the other hand in urban areas majority are relatively poor and minority are absolutely poor.

Those poor who are unable even to fulfill the basic needs of the life or whose income in below the minimum life subsistence level are called absolute poor and whose income is below the wolf point, the Income consumption intersection point, level of income are called relative poor. On the basis of income consumption criterion, Nepal has come up with the scenario of growing incidence of rural poverty during the last decades.

Assuming minimum per capita daily calorie requirement and the size of income to meet basic consumption requirements, growing number of population has been found falling below the standard. Nepal Rastra Bank (1992) expressed that based on the minimum calorie requirement criterion in 1977, 30.4 percent of the rural population was identified living below the poverty line, which went up as high as 42.7 percent in 1988. This ratio is now estimated at 49 percent. While assessed interms of income criterion the rural people living below the poverty line increase to 47.1 per cent in 1988 from 34.2 per cent in 1977 (NRB 1992) and this ratio has come up to 49 per cent in 1994. This shows the extremely high incidence of growing poverty in rural Nepal. The situation is aggravated by the mounting pressure of population on the limited resources specially on land.

On the other hand inequality in the distribution of land and wealth has played a serious role as there is no other alternative employment provision for the farmers and the economy is still agrarian. So disguise and hidden unemployment is in existence. Due to the unemployment problem not only the economic condition is worse but also it disturbs the socio cultural condition as most of the unemployed force involve in thefts, dacoits, crime, murder, and polygamy. The regressive nature of tax is also not free from blame to support the growing incidence of poverty by widening the gap between landlord and the tenants. The another is irrigation problem. There should be the provision of irrigation facilities on cultivable land but it is the tragic work as only 38 percent cultivable land has seasonal irrigation facilities (CBS 1994:52).

Unless and until pivotal attempt by the policy maker is done, the economic condition of the rural poor will still be worsening. Rural poverty is one of the burning problem of under developed countries and majority of the people in such countries are living below the poverty line due to the higher dependency on limited resources.

This study attempts to identify the poverty of Adarsh VDC of Nawal Parasi district and tries to establish the relationship between income and other economic variables; employment, literacy and land holding whether there is direct relationship or not. It also tries to measure the absolute and relative poverty as well as its incidence and the extent of rural poverty.

To justify whether there is significant relationship between level of income and poverty, hypotheses are formulated as:

-   there is a positive relationship between the level of income and employment.
-   there is a positive relationship between the level of income with literacy, and
-   with land holding.

RESEARCH METHODOLOGY

Sources of Data

The study is based upon primary data. The primary data were collected from 110 households of Adarsha VDC. The selection of these households was done by systematic random sampling.

Study Area

Adarsha VDC of Nawalparasi district is situated on the beach of Narayani river beneath the Kalika temple which is nearly 60 Kilometer east of its district headquarter Parasi Bazar. The topographical feature of this VDC is mainly divided into two parts hilly and plain. Mahendra highway crosses from east to west and the VDC is divided into north and south. Legally this is the rural sector but it is fastly growing towards urbanisation due to the growing number of industries such as Bhrikuti Paper and Pulp Limited, Silver Fibre Textile, Lumbini Gas Udhyog, Chitwan Match Factory, Knovanit Textiles. On the other hand it is adjoined with the famous city Narayangarh. Out of 2277 households and 15445 population, 110 households and 731 population were taken as sample by a systematic random sampling. This VDC has covered 7005 hectare area, out of which agriculture, forest, grazing, rocks and hills and residual contain 67.095 percent 28.55 percent, 0.157 percent, 0.0285 percent and 3.99 percent respectively. Out of agricultural land 23.02 percent is irrigated *khet*, 25.40 percent is non-irrigated *khet* and 51.58 percent is *Pakho*, which is presently growing into *Ghaderi*. Out of 731 population of 110 sample households, 370 are male and remaining 361 are female.

The main sources of income of the VDC are agriculture, service, cottage industries, business and wage earning. Majority of the people depends on agriculture (50.61 percent) and business and industries (19.15 percent), services (15.05 percent) and wage earning (13.13 percent). Those households who are engaged in service had small family size and who are engaged in wage earning has comparatively highest family size (Table 1).

Table 1
Distribution of Households by Main Sources of Income

S. N.	Occupation	Numb-er of HH	Percent	Number of Population	Percent	Family Size
1.	Agriculture	54	49.1	370	50.61	6.85
2.	Service	21	19.1	110	15.05	5.24
3.	Business and Industries	20	18.18	140	19.15	7.00
4.	Wage Earning	13	11.82	96	13.13	7.38
5.	Others	2	1.81	15	2.05	7.05
	Total	110	100	731	100	6.64

Source: Field Survey by the Author 1995.

ANALYSIS AND FINDING

Poverty Lines and Population Under Poverty

Two type of poverty lines have been studied in this study. Absolute poverty line and ralative poverty line. Absolute poverty line indicates the poverty among those poor whose level of income is insufficient even to fulfil the basic needs such as education, health or those poor whose level of income is even less than subsistence level are known absolute poor. Those persons whose income is less than below poverty line are absolute poor or below poverty line poor.

Persons whose level of income is less than break even point, Keynesian break even technique, are taken for granted as the relative poor. It is assumed that income and consumption are met in the interseption of break even point or Wolf point, resulting total poor as the sum of the relative poor and absolute poor.

Situation of Absolute Poverty Line and Absolute Poor

Minimum subsistence norm was followed for the computation of absolute poverty line. The income which is required to purchase just minimum subsistence norm is absolute poverty line income. People having income below this level are absolutely poor. Following the NPC's 2256 callories per person per day for the average national level which was attained by the consumption of 605 grams of cereals and 65 grams of pulses the absolute poverty line of the VDC is found Rs. 14.58 which is just for the bare subsistence. There is difference on the derivation of absolute poverty line by the difference scholars and institutions.

The absolute poverty line of this study is highest among other such studies. There are some important causes for being so. The main cause is the rate of inflation which was 7.9 percent in 1992/93, 6.7 percent in 1993/94 and 8 percent in 1994-95. The next is metropolitan and demonstration effect of the people as this area is adjoined with one of the important market Narayangarh, which has shaped, the purchasing habit of the poeple of this area to buy ready made item rather than in its primary form.

Relative Poor and Relative Poverty Level

Relative poor are known as above poverty line poor and below the wolf point. The relative poverty line was computed with the help of keynesian break-even point. As this line is the income/consumption equality line, people having income less than this level can not meet their necessities by their income. So either they take loan or sell their properties to maintain the balance. As a result, their income is further decreases and they sink into a vicious circle of poverty. The wolf point was found Rs. 21.53 per capita per day.

The Incidence of Poverty

Inspite of controversies of 64.16 to bottom 36 percent of absolute poor Nepalese people, most of the writers and institutions are is conclusion that 60 to 70 percent of the people are ranged in total poverty and most of the Nepalese poor lives in rural areas than in urban areas. Taking 110 sample households and 731 population and considering Rs. 14.58 an absolute poverty line, 46.24 percent of the people in the studied area are found absolutely poor. Considering Rs. 21.39 wolf point level of income per capita per day for the studied area, 20.25 percent are found relatively poor and 33.51 percent people whose level of income is above wolf point are non poor. The average family size of the absolute poor family is greater than relative poor and non poor family (Table 2).

Table 2
Distribution of Households and Population by Living Standard

Standard of living	Sample HH	Percent	Population	Percent
Total Household	110	100.00	731	100.00
Absolute Poor	41	37.27	338	46.24
Relative Poor	26	23	148	20.25
Total Poor	67	60.81	486	66.49
Non Poor	43	39	245	33.52

Source: Field Survey by the Author 1995.

Measurement of Poverty and Its Extent

Sen's poverty Index was used for the measurement of extent of poverty. World bank (1976) expressed that Sen's poverty index gives the answer of how poor are poor. The index is based upon the ordinal welfare concept. It is measured in two ways.

Considering Gini coefficient
Following formula is used by this method
$P^* = x/c^*p(c^*p-cp(1-Gp))$
Where,
P^* = Poverty index
x = Percentage of population below poverty line = 0.4624
cp = Mean income of the poor (per capitq) = 9.28
Gp = Gini coefficient of the poor = 0.2099
c^*p = poverty line percapita per day = 14.58
we get the poverty line on the study area = p^* = 0.22310
Without considering Gini coefficient $p^* = x/c^*p (c^*p-cp)$
The value of Sen's poverty index is 0.1627
Now we come to conclude that poverty index with considering Gini coefficient is higher than without considering Gini coefficient.

Nature of Poverty Problem

Poverty is one of the serious and burning problem and it is the presentation of the rural phenomenon. Poverty is multidimensonal and the dynamic of poverty inequality and nutritional deficiencies are related to each other through a complex chain of interaction. Each of these phenomenon reinforces the other and they are all influenced at the same time by a number of other socio-economic paremeters.

Therefore, there is inter-relation between poverty and socio-economic structure. To find the nature of poverty problem is one of the objective of this study because any poverty alleviation programme should first identify the nature of poverty. Poverty is one of the main obstacle of economic development. Though there are several views towards the study on nature of poverty but the conclusion is same. Poverty arises due to the small landholding large family size, illiteracy, low level of education, unemployment and socio economic composition which causes less income.

Employment and Poor

There is direct relationship between income and employment but inverse relationship between poverty and employment. If population of a country is fully employed the existence of poverty is low due to their earning on the other hand if the people are unemployed their income is low and there appears high degree of poverty. It was assumed that 10-59 years age group of people are in working age group. Above 59 and below 10 years are of non working age group. From this point of view in the studied area 59.51 percent people are in working age group and remaining 40.49 percent are in non working age group (Table 3).

Table 3
Distribution of Population by Working Age Group

S.N.	Group of Pop.	Number of People			Percent		
		Male	Female	Both	Male	Female	Both
1.	Working Age Group	219	216	435	59.67	59.34	59.11
2	Non Working Age group	148	148	296	40.33	40.66	40.49
3.	Total	367	364	731	100	100	100

Source: Field Survey by the Author 1995.

For the purpose of the study unemployed, semiemployed and fully employed population among the working age group have been categorised as such those people who work nine months or more than nine months in a year as fully employed, those who work less than nine months and more than three months as semi employed and those who work even less than three months in a year as unemployed population. The level of employment of house hold head in different standard of living is shown in (Table 4).

Table 4
Level of Employment of Household Head and Poverty

S.N.	Group	Mean Per capita	Unemployed		Semi employed		Fully employed		Total	
			No of HH	Per cent	No of HH	Per cent	No of HH	Per cent	No of HH	Per cent
1.	Absolue Poor	9.37	21	77.77	19	41.3	1	27	41	37.27
2.	Relative Poor	16.98	4	14.8	16	34.78	6	16.21	26	23.64
3.	Non Poor	39.31	2	7.4	11	23.09	30	56.79	43	39.1

Source: Field Survey by the Author 1995.

Our hypothesis is, level of income depends upon the employment of household head and null hypothesis is, level of income does not depend upon the employment of household head. To check the hypothesis, Chi-Square test is conducted and findings show that level of income depends upon the employment of household head as the calculated value of Chi-Square is greater (81.822) than tabulated value of Chi-square at 1 percent level of error and four degree of freedom (13.277).

Among the working age group of population according to different categories of employment and income groups, it is clear that bottem 20 percent households had nearly 39 percent unemployed population where as top 10 percent households had only 1.55 percent unemployed population and 20 percent fully employed population. Similarly it is found that higher the level of employment group higher is the level of income. (Table 5).

Table 5
Relationship Between Income and Employment

Decile Group	Average Per Capita Income	No of Working Age Popn.	No of Unemployed Popn.	No of Semi Employed Popn.	No of Fully Employed Popn.	Percentage of Unemployed	Percentage of Semi Employed	Percentage of Fully Employed
1st	05.28	52.00	26.00	23.00	08	20.15	11.97	02.63
2nd	08.27	50.00	24.00	22.00	04.00	18.60	11.45	03.51
3rd	11.29	48.00	20.00	22.00	06.00	15.50	14.45	05.26
4th	14.20	58.00	18.00	24.00	16.00	13.95	12.50	14.04
5th	16.60	38.00	10.00	17.00	11.00	07.75	08.85	09.65
6th	19.20	36.00	08.00	18.00	10.00	06.20	07.29	07.02
7th	23.74	30.00	08.00	14.00	08.00	06.20	07.29	07.02
8th	29.20	36.00	06.00	14.00	16.00	04.65	07.29	14.04
9th	43.63	45.00	07.00	20.00	18.00	05.44	10.41	15.78
10th	59.36	42.00	02.00	18.00	22.00	01.55	09.37	19.20
Total		435.00	129.00	192.00	114.00	100.00	100.00	100.00

Source: Field Survey by The Author 1995.

Out of 435 working age population 29.6 percent is unemployed 44.14 is semi employed and only 26.21 percent is fully employed.

Land Holding and The Poor

Land is also a factor of production so there is positive relationship between land holding and income. Most of the people are poor due to their landlessness or insufficient land to generate income. In the first bottom group 37.27 percent households has less than 0.5 ropani land per capita whose daily mean per capita income is lowest at NRS 19.17. In 2nd group, whose land per capita is less than 5 ropani has NRS 20.09 mean percapita income and 12.73 percent people are in this group. Similarly in the top group 15.45 percent household has more than three ropani land per capita and mean per capita income was highest (NRS 29.02). From this fact it is concluded that higher the land percapita higher is the mean per capita income (Table 6).

Table 6
Per Capita Land Holding Groups and Their Mean Per Capita Income

In NRS

Per Capita Holding Group in Ropani	No of Household	Percent	Per Capita Total Income	Per Capita Mean Income
Less than 0.5	41	37.37	786.31	19.17
0.5 -> than 1	14	12.73	281.27	20.09
1 -> than 2	18	16.37	415.02	23.05
2 -> than 3	20	18.18	467.88	23.39
3 and Above	17	15.45	493.36	29.01

Source: Field Survey by the Author 1995.

Among the 41 poor households 36.66 percent household or 33.14 percent population has less than 0.2 ropani land per capita and their mean per capita income is Rs. 7.11. Similarly 29.63 percent household or 24.84 percent population has 0.2 to less than ropani land per capita and their mean per capita daily income is Rs. 9.92. Lastly 34.15 percent household or 42.0 percent population has more than 1 ropani and their mean per capita income is Rs. 10.00 (Table 7).

Table 7
Land Holding and Mean Per Capita Income of Poor Houses (In NRS)

Percapita Holding in Ropani	No. of HH	Per- cent	No. of Popu- lation	Per- cent	Average Family Size	Average Income	Mean Per Capita
Less than 0.2	15	36.66	112	33.14	7.46	108.32	7.22
0.2 - > less than 1	12	29.26	84	24.84	7	149.07	9.92
1 and Above	14	34.15	142	42.01	10.14	140.54	10.00
Total	41	100	338	100	9.24		

Source: Field Survey by the Author 1995.

Level of Education and the Poor

Most of illiterate people are seemed to be in their less earning capacity. Insufficient education is the serious cause of individual poverty. It means, there is interaction between level of education and poverty. In this study 45 percent household head has been found illiterate, 46 percent are literate and got education upto the S.L.C. Only 9 percent are educated in relation to the literacy of household head (Table- -8).

Table 8
Distribution of Households by level of Education and Their Standard of Living

Level of Education → Standard of Living ↓	No. of Illiterate HH	Percent	No. of Literate HH	Percent	No. of Higher Educated HH	Percent
Absolute poor		59.182	11	21.56	1	10
Relative poor	11	22.45	14	27.45	1	10
Total	9	18.37	26	50.98	8	80
Percent	49	100	51	100	10	100
	44.55		46.38		9.1	100

Source: Field Survey by the Author 1995.

Nearly 80 percent households are in absolutely poor among the illiterate household head group, 22.45 percent are relatively por and only 18 percent are non poor. Among the literate group 21.56 percent are absolutely poor 27.45 percent poor and nearly 51 percent are non poor. Similarly in relation to higher education group, 10 percent households are absolutely and relatively poor respectively. Remaining 80 percent are non poor. We have developed the hypothesis to test whether level of income

depends upon the literacy of households head and null hypothesis is it does not depends upon the literacy of household head. Chi-square test (X^2) was performed to check our hypothesis and concluded that level of income depends upon the literacy of households head because the calculated value of Chi-square (X^2) is greater (23.29440) than the tabulated value of (X^2) With 1 percent level of significance and 4 degree of freedom (13.211).

RECOMMENDATION

As land is the main sources of income generation and most of the households are landless or marginal land holders, equality in land distribution should be practiced. For this; auctioned land by bank and uncultivated land of various institutions and temples should be distributed for cultivation. Proper irrigation, advance technology, seeds and fertilizer should be provided in time. Cottage industries, sewing, weaving, spinning should be encouraged to cut off the unemployment problem of seasonal agriculture.

Large family size is another serious problem of poverty, so the importance of family planning should be taught to the villagers and unnecessary devotion towards the omnipotence power of god should be reduced through modification of values. Skill training programmes should be performed. Credit accessibility for the poor by bank must be made easy by curtailing the unnecessary time lengthening. Importance of banking programmes should be acknowledged to the poor so that they need not take loan from the local money lender with high rate of interest (36 percent). Extravagance in feasts and festival makes people poorer and poorest so these expenses and habit of alcoholic beverage and smoking should be discouraged. Public awareness programmes are useful for this PCRW programmes and other woman development programmes should be extended to uplift the living standard of woman. Their equality in right and ownership and responsibilities should be taught them.

CONCLUSION

The objective of this study was to see that extent and nature of poverty and the finding proved that 46.24 percent people are absolutely poor. In our field observation, it was seen that all the poor are living in *Kachcha* house. Most of them are living in very small hut and have a large family size (8.24 member). Household head lady does not go to the work for wage earning as she has to cook the food for the family. Most of the poor are landless and those who have their own land are in very small size and it is also unregistered.

So far their feeding is concerned they are ill-fed, badly suffering from hunger and malnutrition and their slender body and wrinkled face show the vivid picture of poverty. They are frequently ill due to insufficient nutrition. On one side they are seriously striked by poverty on the other hand they spend nearly 70 percent of their earning on liquor and tobacco.

As far their clothing is concerned , they are badly clothed . Most of them wear rags and torn clothes either buying from the auctioners or begging from the rich family. In regard to education most of the rural people are illiterate. Though government has provided freeship facilities, their children are isolated from getting school education. As they become the age of 7 or 8, they has to work for earning. There is no proper surrounding for them to study. Some of them are in vast burden of loan. They take loan from the local money lenders with high rate of interest (36 percent). Some of them go to urban areas for job but they do not get good work as a result they sell their fixed properties to pay loan making the condition even worsening.

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